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# Enhancing customer loyalty in Hard Rock Café Helsinki through Service Design

Kuisma, Tilda  
Niemi, Nelli

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Enhancing customer loyalty in Hard Rock Café Helsinki through  
Service Design

Tilda Kuisma and Nelli Niemi  
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Kuisma, Tilda; Niemi, Nelli

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The increased supply of services and the continual price war between companies has complicated the ability to stand out from the competitors and increased the difficulty of choice between service providers among customers. Attracting the customer to a company by proving added value for them in order to create long-term mutual benefits has therefore become an objective for many companies. The importance of maintaining the customer relations through a comprehensive understanding of their needs has been noticed to be essential to the success of companies.

The objective of this thesis project was to investigate the subject of customer loyalty and its benefits for the case company, Hard Rock Café Helsinki, on a local level and to clarify the factors adding value for the customers regarding their loyalty. The thesis project aims to identify ways for Hard Rock Café Helsinki to consolidate and maintain their customer relationships and discover ways to add value to its existing loyalty programs. The relevance of the direction of customer loyalty with regard to the brand or the facilities of Hard Rock Café Helsinki is examined in the research.

The theoretical section of the thesis report discusses the effect that the brand has in increasing loyalty among customers as well as customer relationship management as a process of engaging the customers to the company and maintaining the relationships with them. The literature review addresses the ways in which brand management and customer relationship management can enhance the customer experience and how the customer knowledge can be utilized for personalizing the services to meet the changing needs and desires of the customers.

The results of the research were implemented by taking advantage of the Service Design process in order to preserve the customer-centered approach to the topic. Customer involvement had a key role in the study and the Service Design methods were executed utilizing co-creation with the customers of Hard Rock Café Helsinki. A quantitative research method enabled mapping and understanding the customer perspective and determining the differences between the customers loyal to the brand and the customers loyal to their local Hard Rock Café. Other innovative Service Design methods helped to move forward in the project to designate the focus areas to which delve into and eventually come up with development proposals for the case company.

Keywords: Service Design, customer relationship management, brand management

Kuisma, Tilda; Niemi, Nelli

## Enhancing customer loyalty in Hard Rock Café Helsinki through Service Design

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Palveluiden kasvaneen tarjonnan sekä yritysten välisen hintakilpailun seurauksena asiakkaiden valinnanvaikeus palveluntuottajien välillä on kasvanut ja yritysten on yhä vaikeampaa erottua joukosta. Monen yrityksen tavoitteena onkin asiakasuskollisuuden lisääminen sitouttamalla käyttäjät palveluun ja luomalla lisäarvoa pitkäaikaiseen, molempia osapuolia hyödyttävään asiakassuhteeseen. Asiakkuudenhallinnan tärkeys asiakkaan tarpeiden kokonaisvaltaisessa ymmärtämisessä on huomattu olennaisena tekijänä yrityksen menestymisen kannalta.

Opinnäytetyön tavoitteena oli tutkia asiakasuskollisuutta ja sen hyötyjä kohdeyritykselle Hard Rock Café Helsingille paikallisella tasolla sekä selvittää asiakkaan palvelukokemukseen lisäarvoa tuovia tekijöitä heidän uskollisuuttaan koskien. Opinnäytetyö pyrkii tuomaan esille tapoja, joilla kohdeyritys Hard Rock Café Helsinki voi ylläpitää ja lujittaa asiakassuhteitaan ja löytää menetelmiä, joilla luoda lisäarvoa sen nykyisiin kanta-asiakasjärjestelmiin. Opinnäytetyö tutkii eroja brändille ja paikalliselle Hard Rock Café:lle uskollisten asiakkaiden välillä.

Opinnäytetyön teoreettinen osuus määrittelee brändin vaikutuksen asiakasuskollisuuden saavuttamisessa sekä asiakkuudenhallinnan työkaluna asiakkaiden sitouttamisessa yritykseen ja asiakassuhteiden ylläpitämisessä. Kirjallisuuden lähteet osoittavat, miten brändinhallinta vaikuttaa asiakaskokemuksen syntymiseen ja miten asiakkuudenhallinta mahdollistaa asiakasymmärryksen avulla palvelun yksilöllistämisen vastaamaan paremmin asiakkaiden muuttuvia tarpeita ja haluja.

Tutkimusosuus toteutettiin hyödyntämällä palvelumuotoiluprosessia asiakaslähtöisen lähestymistavan säilyttämiseksi. Kohdeyrityksen asiakkaiden osallistumisella työskentelyyn oli merkittävä rooli tutkimuksessa, ja palvelumuotoilun menetelmiä toteutettiin yhteiskehittämisen kautta. Määrällinen tutkimusmenetelmä mahdollisti asiakasnäkökulman ymmärtämisen palvelukokemuksessa sekä erojen määrittelemisen brändille ja paikalliselle ravintolalle uskollisten asiakkaiden välillä. Muut innovatiiviset palvelumuotoilun työkalut auttoivat etenemään prosessissa määrittelemään painopisteet, joihin paneutumalla oli lopulta mahdollista laatia kehitysehdotuksia kohdeyritykselle.

Asiasanat: palvelumuotoilu, asiakkuuksien hallinta, brändäys

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## 1 Introduction

The importance of customer loyalty and maintaining the customer relations has increased in the recent decades. The developments in technology have enabled companies to understand customer behavior and utilize the data in the reach for customer loyalty. An effective maintaining of the customer relationships can lead to sustainable customerships and benefit both the company and the customer by adding value for both sides.

The case company Hard Rock Café Helsinki was an interesting and ideal company for the research on customer loyalty because of its strong brand image and the customer-centric approach it involves in its operational values. We chose to research the company on a local level to gain more specific data on the customers visiting the local Hard Rock Café and to be able to offer development opportunities for the company. This enabled the association of the brand with the local customers as well as with the frequent visitors.

In our project, the factors creating loyalty were observed from internal and external viewpoints. Internally, we had the opportunity to access quality data through the fact that one of us, Tilda Kuisma, is currently employed by the case company with the title of Operations Manager. Externally, we also had an approach from the point of view of a new user of the service without previous experience with the operational side of the brand.

For the background of the project, we entitled literature research on customer relationship management and brand management, which supported the research that was implemented by using the Service Design process. By understanding the theory related to the topic, we were able to build a base for the practical and concrete research. As we required to keep the research customer-centered, Service Design became the obvious choice for the model of the process.

For the Service Design methods, the most suitable ways of illustrating the customer experience and the extent of the loyalty were chosen. These methods were noticed to be user shadowing, customer surveys, customer journey mapping, benchmarking and brainstormings in connection with co-creation. The innovative thinking enhanced the learning by developing and introduced new creative perspectives of Service Design. The project started as only a research on customer loyalty with the effects of branding involved, but the used Service Design methods directed the research towards the flaws of the service process and the development possibilities. The project was ever evolving as the step by step approach that was conducted brought to the possibility to redirect where ever necessary. This resulted in an unpredictable progress and result.

## 2 Aim of the research

The aim of the research was to find ways for Hard Rock Café Helsinki to maintain their customer relations and enhance the loyalty of their customers. To move towards this aim, the goal was to add value to the customer in regards of their loyalty and through this, add value to Hard Rock Café Helsinki itself. Therefore, the results should be beneficial for both the customer and the company and possibly for the brand as well, on a local level.

To reach the goal, we identified central research questions to guide us through our research process. We started from the initial question on how to strengthen the customer relationship and increase the loyalty of the existing customer. As there is a loyalty program in use, it worked as a great base for understanding the user's satisfaction with it. The second research question addresses the Rewards program itself as to find what could be developed in it in the sense of adding its value. Through this we could find ways to add more value to the customer, as stated in our goal. Because we are researching the topic on a local level, we feel that it has a significant value to know whether the regular customers of Hard Rock Café Helsinki are loyal to the brand or to their local Hard Rock Café. This shows the power of the brand and whether it has a meaning in one particular Hard Rock Café. It is a bridge to the fourth and final research question, which deals with the brand's effect on customer loyalty.

The approach to the topic and the research came in the form of Service Design and its methods. For the theoretical research, many articles, books and other online reviews were searched in order to get a good overall view of the topic's reach. As the research moved on to the project and workshops, Service Design became the tool for innovative creation of the data collected. We also had the opportunity to co-operate with many relevant individuals that brought value to the research and its results.

## 3 Hard Rock Café

There are approximately 200 Hard Rock Cafés in the world, in over 60 countries. This is counting together the cafés, hotels and casinos, from which the cafés make up over 160 of its locations. The numbers are constantly changing because of the rapid pace of new openings and sometimes also closing down locations. At the end of 2015 there were 157 cafés, 22 hotels and 11 casinos. The official company name today is Hard Rock International (Kuisma 2016. Personal communication).

### 3.1 The brand



As a brand, Hard Rock Café was founded in 1971 by two Americans, Peter Morton and Isaac Tigrett. Morton was the business man of the two, having experienced the world of restaurant business through his father, whereas Tigrett was a spiritual man, less business-oriented in comparison. The first Hard Rock Café was opened in London, when Morton and Tigrett wanted to bring the American taste to the English culinary culture as they saw their food very bland and tasteless. They believed in equality of the classes that were too separated from each other and wanted to make their place the grounds for both the poor and the rich. In 1982, the owners parted ways and started opening Hard Rocks independently. Eventually Tigrett sold his part of the company in 1989 and Morton his in 2007. Since that year the ownership has been in the hands of the Seminole Tribe of Florida who became the owners through previous successful ventures in association with Hard Rock International (Janik 2016. Personal communication).

Hard Rock Café has a mission statement that states “to spread the spirit of rock ‘n’ roll by creating authentic experiences that rock”. This combines the spirit, the music and the service philosophy that are central features of the experience the customer goes through on their visit. In addition, Hard Rock Café trains its employees through operating values that support the daily behavior and goals every employee should follow in order to fulfill their obligations. There are five values that start with the demand on practicing honesty, integrity and professionalism in the working community and among customers. It is followed by encouraging everyone to maximize their potential, taking personal accountability for getting results and creating brand excitement through innovation. The values come together in the last one, stating to “deliver amplified service” for the conclusion of the customer experience at its best. (Kuisma 2016. Personal communication).

The logo was designed by the artist Alan Aldridge who was known back then for his co-operation with the Beatles. The idea for the design of it came from Tigrett, who suggested a simple design of a car hood ornament by Chevrolet. The colors were first decided based on the American flag: red, white and blue, but this idea was quickly buried as the owners thought it was a bit too American. A few years after the opening of Hard Rock Café, they decided to sponsor a local soccer team in London and gave them team shirts with only the logo on it. The extra shirts were given to loyal customers of Hard Rock Café London and soon the requests for the shirts started to pile in. The significance of the merchandise is extremely important to the business of the brand today (Janik 2016. Personal communication).

A big differentiator that Hard Rock Café has is the memorabilia the brand owns. In every location of the brand, one can find the walls covered with music memorabilia, meaning items that used to belong to artists and bands all around the world. The memorabilia got started accidentally and its spark was lit by Eric Clapton, who wanted to mark his spot in the Hard Rock

Café London by hanging his guitar above his stool. Soon after, the owners received a package with a guitar and a note saying "Mine is as good as his! Love, Pete". This came from Pete Townshend, the lead guitarist of the band The Who. As the guitar was hanged on the walls of the London location, the collection got started. These days Hard Rock Café has a full-time staff looking after the collection of the memorabilia. Today Hard Rock International owns over 80 000 pieces of memorabilia (Janik 2016. Personal communication). This is especially unique and adds huge value to the facilities of the Hard Rock locations.

### 3.2 Hard Rock Café Helsinki

Hard Rock Café Helsinki was opened approximately four years ago, on 15th of October 2012, which makes it still a very young Hard Rock Café. It is part of the Nordic franchise group, which also includes its sister Hard Rock Cafés: Hard Rock Café Stockholm, Hard Rock Café Oslo as well as Hard Rock Café Gothenburg. Hard Rock Café Helsinki is the youngest Hard Rock of its franchise group, whereas Hard Rock Café Stockholm is the oldest franchise Hard Rock Café in the world. Despite being a franchise company, the corporate side of the company is also very present in keeping the value of the brand equally high in these Hard Rock Cafés where the ownership is elsewhere (Kuisma 2016. Personal communication).

The brand has very high standards in its authenticity, service philosophy and philanthropy to name a few, which are also very visible in the daily operations of Helsinki. These standards create differentiators that give the brand and the location in Helsinki value over other restaurants in the area. The employees are trained to deliver amplified service that over-exceeds the expectations of a guest and maximize their own potential by giving the customer more than just a dinner experience. As customers travelling around the world see it, Hard Rock Café Helsinki is a part of something familiar they can find almost everywhere in the world (Janik 2016. Personal communication).

Being located in the center and the heart of Helsinki, the position gives the company some visibility over others, especially during the summer with a terrace located next to a tourist attraction, the statue of the three smiths. As a lunching spot, Hard Rock Café Helsinki is surrounded by different companies, department stores and shops that draw customers in. As for those pass-byers who walk in almost accidentally are often surprised that Hard Rock Café Helsinki has been in the city for this long: it is still very invisible to some because of the restaurant's location on the second floor. The brand can be known, yet still it is even surprising to some that it is possible to have a Hard Rock Café in Helsinki (Kuisma 2016. Personal communication).

## 4 Customer loyalty programs

Hard Rock Café has a global customer loyalty program called Rewards program. On a local level, Hard Rock Café Helsinki does not have a loyalty program per se, but does have a lunch card program aiming to bring in lunch guests in and through this, ultimately making them loyal and frequent customers. Though the local effort is a necessity and can raise customer loyalty on a local level, the global program raises brand loyalty in addition to just customer loyalty, between both the local and the global customers.

### 4.1 Rewards

Rewards program is the worldwide loyalty program of Hard Rock Café, operating in almost every Hard Rock Café in the world, excluding a few individuals. It is free of charge to all customers over the age of 18 and the enrollment can be done when visiting a Hard Rock Café through an employee or through a kiosk located in the Café, or online on their website [hard-rockrewards.com](http://hard-rockrewards.com). To enroll as a member, a customer needs to submit their name and email address on the spot, if done in the Hard Rock location and activate the account later via link through one's email. The enrollment in the location is therefore a quick sign up and the full sign up happens online. The loyalty program is not only useful in Hard Rock Cafés but also in Hard Rock's hotels and casinos. The program was updated recently and has now also an app to aim at effortless usage of the benefits (Janik 2016. Personal communication).

In March 2016, the improved Rewards program, called Rewards 2.0, was introduced to its customers on a global level. The idea behind it was to simplify and make the program easier for its members, while also removing the VIP membership altogether and making the program one-leveled. The previous program had two different membership options. One was a free tier, with no cost involved. Alternatively, one could purchase a VIP membership by paying 24,95 dollars per year. The offers and benefits were given according to the difference between the memberships. As the name tells, VIP members got better benefits, for example a privilege to get the next available table when the restaurant is full or a physical card rather than a paper version of such. Before, these VIP members were the ultimate fans as there were many who travel around the world for the purpose of visiting a Hard Rock Café. This still goes on and the transition between the programs was done with ease. On the down side, being a VIP and losing this title was not the best news to all VIP members, so the change came with both its positive and negative factors (Janik 2016. Personal communication).

Another big difference to its previous features, and its most important one, is the customizing and personalizing of the benefits. The loyalty program is designed to follow the behavior of a member by giving relevant offers by the frequency of the visits and whereas the old program

tracked points, the current one tracks visits. This way the customer who for example makes most of their purchases in the Rock Shop, the retail department of Hard Rock Café, will get offers focused on retail purchases. It aims to give the members what their preferences are (Janik 2016. Personal communication).

The new improved program features a hook for its new members, a “welcome back” offer. This offer is made a tempting one with a purpose of making sure the guest will return. It is usually a meal for two for the purchase of one, an offer hard to refuse. Similar BOGO offers, meaning “by one get one free” are relatively common for the membership. Close to a member’s birthday, Hard Rock Café also remembers them with a birthday meal on the house (Janik 2016. Personal communication). This is a personalized effort that can make a customer feel unique and important as a customer of the brand.

As mentioned earlier, there are many fans of the brand that travel to visit different locations all around the world. For the achievements of gathering visits from certain different locations, Hard Rock Café gives Milestone Recognition for these occasions. It encourages, celebrates and rewards the member and a commemorative Hard Rock collectible is given to them for the accomplishments of 25th, 50th, 75th, 100<sup>th</sup> visit, and so on. To mark a milestone, a member needs to track the visit with a qualifying purchase (Janik 2016. Personal communication). The Milestone Recognition gives the members something to chase after and gather valuable memorabilia for themselves.

With the transition to a mobile app, the physical cards were eliminated from the program and the program took its digital form. The membership number, which needs to be presented to the employee at the time of the purchase, can be printed on paper, or to follow one of Hard Rock Café’s own mottos, “Save the planet”, use a smart device to show the membership number. The app aims to provide easy access for the member in regards of everything related to their membership from one place (Janik 2016. Personal communication).

#### 4.2 Loyalty’s value

The importance of the members of the Rewards program cannot be highlighted enough. Many of these members are fans of the brand and visit their closest Hard Rock Café often. Going beyond that, they also travel to other locations in the world and spend more money than the non-member customers. This is proven by the Hard Rock Rewards loyalty program scorecard that is analyzed on a monthly basis to see the revenue a member versus a non-member brings in for the business. It follows the KPI’s for the location in question, for example the amount of transactions separately for both merchandise and restaurant sales, the percentage of these and of course the average spent by the customers. The scorecard also gives information on

the month's enrollments but also the yearly member enrollments and ultimately the member enrollments all together to the program on a local level (Janik 2016. Personal communication). These facts show the potential that the loyalty program has. The reach of it becomes evident as well, as it can get the members to travel after different locations of the company. Loyal customers can also be described as business builders in the sense of long-term thinking, bringing more business in through their own preference. This proves the unnecessary of short-term promotions, when the nurturing of long lasting customer relations has potential to carry the business further (O'Brien & Jones 1995).

To maximize their potential, the employees in the front of the house, servers, bartenders and retail sales assistants have their part in the making of new members. The employees are taught to know the program and reminded on the enrollments done on a monthly, sometimes weekly basis. As they meet Rewards members, they are often perceived as VIP customers. Showing interest in a loyal customer gives them this feeling of importance. It is the thank you for them for being the loyal customers of the brand and being a part of the Hard Rock Café's reach in every continent of the world (Janik 2016. Personal communication). Looking at this from the perspective of the importance of each and every guest, a loyalty program makes some customers more important than others and equality can be lost (O'Brien & Jones 1995.) One of Hard Rock Café's mottos states "love all - serve all" which supports the act of treating all customers equally. It raises the question on whether or not the loyal customers feel the appreciation enough.

Creating experiences is a daily task for everyone working under the brand. Enrolling customers to the Rewards program is required from the employees and it is a part of their job. By tracking the enrollments on a monthly basis, the possible need for improvement can be detected on a local level. This is not tracked only on a local level, but the brand is on top of the results and will pay attention whenever it is needed. The constant watch over of the standards is the gate way to the experiences that Hard Rock Café strives for their customers, whether they are Rewards members or not, at least yet (Janik 2016. Personal communication). Hard Rock Café Helsinki arranges employee initiatives almost on a monthly basis to motivate the employees to promote the Rewards program. Rewarding them for signing up customers for the loyalty program has been a working method at times, but is not always motivation enough for them (Kuisma 2016. Personal communication).

Not only is enrolling of new employees of the importance on its own, but also asking the customers if they are members in order to track their visit stands as a task. If this is forgotten by either one of the parties, meaning the customer or the employee, with the receipt of the purchase the customer can still track the visit online or on the app later. Every receipt has a

multiple digit purchase code that works as an identification of the particular visit (Kuisma 2016. Personal communication).

#### 4.3 Kliento lunch card

Kliento is a company founded in 2012, looking to widen the customer service's width and to grow the competitive advantage for small and medium-sized companies. The usage of Kliento is based on the travel card of HSL, Föli and Tampere's public transportation that a customer can use in different companies in the reach of Helsinki, Turku and Tampere. It has the convenience of carrying one important card that has the usage of multiple purposes. For those who do not have a travel card, Kliento has a loyalty card that works similarly to the travel card. (Kliento) This can be given to the guest by the company they are visiting and take in use just as effortlessly as the travel card. The customer can also register their travel card or the Kliento card online to gain more benefits. It is not necessary but does provide the customer more benefits and offers, therefore working as a higher leveled Kliento card (Kuisma 2016. Personal communication).

Hard Rock Café Helsinki has been in co-operation with Kliento since September 2015. Many of the customers have the HSL card but the ones without it have requested the Kliento card to be able to use the lunch card Hard Rock Café Helsinki offers. As the offers can be customized to the needs of Hard Rock Café, the lunch card's benefit is every sixth lunch for free for the customer. The lunches are punched in to a device similar to a phone by connecting the HSL travel card or the Kliento card to the phone. The device recognizes the user and the lunch is then punched in to a count of the previous lunch visits. Hard Rock Café Helsinki has also other offers registered into Kliento on regular basis but the lunch card is the main purpose at the moment (Kuisma 2016. Personal communication).

Kliento and the lunch card are not advertised by Hard Rock Café Helsinki all that much, but the advertisement is done by Kliento on their behalf. All advertising that is done by Hard Rock Café Helsinki is inside the café, by the employees and a few flyer-styled ads. This way the usage of Kliento can be detected and its reach becomes evident. The co-operation between the two companies is still relatively young and not all lunch guests are yet involved in Kliento. It is also the employees' task to involve customers into it and possibly guarantee their return to get the free lunch after their fifth visit (Kuisma 2016. Personal communication).

## 5 Customer relationship management

Customers and customer relations are the essential precondition for a business to function and succeed. These days the competition of customers is fierce, and in addition to attracting

new customers, creating and maintaining a relationship with them has increased the significance. Studies show that maintaining customer relations with the existing customers is more profitable than attracting new ones, and the effective customer relationship management will lead to mutual benefits. Functional customer relation is based on identifying the needs and expectations of a customer and maintaining and developing the relationship (Mascarenhas, Kesavan & Bernacchi 2006, 397-398).

Customership is a process between a customer and a company that consists of customer encounters, during which the changes of resources occurs between the value production processes of the customer and the company. The customer base in a company consists of different customer relations, which compose of the customer encounters that are comprised of different service functions. This is called the customer structure. The phases of the customership are the creation of the customer relationship, processing of it and the end of the relationship. The customer relations can be gathered as customer bases to examine their similarities and differences. The customership has multiple levels that differ in their development issues, tools, and opportunities. The management of the customer relations should be established based on the profitability of the customer base (Storbacka 1997, 53).

Effective customer relationship management is utilized for the identification of the profitable and unprofitable customer groups and thereby for maintaining the relation with the target customers who have been identified through the value analysis (Kracklauer et al 2004, 27-28). Enhancing the relationship with the profitable customers and increasing their loyalty will benefit the company economically in multiple ways. Loyal customers will raise the awareness of the company through word of mouth marketing, increase the profit and success with the repeat purchases and add lifetime value for the company over time by choosing it repeatedly (Pitta, Franzak & Fowler 2006, 423).

## 5.1 Defining CRM

Customer relationship management (CRM) has a variety of definitions, one of which describes it as a process of identifying the customer, creating customer knowledge, building customer relationships and shaping customer's perception of a company and its products and services. The process is based on interest towards the customer, more as a person than a buyer. The interaction between the supplier and the customer does not end in the phase of purchase or sale, but the interest goes deeper with an objective to form a relationship with the customer (Peelen 2005, 6).

Another, more profound explanation describes CRM as a business strategy that aims to intensify the profit, revenue and customer satisfaction by creating customer segments, promoting

customer behavior and implementing customer-centered processes. As a business strategy, customer relationship management affects the whole organization by connecting all the departments to operate together towards a customer-oriented goal. Strategy places the customer in a central position, to which all the functions are based on. The solutions to improve the customer satisfaction are developed together with the customer in an active co-operation (Peelen 2005, 6-7).

The developments of technology in the recent decades has provided an insight to the individual needs and expectations of a customer. The personalized customer knowledge enables companies to explore the ways of satisfying the needs and creating a long-term relationship with a customer. Effective customer relationship in turn decreases the competition as a result of customer loyalty and willingness to stick to a certain supplier. The objectives of customer relationship management are the effective communication between a customer and a supplier and increasing the customer knowledge, which is achieved by collecting, updating and enriching the data (Peelen 2005, 4-5).

According to Peelen (2005, 10-11), customer relationship management is formed on competencies. One of these competencies is customer knowledge, which is achieved by registering and storing relevant data of the customer in order to be able to provide individualized services and develop the business to respond better to the needs and desires of a customer. It can be stated, that CRM requires an IT database, which enables communication with a customer through variety of channels where the efficient dialogue with customer can take place anywhere, anytime. The customization provided by these competencies offers the customer an individual value proposition, which also increases the profit of the company, since the added value makes it possible to raise the prices.

## 5.2 Processes and information systems

Customer relationship management processes are often implemented through technology. CRM is utilized for databases and data mining, as well as for the customer records. The technological processes of customer relationship management are often controlled by information systems. The objective of customer-centered business and customer relationship management is to create a more accurate picture of a customer from the collected information, in order to respond better to requirements and challenges of the customer relationship. In practice, companies create customer segments that are composed of the company's potential customer groups with similar needs and behavior. Customer segments are thus generalizations about the different customer groups. Companies often direct their marketing and sales operations based on these customer segments (Armstrong & Kotler 2014, 13).



Through information systems, CRM facilitates examining the activities and purchasing behavior of a customer, and changes in them. Certain behavior, such as reduction in transactions or the complaints made by the customer can operate as an indication that the customer is dissatisfied and may be willing to stop consuming the services. Predicting the customer behavior and constantly changing needs and desires systematically help the service provider to shape the service to meet the preferences of a customer and improve the customer experience (Peelen 2005, 12-14).

According to Loveman (2003, 154-155), in order to secure customer loyalty using the databases, versatile repository of the customer's behavior, spending and preferences should be acquired. The achieved information should be sliced and diced efficiently in order to develop market strategies that motivate the customer to visit the company more often. Instead of focusing on observing a value of a single purchase, the potential worth of a customer should be predicted over time. By collecting detailed data about customer preferences, the company can allure the customer based on those interests and recognize them from consuming more, which enhances their lifetime value. To increase the performance of the customer experience, the employees should also be rewarded for prioritizing the customer service and their actions leading to strengthening the customer loyalty.

Information systems often become inevitable as the companies grow and increase their number of customers, since the efficient collecting and storing of customer data becomes difficult (Peelen 2005, 10.) It is debatable whether the customer relationship management always requires information technology, although some authors define the concept in principle to be based on technological innovations that enable the data acquisition. Lawfer (2004, 46) claims that many of the CRM projects fail to create authentic loyalty, because any device, software or machine cannot replace the real interaction with people. The processes of customer relationship management cannot produce results without a customer encounter that makes the customer feel important.

### 5.3 Customer relationships

Relationship strategy is a competence that aims not only to sell but to also create a relationship with a customer starting from the first purchase. Creating a relationship with a customer, as in any relationship, requires the emergence of commitment and trust, which will grow as the relationship strengthens. In the processing stage of the relationship, empathy and understanding on both sides build a base for a sustainable relationship. Starting from the attraction, the relationship begins to grow and strengthen as the parties discover they are obtaining the same goal. From the service provider, the maintenance of the relationship requires an insight into the dynamic of the relationship. (Peelen 2005, 25-26, 35-36).

Customer relationship management helps companies to increase their customers' commitment towards the company. Customer commitment gained by customer relationship management increases the average length of customer relationship and reduces the loss of customers (Verhoef, 2003). The loyalty of the customers will benefit companies in several ways, since it has been found to increase customers' consumption, to reduce company's costs per individual customer as well as to increase the conspicuousness of the company (Kumar & Reinartz, 2012.)

In addition, Lawfer (2004, 18-20, 22) states that the predictability of loyal customers helps companies to reduce their inventory costs and the amount of waste, when the number of customers and their schedules can be predicted. When customers become familiar with the products or services, companies can make huge savings in the advertisement costs and focus on deepening customer relationships. Teaching the company culture to the new customer takes time and requires staff resources, while the repeat customer already knows how to proceed. However, the major benefit of loyal customers is considered to be the word of mouth marketing, which happens inevitably, is completely free of charge for the company and has more credibility than any other marketing strategy. The loyal customers are the promoters of an organization that are willing to return the favor of enjoyable service provider. Word of mouth marketing increases the value of loyal customers for companies through the new customers they bring into the business (Kumar & Reinartz 2002, 103).

Customer loyalty is built on the customer experience. Since the quality of service is these days already expected and has become a commodity, in the midst of a multitude of choice, consumers are searching for special experiences that make them feel good. For instance, the worldwide popularity of Starbucks is not based on the coffee itself, since coffee is widely available at a lower price, but the meaningful and valuable experience the service offers (Todor 2007, 1-2; Lawfer 2004, 71). On the contrary, Dixon, Freeman and Toman (2010, 2-5) show that there is more than just a good customer service required in order to earn the loyalty from a customer. The customer can be very satisfied with the experience but still choose another provider according to the price or convenience. Attaching the customers to a company requires longer-term investments and the creation and development of the customer relationship. According to Kumar and Reinartz (2012, 4), an important part of customer relationship management is to divide the customers by their potential to remain loyal, in order to know how to invest in the right customers that bring the profit for the company.

Reichheld (2003, 43), states that the misunderstood definition of loyalty often leads companies to measure customer loyalty incorrectly, since a satisfied customer is not necessarily a loyal customer. Precisely, loyalty means the willingness to make an investment or personal

sacrifice to strengthen the relationship, with the interests of long-term value and benefits. Loyal customer is not necessarily the repeat customer, who might still switch to another company following price campaigns or availability.

The activities of a customer are based on two different types of purchasing situations, whose identification is essential in order to assess customer loyalty. Identifying the indifferent and the engaged distinct buying personalities facilitates companies to see where to invest, and to find the strategies in developing the relationship with the profitable customer. The indifferent customer type searches for the best price and convenience. The customer expects the product or service to be easily accessible with affordable price. Indifferent buyers change the supplier according to offers, deals and enhanced access, and the competition for such customers is a continuous price war for the companies. With the engaged customer type, the buying is motivated by desire. The customer is psychologically and emotionally involved in the process, and sticks with a supplier who provides the highest value in the long-term. Identifying the type that drives the customer towards the purchasing decision, will facilitate examining the customer loyalty. The engaged customer type is more profitable for a company in long-term thinking, even if the indifferent buyer brings larger profit at a time (Todor 2007, 10-13).

The greatest proof of loyalty may be a recommendation made by the customer, the willingness to recommend the company forward to friends, family and colleagues. With a recommendation, customer supports and accelerates the company's growth. Therefore, an efficient indicator of loyalty can be a question of how likely the customer will recommend the company to a friend or colleague (Reichheld 2003, 43-49). Providing meaningful experiences and investing to loyal customers builds effective long-term relationships which result in sustainable profits and growth in a business. Customer loyalty is not an objective or a destination, it is a journey, a continuous process where the company commits to developing and refining the activities that create and strengthen the loyalty (Lawfer 2004, 30).

#### 5.4 CRM in service differentiation and brand building

Consumers choose the purchases they make according to the value that the product or service offers. The value is created of many factors including price, location, selection, service, style and differentiation. By providing superior value and making the service distinguishable, companies can differentiate and demonstrate why customers should choose them instead of competitors. The objective in differentiation is to stand out from the competitors, not only by being considered as the best choice but being considered as the only one doing what they do (Lawfer 2004, 71).

Among other things that create value, the price of the service still strongly guides the choice of the customer and one solution for the continuous price competition is service differentiation. This is where the company aims to create a service that differs from others and thus provides added value to its customers (Armstrong & Kotler, 2014). A brand can differentiate from others even by small things such as a short waiting time, personalized service, great location or unique style. A company can benefit from any little unique detail that the customer appreciates and enthuses forward (Lawfer 2004, 77).

With customer relationship management, companies can search hints from a large amount of data on what kind of services the customers might appreciate. From the hints, companies can also customize their services or specialize in providing customized services. Tailoring services to be more personalized and individualized is especially significant these days, since the appreciation of the customized services is particularly high and the trend will continue to grow in the future and become more common when the availability gets better. However, customization of the service is often a challenge. The customer does not always notice an improvement in the quality of a service, and therefore is not willing to pay a higher price. Companies should have a good understanding of what features the customer considers useful in the service in order to avoid unnecessary work load (Lacey & Sneath 2006, 458).

## 6 Brand management

Building a brand requires strategic management and in the cases of well proven brands, the strategy should be focused on the consistency of the brand's operations and values. Efficient branding gives a company the competitive advantage in the constantly increasing competitive markets. Brand works as a promise to the customer on its expectations when it comes to the products and services the brand offers (Williams 2016). New terminology attached to brand relationships has been introduced to the subject. Brand love, behavioral branding and co-creation lead the development towards emotions, relationships and communities instead of the centered core of unique propositions (Kauffman, Loureiro & Manarioti 2016, 516).

According to Elliot and Percy (2007, 7-9), when a consumer is making a choice to decide between brands, there is a decision rule which indicates the strategy that they use to research their options and ultimately end up with a decision. The evaluative criteria contain the attributes of functionality, symbolic meaning and emotional attachment. In addition, consumer can focus on tangible attributes, in other words surrogate indicators, such as brand and pricing. These two are universally indicators of quality. After the purchase has been concluded, the outcome of it can be approached in a cognitive sense with an Expectancy Disconfirmation Model. The model implies the important effect of the prior expectations a consumer develops

of the product or a service in order to translate the experience post-purchase. With low expectations, the possible dissatisfaction with a poor performance will not have that critical consequence as with high expectations.

### 6.1 Role of emotion

To define emotion, it is of importance of stating that emotion is not to be mixed up with a feeling, which is a part of emotional language. The role of emotion in consumer behavior has its importance, especially when it comes to the cognitive processing, yet it is often ignored in the efforts of understanding consumer behavior. It has a centered role in the evaluation of a brand that a consumer goes through. A consumer can produce emotional associations to the memory of a particular brand (Elliot & Percy 2007, 20). The connection between a brand and a consumer is the result of brand emotion and eventually can lead to the expand of the competitive market (Zhang 2015, 61). As a venue, Hard Rock Café Helsinki can create memories of the occasion in question, for example a birthday, bachelorette party or an anniversary. These memories can include all attributes of the evening, linking the meal to the atmosphere of the restaurant to the music being played on the background.

According to a psychological theory, building a trust with a brand displays the similarity to a trust relationship built with a human. It has a development curve of three stages; predictability, dependability and the ultimate goal of trust. These three detect a hierarchy of emotional involvement. With predictability, the knowledge of the brand develops through a consistency of performance. Dependability then directs the consumer towards a risk experience and demands more generalized beliefs, not the specific behavioral aspects. A consumer makes an emotional investment when reaching trust, moving from rationality to emotion and sentiment (Elliot & Percy 2007, 30-31).

To achieve a deeper meaning for consumers, a brand can use the socialization process of growing up in their advantage. Brands have the opportunity to recall deep feelings of a consumer to bring up nostalgia. It caters to one's comfort and provides safety and security. According to Holbrook and Schindler (1994), there is a period in childhood and/or adolescence, where a person develops preferences on products and services. It is called "sensitive period effect" and the lived experiences of brands during this period of life have more of a deeper meaning to a consumer than an experience gained during a later period in one's life. Nonetheless the behavioral significance of a lived experience with a brand bears the information on a meaning of a brand to a consumer (Elliot & Percy 2007, 53).

To achieve long-term brand loyalty, a brand community furthers the commitment. A brand community is defined as relations between the brand's admirers on a non-geographical bases.

The community combines people who do not necessarily meet each other, but know one another. It also establishes a triangular relationship between the two admirers and the brand itself: therefore, the brand's mission is to focus on this from the perspective of a customer-centric model, to point the experience towards the product or service (Elliot & Percy 2007, 67-68). Long-term brand loyalty is very central to Hard Rock Café as an international brand and for them the brand community is formed by the fans of the brand.

## 6.2 Brand love and behavioural branding

It can be stated that strong brands are built with the co-operation of stakeholders. This process can happen for example between the brand's consumers and management, who are considered the key stakeholders for the process. In order to create co-creation with the consumer, a relationship with the brand needs to have its roots prematurely in its shared values and emotions (Kauffman et al 2016, 517-518).

With co-creation evolving on strong emotions linked with a brand, two new terms can be introduced to the co-creative process. Brand love, representing a new concept in customer relations, promotes emotions and attitudes of positive remarks. It can have a profound effect on repeated purchases for the brand, reduce the sensitivity regarding the prices and the receiving of negative information about the brand is not taken too seriously. It also makes the word of mouth more probable regarding emotions and attitudes towards the brand. As a newer term, the definitions are quite limitless for it and within these definitions, there are disagreements on their accurateness. For example, a popular definition for brand love is to describe it as interpersonal love, which links affection, intimacy and passion, to name a few, to the term but as love can be seen as romance in a relationship, parental love differs significantly from it. The term is still searching for its righteous definition (Kauffman et al 2016, 519; Batra, Ahuvia & Bagozzi, 2012, 1-2).

In addition to brand love, another term to mention is behavioural branding. This term brings the employee engagement to the center of the stage. The values of a brand are implemented into the employees of the particular brand and therefore are defining the strength of the brand. The promises of the brand are delivered through the employees who are the humanizing factor for the brand and can also be the maker of the emotional connection that the customer experiences. The quality of the interaction that happens between the customer and the employee has a remarkable effect on customer satisfaction (Kauffman et al 2016, 520). This could be said to match exactly what Hard Rock Café as a brand strives for and behavioural branding has a definite part in their brand management. Many of the customers have found a reason to come back in their server or a bartender, by experiencing service over-exceeding the expectations (Kuisma 2016. Personal communication).

Within both of the new terms, reciprocity brings its own actor to take in consideration. The customer might have or might develop expectations on getting rewarded for going for a specific brand. This can be a motivator for some customers but is not necessary a reason for following a certain brand. When a brand humanizes itself, such as with the employee's approach, the relationship with the customer can develop into the act of giving and getting in turns and in this sense the customer knows to expect getting certain rewards for choosing the brand over and over again (Kauffman et al 2016, 521). Loyalty programs carry a huge significance in delivering the appropriate thank you that belongs to the repeat customer and possibly making them a loyal one.

### 6.3 Added value - brand equity

A product can have its own value just for what it is, but attaching a name of major significance will cast an important value addition to the product. This is where brand equity takes its stance. For the term, the definitions are ceaseless and it can be looked at either from a financial perspective or from the point of view of consumer perception of a brand. To mention a few of these definitions, Elliot and Percy (2007, 80-81) introduce a definition by Alexander Biel, who believes that the term can be seen as additional cash flow from the association of a brand with a product. To show another point of view, Josh McQueen sees it as a differentiator between the value of a brand and the value of a product without the brand name, in the eyes of a consumer.

Important factors to brand equity are brand awareness and attitude. Brand awareness has an active connection to the familiarity of a brand to a consumer. It gives the brand the advantage of the ignorance for specific details that a consumer will do when feeling familiar in a place or with a product. On the other hand, if a consumer is not concerned of the brand choice, brand equity stands no chance in the face of a consumer's decision. Brand attitude then is formed from associations and it could be described as a result of brand awareness. These associations need to have a strong, positive and unique memory base on customer's mind, in order for the brand to evolve brand equity of the brand attitude. The associations take their perceptions from all forms of communication the brand has with a consumer (Elliot & Percy 2007, 86-87). To take in account another factor of brand equity, Zhang (2015, 58-60) describes brand image as the key feature to achieving it. According to him, the changes in the consumer or the information processing over time will not affect the brand image's importance in consumer decisions. The product is overlooked by the brand image when consumer is making a decision.

Brand loyalty is characterized as the effect of brand equity. When loyalty grows, the harder it is for a consumer to shift to another brand. A heavily positive brand attitude can lead a consumer to the desired brand over others less desirable brands and begin to grow loyalty. But in order to guarantee loyalty from a consumer for one's brand, the usual usage of the services or a product is not enough. It demands a high satisfaction towards the product in order to have a high risk of changing to another brand, and even this is not always enough if a consumer can be tempted elsewhere. The path through brand equity to brand loyalty ultimately develops competitive advantages for a brand which are carried on by the strong loyalty. With preserving of positive brand attitude and having firm brand loyalty, the necessity for promotion decreases (Elliot & Percy 2007, 91, 93-94). Customer loyalty can also be seen as a continuation of consumer satisfaction (Zhang 2015.)

## 7 Service Design

Service Design is a concept aiming at developing new ways of thinking. This innovative research approach has a working title as it is ever evolving, and with that comes multiple definitions to its meaning. One of these definitions was created by Stefan Moritz, stating that it aids already existing services or alternatively innovates new services by making them better for both customers and organizations, in their effectiveness, usefulness and desirableness, to name a few (Stickdorn & Schneider 2010, 29, 31).

Utilizing Service Design tools and methods when improving the service processes have diverse benefits. Service Design helps in determining genuine market needs and involves customers in the development process, engaging customers to a company as service users. Service Design connects the organization with the customer, guaranteeing the quality of the experience and a long-term value for the customer. The added value imported through Service Design helps companies to stand out from their competitors. The services are produced as efficiently as possible with the available resources and therefore, Service Design also helps in the brand standardizing (Moritz 2005, 57-63).

Service Design aims to take advantage of a wide variety of different methods. In the beginning of the process, the methods that strive to profoundly map and understand the contexts of use and the customer, are emphasized (Ojasalo, Moilanen & Ritalahti 2014, 76). The process of forecasting focuses on identifying the opportunities whereas ideating aims to provide methods for innovative solutions. Modeling and evaluating will guide the process towards the implementation of concrete service concepts (Erkkilä 2013.) The results of the brainstorming will lead to the final stage of the process, concept and influencing (see Figure 1). In the case study the results of the brainstorming reflected the phase of concept and influence.



There are various processes in Service Design from which the process presented in the Figure 1 was utilized in the case study. Service Design process does not progress linearly, but is based on learning through experimentation. The final outcome is not known in advance and the next step can never be certainly predicted since the process may change during the project. The process is kept open and constantly edited as the knowledge accumulates. In addition, the order of the methods might vary subject to the type of the project where Service Design is applied to (Erkkilä 2013).

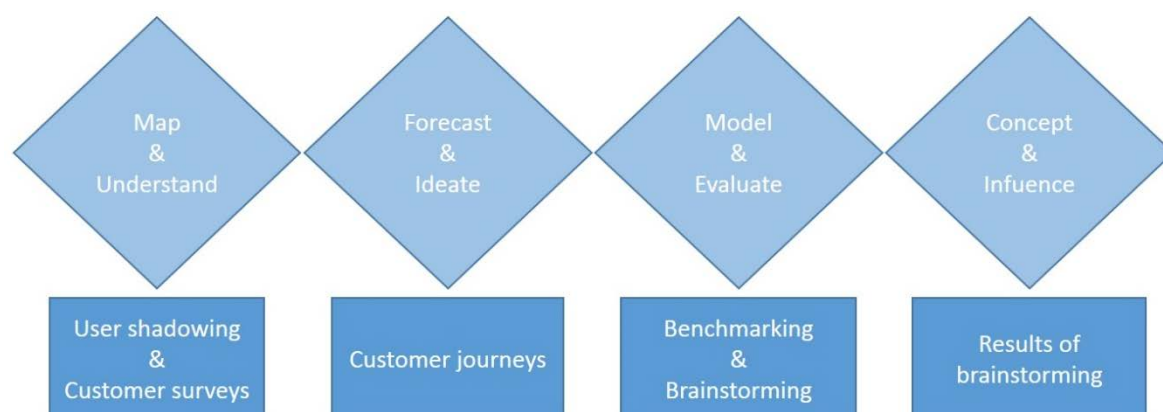


Figure 1 Service Design process (Modified from Ojasalo et al 2014)

### 7.1 Map and understand

In the phase of map and understanding, the methods of user shadowing and customer surveys were implemented in our research. User shadowing helped us to understand the overall customer experience through various touchpoints encountered, whereas the customer surveys gave us a better understanding of the customers and their needs and desires. By combining the two methods, we were able to piece together a holistic profile of all the factors bind to a customer experience.

User shadowing is the tool of Service Design where the research focuses on the interaction of the customers with the environment they are surrounded by. It is observing to understand and determine the needs and emotions of the customer throughout an experience. The questions to get answers to are what the customers are doing and why they are doing it. The observation is done by following a person using a particular service discreetly and without attracting much attention. The process of shadowing can be done in multiple follow ups or with only one session. It is important to choose the correct customers to shadow and to keep the group that is being shadowed small in order to gain deeper and precise data. Through user shadowing, one can identify the differences in what people say and what they ultimately do and discover where the opportunities and the barriers for the customer lie, gaining more information than what the customer might even know themselves (Design council, 15).

In the case study, the customer surveys were conducted using quantitative research method. Quantitative research was selected for the study as large number of respondents and data were required. Quantitative research method is most suitable for the implementation of a survey-type of quantitative inquiry. Quantitative research approach aims at determining the quantitative phenomena as well as predicting it. The objective of the method is to collect information of certain issues from the selected target group or a part thereof. The quantitative approach aims, on a basis of the theory, to draw up assumptions, which the survey is being used to confirm or repeal (Szwarc 2005, 55-57). In our case study, the aim of the research method was to collect the required number of responses for statistical analysis in order to determine the satisfaction and loyalty of the different customer segments.

According to Erkkilä (2013), customer surveys are an effective way to quickly get a comprehensive overview of a particular issue. Surveys do not necessarily provide profound information, but are often useful in investigating general, measurable variables. Through customer surveys, the needs, desires, interests and loyalty of the customers were observed in our research and the information received from the surveys was utilized for the customer understanding. With minor details, the customer surveys were centralized towards two different customer groups, the members of Rewards program, and the users of Kliento lunch card. In this manner, the differences between the two could be easily mapped and the received data to be analysed for development.

## 7.2 Forecast and ideate

Through customer journey mapping, we compared the journeys of two different customer groups, in order to articulate the touchpoints that gave us the data necessary on development. By pinpointing the emotions that the customer goes through in the journey, the highs and lows in the different phases of the path, showed us how to tie the situation with the appropriate need of the customer. The journeys enabled us to forecast the most crucial touchpoints linked to the emotional experience, regardless of the differences between the two.

Customer journey map is an adaptable but structured overall picture of a customer experience, where different touchpoints in which the customer interacts with the service are presented. The journey map visualizes the path of a customer based on real experience (Stickdorn & Schneider 2012, 158). The touchpoints where the customer interacts with the various stages of service are the environment, the objects, the operational model and the people. The observations of feelings and experiences that customer make during their service journey are attached to these touchpoints. The environmental touchpoints are the locations where

the service takes place. They are either physical, as the entrance, dining area and bar counter, or virtual such as the web page, app or phone service. Factors affecting the environment are for example interior design, lighting, smells and sounds. Objects usually work as a means of communication, and the touchpoints can be menus, brochures and payment terminals (Saffer 2007, 176-178).

Operational models define how the service is provided and the processes can be determined by the smallest details from the way how the restaurant personnel greet the guest to the food waiting time. People are often involved in providing the service. Elements defining the touchpoints are the outward appearance, uniform, and the way of talking and taking a customer into account (Saffer 2007, 178-180). The customer journey map is generated from the user insights in the touchpoints. Primarily, it helps connecting different touchpoints and understanding customer concerns and problems, identifying the disconnected areas in the journey. It increases empathy towards the customer and presents ways to improve the flaws and help the customer at each touchpoint. (Myron 2016). Personalizing the customer journey map with real comments and perceptions from the customers makes it more customer-based and individual (Stickdorn & Schneider 2012, 158-159).

### 7.3 Model and evaluate

By evaluating the methods introduced above, we moved towards benchmarking as the next step in our process. We took different perspectives by researching the brand excitement through another successful brand, Starbucks. The attachment to facilities was approached through the local Robert's Coffee in their comfort and effectiveness. In the other Hard Rock Cafés of the Nordic Group, we researched the local efforts done in those in comparison to the case study's Hard Rock Café. After the benchmarking efforts, we moved on to brainstorming, in order to evaluate the possible solutions from the point of view of a customer. The final form of brainstorming came from modelling the solutions brought up in the co-creation by summing up the process comprehensively.

The idea behind the tool of benchmarking is finding the standards to high excellence, aiming for the perceived best practices identified. The determination of these practices lead to the improvements that a company can do and find what can exactly be done better. There is less of a need to invent something from the scratch when there lies a possibility to learn from someone else on something they have already invented. Benchmarking opens multiple opportunities, ideas, views and approaches to a company in need of fresh creations. It is a way of gaining competitive advantage over other companies in the same area of business. It offers continuous opportunities for improvement and presents a cost-efficient method of innovative

development. It can be used as a measurement for the distance between the point where the company is, to where it admires to be in the future (Elmuti & Kathawala, 229-230, 242).

Brainstorming is a process for generating new ideas, aiming to provide intriguing value propositions. When implementing the technique, the quantity of the ideas plays more important role than the quality, and the choice of the ideas should not be concerned, since the emerging ideas are only fast and vivid prototypes. To optimize the benefits, it is advisable to conduct the method visually, for example, by bringing ideas to separate post it -notes (Osterwalder et al 2014, 82). Brainstorming is a qualified tool when the objective is to generate several ideas in a short period of time. Method aims to break away from the typical way of thinking and encourages to come up with ideas that might seem ridiculous at first. Some of the ideas may, however, lead to innovative solutions (Erkkilä 2013).

#### 7.4 Concept and influence

To mention one of the many definitions of a service concept, it answers to questions such as how to satisfy a customer, what needs to be done for them and how to achieve this mission. Service concept requires pre-determination of a shared vision and defining its meaning in the case before the steps of the actual processes can begin (Goldstein, Johnston, Duffy & Rao 2002, 123, 125). It represents the end result of our case study, with a different approach than the definition here presents.

A Service Design concept, as a result of the design process, entitles components both tangible and intangible. As a view point of a company or an organization, this differs from the perspective of a customer to who the service or a product is defined in the moment of purchase. Regardless of the definition, service concept is perceived through various ways from the point of view of the customer, whether it is word of mouth, their own service encounter or information received from another source. Nevertheless, the perception is there already for the customer, even without the experience of it (Goldstein et al 2002, 121-122).

For the case study, the concept is represented by the results of the brainstorming sessions performed as methods of the Service Design process. Through the research done in the other phases of the Service Design process, the influence of these results carried an effect to the co-creation brainstorming sessions and ultimately concluded in our own brainstorming, with influence of the project and the case study as a whole. Therefore, our concept is the results gathered from the final workshop implemented by us as researchers.

## 8 Results

The implementation of the research methods and the acquired results are presented in this chapter. Each method is used to its full potential, bringing the variety of perspectives to create overall value. The research and its results are presented both in written form as well as visually.

### 8.1 User shadowing

In order to gain understanding about the context of the service and the perspective of a user thoroughly, we shadowed the customers of Hard Rock Café Helsinki. In our case study, we compared two different customer groups, the Rewards members or otherwise the regular customers, such as Kliento users, and customers who are not a part of the customer program or are possibly visiting Hard Rock Café Helsinki for the first time. We used the act of having lunch or dinner in the restaurant as the target for the comparison's time frame. We shadowed the two groups by going through their experience from stepping into the location to exiting it after the visit. The two have clear differences in their ways of interacting, one group being very comfortable in the familiar surroundings, whereas the other one a bit more lost in the unfamiliarity. The differences between the demands and the expectations are quite central in the comparison of the two.

**The arrival.** The illustrated picture below shows the focus of the customer in the moment of the entry to the restaurant. The regular customer enters the location with the knowledge on how to act. The existence of the host stand is often lost with new customers as it is not something one would find in every restaurant in the city center of Helsinki. Often the customer with less information at this point walks past the sign to find a table themselves. The regular customer knows to wait for the personnel to seat them, though as this happens, the expectations of the table assigned to them are higher than for the new customer. The more comfortable tables, the ones that are not located in the middle of the restaurant facilities, are the preferred ones for all customers, but the regular customer has more expectations in getting those seats. In general, the table is decided for the customer by the staff member, but upon request it can be changed. For the new customer, the facilities are completely new and the seat assigned in the moment is the one where they settle as the knowledge on the comfortability of the seats is not there yet.



Picture 1 The confusion and determination of the two customer groups

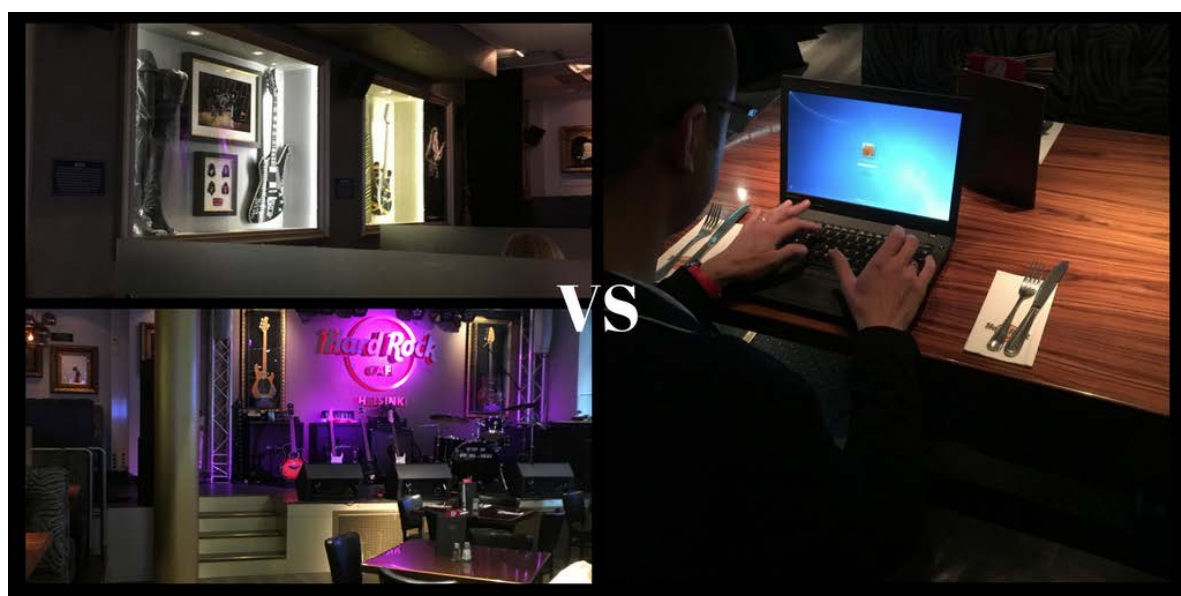
As the customer has been seated, they are given a menu and during the day time of the working week, the lunch menu is already on the table. The regular customer might already order at the time of the seating if they know what they want. This is most likely to happen during the lunch hours as the customer knows the lunch menu and what is good in it in their preference. Whether it being the day time or the evening, the customer who is not accustomed to the menus, will find themselves in the decision process of their meal, as shown in the picture below, with the menu being quite broad in its options. They might turn to the waiter for a recommendation or take their time with their individual choice.



Picture 2 Decision differences between the new and the regular customer

A surprise feature to the service experience is often the English language that some of the servers use. As an international brand, Hard Rock Café has also international employees and the regular customers are in the know of this fact. To local customers this comes as a surprising factor very often. It is often perceived as a positive feature, but also makes the surprised guest a bit nervous, if not accustomed to using another language in service situations in Finland. This factor only creates an issue when there is too big of a language barrier between the customer and the employee, in which the situation requires a change of the server. For a regular customer, the element of surprise is a feature of the past and is now a very normal part of the customer experience they encounter.

**The meal.** While waiting for the meal, the customer to which the surroundings are less familiar, looks around, examining the space and the memorabilia on the walls, listening to the music and watching the music videos on the screens. The regular customer usually uses this time to themselves, whether it is work or phone calls or so on. They have examined the surroundings multiple times before and might take a second look only if there is something new or something is out of place around them. For them it is also very normal to have a conversation with their server or another staff member, as both of them are known to each other from previous visits.



Picture 3 Comparison on time spent while waiting for the meal

As the meal arrives and the tasting experience begins, the expectations seem to be higher in the case of a regular customer. They have a standard in mind and if this is not met, it will be notified to the server. For the new customer, the expectations come from the picture on the menu or if there has been a pre-visit word of mouth recommendation or an advertisement

that has had an impact on the decision of the visit. The mood of the customer, in both customer groups, has an impact and the atmosphere of the environment is linked to the mood of a customer. This is where the level of service plays an indefinite role.

The servers and the manager on duty are accustomed to checking in with the customers and their experience during the meal. This seems to have the effect of confusion in the new customer, especially if it will happen more than once during the visit. For a regular customer, they know to expect it and will point out if something is not as it should be, more likely than the new customer. The so-called rules are also more clearly known by the regular customer, for example a refill to the soda they have purchased, so they are more likely to ask for more than what they have given by the order and do this comfortably.

**The aftermath.** Once finished with the meal, the regular customer asks for the bill, and in the case of either Kliento or Rewards, will notify the server of this, and with Rewards program, gives the ID number of the membership to the server. For the more unfamiliar customer, it can be unclear where the payment is handled. The host stand represents a paying point very easily, because this is how it works in many other places, especially during the lunching hours. After finishing the meal, the customer might walk to the host stand and wait for the payment to be handled there. A staff member very quickly comes to correct the customer, and the payment is then handled at the table, or by bringing the bill to the host stand where the customer is now waiting. Having table service from the beginning to the end during lunch can present an unexpected feature to the new customer.

When departing, the new customer or the occasional customer has now a better image of what Hard Rock Café Helsinki offers and can now compare it to other restaurants visited. The farewell greeting of the staff or the particular server in question gives a good last impression, so to say, and the new customer will decide the level of satisfaction with the overall experience. For a regular customer the farewell is temporary, farewell only until the next time.

What can be seen from the user shadowing is that the regular customer is seemingly easier to satisfy as this customer is already satisfied enough with previous visits to return, but as mentioned above, the expectations are high and the standards do not have room to shiver. The brand adds another layer of expectations to the visit as well. If we look at the same factors from the perspective of the new customer's experience, the pressure of making this customer a very satisfied one will determine whether they will ever return. Therefore, the decision of coming back is more crucial in the case of the new customer, rather than in the case of the regular customer, as the regular customer is more likely to forgive one unsatisfying visit than the customer to whom the visit is not a regular outing. The value of a loyal customer became evident for the case company as in the case of the regular customer, the less resources are



needed (see 5.3), because the knowledge on the company culture is already there with the regular customer.

By understanding the individual needs of both customer groups, there is high potential to impress the new customer with the differentiators of the environment and service points. Obtaining the regular customer requires consistency and personal service, with the possibility to develop the expected delivery with a surprising element in order to exceed the expectations. A routine-like, expected service encounter might keep a customer satisfied and a repeat customer, but the showing of the appreciation for it could raise the loyalty and the satisfaction with for example the Rewards program.

## 8.2 Customer surveys

In order to getting direct feedback from the daily customers of Hard Rock Café Helsinki, we created two surveys for the two different loyal customer groups, the Kliento lunch card users and the Rewards program members. The surveys contained similar questions, but with minimal differences depending on what information is more important in the case of the loyalty program. The surveys were conducted in Hard Rock Café Helsinki and handed out in a printed form during the visits of the customers, in most cases while they were waiting for their order. This way the filling of the survey did not take any additional time from the customer but worked as something to do while waiting.

The Kliento lunch card owners as a customer group could be noted as customers who were very similar in comparison to each other. This customer group is clearly male dominant, between the ages of 25-45, very much pointing to the working class with its age gap and the professional background circled around the IT industry and entrepreneurship. Lunch card users are no strangers to Hard Rock Café Helsinki, with the majority of the respondents visiting the Hard Rock Café every week and the rest still once or twice a month. The objective of these customers also became very clear, which focused on the food, and not necessarily any value adding side product. For some, the reason for the visit was a tradition among colleagues, "Friday tradition" as some called it. The customers seemed to visit the Hard Rock Café always in groups, whether it was three people or even eight people. This was noted already at the time of giving out the survey to be filled to these groups of multiple customers. Some also mentioned in the survey that they were meeting up with friends to have lunch.

When it comes to the benefit received for being a regular customer for lunch time, many were satisfied with the offer of each sixth lunch for free. To some, it was the question of gaining something for free that was the attractive factor, to others it was the recognition for

being a regular customer for the restaurant that made the offer appreciative. Some of the respondents felt that the offers could be a bit more versatile, both for lunch and also for outside lunch related offers. As mentioned in the chapter of the Kliento lunch card (see 4.3), it is possible to register multiple offers to the device, and Hard Rock Café Helsinki has also done this, but according to the survey, it seems that its reach has not been broad enough to get this information to its users. An interesting result rising from the surveys is the fact that half of the Kliento users are also Rewards program members, or if not, all but one respondent seemed to have at least heard of the program. Though from the point of view of observing these customers, they do not ask for visit credit for Rewards and leave the receipt with which they could request visit credit later online (see 4.2) on the table.

Though the receiving of the offer is taken as an excellent benefit, in practice it is not convenient enough for the users. It is time consuming for the lunch visitors who only have a certain amount of time for the visit in the middle of a working day. Punching in the lunches of a bigger group individually by the server, in addition to also taking the separate payments can take anywhere from five to ten minutes altogether. Though it takes time, some of the respondents stated that the benefit is worth the wait.

Moving on to the other customer group in question, the Rewards members seemed to be a more versatile as a group of customers. The surveys showed that there is no gender dominance in the memberships, with very versatile professions from bloggers to HR and to entrepreneurship. This represents and supports the idea of the brand bringing together all kinds of people as members: anyone can be a member. Age wise then, all respondents were over 25 years old, half of them being over 45 years old. In comparison to the Kliento users, majority of the respondents visit Hard Rock Café more rarely than once a month, but visit many different locations instead. For some of the Rewards members answering the survey, Hard Rock Café Helsinki was only one café among many others and the reason for visiting the location that day was in some cases travelling. In the situation of filling in the survey, the Rewards members were also very willing to share their experience in other café's and their overall view on Hard Rock as a brand. As a reference, Hard Rock Café Helsinki is described as small and cozy, modern and northern, by comparing to other Hard Rock Cafés in the world.

For the worth and value of Hard Rock Café Helsinki came up as higher in the case of the Rewards members. The objectives are multidimensional and food as an objective is secondary in their case. The employees' input and level of service is highly appreciated and stand as a factor creating more value for the brand. The music was also listed as an appreciated factor which is tied to the experience for the member. Some respondents brought up an emotional factor in their visits, for example a collective item from the Rock Shop or visiting because of a son's birthday. Rewards members seem to have a sense of the spirit of the brand and the

atmosphere with its opportunities, describing the appeal of the brand as worldwide and music-oriented. The surveys revealed that the respondents were either with their families or by themselves, which supports the fact of diversity of the members, as mentioned earlier.

The data on satisfaction with the program was contradicting between the respondents. Some are very happy with the program, praising high satisfaction, whereas others see it as a downgraded version of the previous one and the rest hoped for more practical loyalty program. Some of the respondents are wishing for more personalized approach to the offers, which is one of the goals with the current Rewards program. For example, from the point of view of family users, there were wishes towards family-oriented offers whereas in general more personalized benefits were requested for. Some of the respondents felt that they have not gotten enough benefits or that they do not feel like the membership has provided them much of a reason for participating in it. A response on the relevance of the offers was given in the survey situation verbally, as the respondent felt like on a local level in Helsinki, some of the offers were irrelevant and unusable here. The transformation from the physical card to a printable one raised a satisfaction question, with one of the respondents hoping for an actual card for their membership.

The importance of the brand becomes very obvious for the Rewards members in comparison to the Kliento users, to which there is a clear question of sense of urgency. For them the surroundings seem to be more irrelevant and the focus is very narrow. The versatility in the two customer groups' objectives are miles apart and Rewards has much more of an emotional connection to its customers (see 6.1). As mentioned, a member's son's birthday was a celebration that was chosen to be enjoyed at Hard Rock Café Helsinki because of the memory it gives to the young boy, and his family, with birthday ice cream and balloons. It becomes very clear that experience as a word raises many times in the survey analysis of the Rewards member and the view of the experience gets a wide perspective in their eyes.

The gap of the younger generation is a surprising fact, but gives valuable information about the regular customers and the lack of customers under the age of 25. For Rewards, the age limit is 18 years, but for Kliento there is no existing limits as a travel card has no limits either. Despite this fact, the customer groups are far from the younger generation, for which in the case of Rewards membership can be partly explained with the fandom of the brand. As the brand is over 40 years old, the loyal customers have often followed the brand for many years and the collectors have travelled around the world between different Hard Rock Cafés, though on a local level, this does not give a much of an explanation, even in regards of the brand. The approach of the loyalty programs seems to be directed to an older generation.

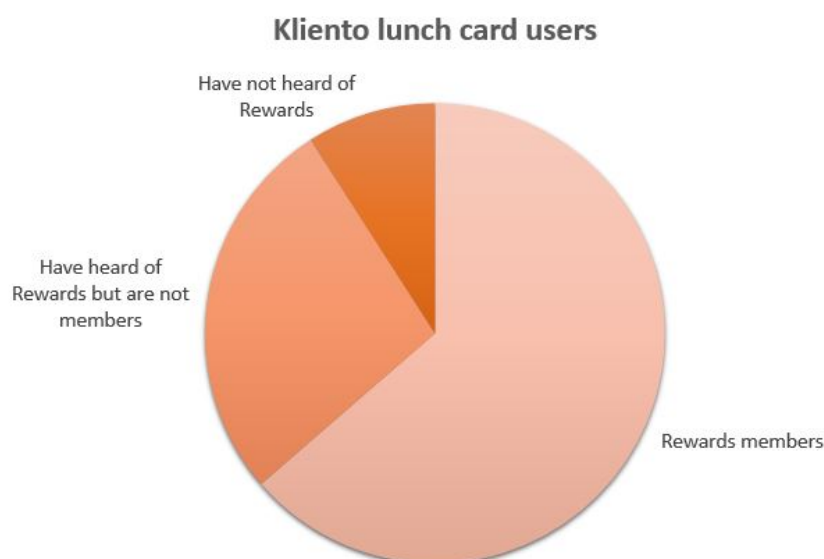


Figure 2 Diagram showing the relation of Kliento users with Rewards loyalty program

As shown in the Figure 2, based on the survey the majority of the Kliento lunch card users are members of the Rewards as well, and only few users have not heard of the program. As many of the lunch card users do have a Rewards membership too, the question of taking the advantage of it is clearly missing. It comes across as refusal to gain the benefits of the program and can lead to the similar answers like some of the Rewards members mentioned: not enough benefits. Whether it comes from misunderstanding the program, the time which they would have to spend when a server would be tracking the visit credit or simply not feeling the necessity of the benefit, it seems as there is a gap of bringing these two loyalty efforts together.

### 8.3 User journey mapping

In the case study, two different types of customer journeys were executed, in order to get valuable information of the customer experience both from a new customer and from a regular customer pertaining Reward's program. According to Mager (2006, Basic Cards 3), an effective way to demonstrate the functionality of the service is to play the role of a customer through a customer journey by settling into the shoes of a customer. Therefore, the first customer journey was implemented in a way, that Nelli, as a new user of the service, played the role of a customer and went through the customer journey collecting the notes and observing the touchpoints. The second customer journey was accomplished together with a regular customer of Hard Rock Café Helsinki, who carried out the customer journey with a given map that collected all his feelings, emotions and thoughts in each touchpoint. The employees of Hard Rock Café were not aware of the research and implementation of the service journeys ensuring the impartial and neutral attitude towards the customers.

In the case of a new customer, we wanted the path to correspond the service path of any customer as well as possible so that the result could be applied to our purposes. During the journey, the overall experience of a customer was observed, including different emotions and thoughts, that are also presented in a visualization bringing a personal touch to the journey and making it more customer-based and individual. Although the observations and emotions are presented subjectively, the customer journey aims to introduce each touchpoint also objectively. As the objective of the project was to find ways of enhancing the customer loyalty, in each touchpoint, strengthening the customer relationship was particularly examined. Throughout the journey, the offer of a lunch card and the Rewards program was investigated, since those are the most efficient and significant ways to create and maintain the customer relationship in Hard Rock Café Helsinki.

To understand the restaurant service experience from the perspective of a customer, it is necessary to understand all the phases of the service from the beginning to the end. As demonstrated in the Figure 3, restaurant visit consists of three phases: activities before the service, during the service and after the service. In more detail, each phase can be divided into more specific steps: pre-service, arrival, placing the order, service delivery, departure and follow-up. When it comes to consolidating customer relationships, it is equally important what actions take place during and after the service. Although the customer experience during the service delivery is crucial, the relationship should be managed also after the delivery of the service (Peelen 2003, 261).



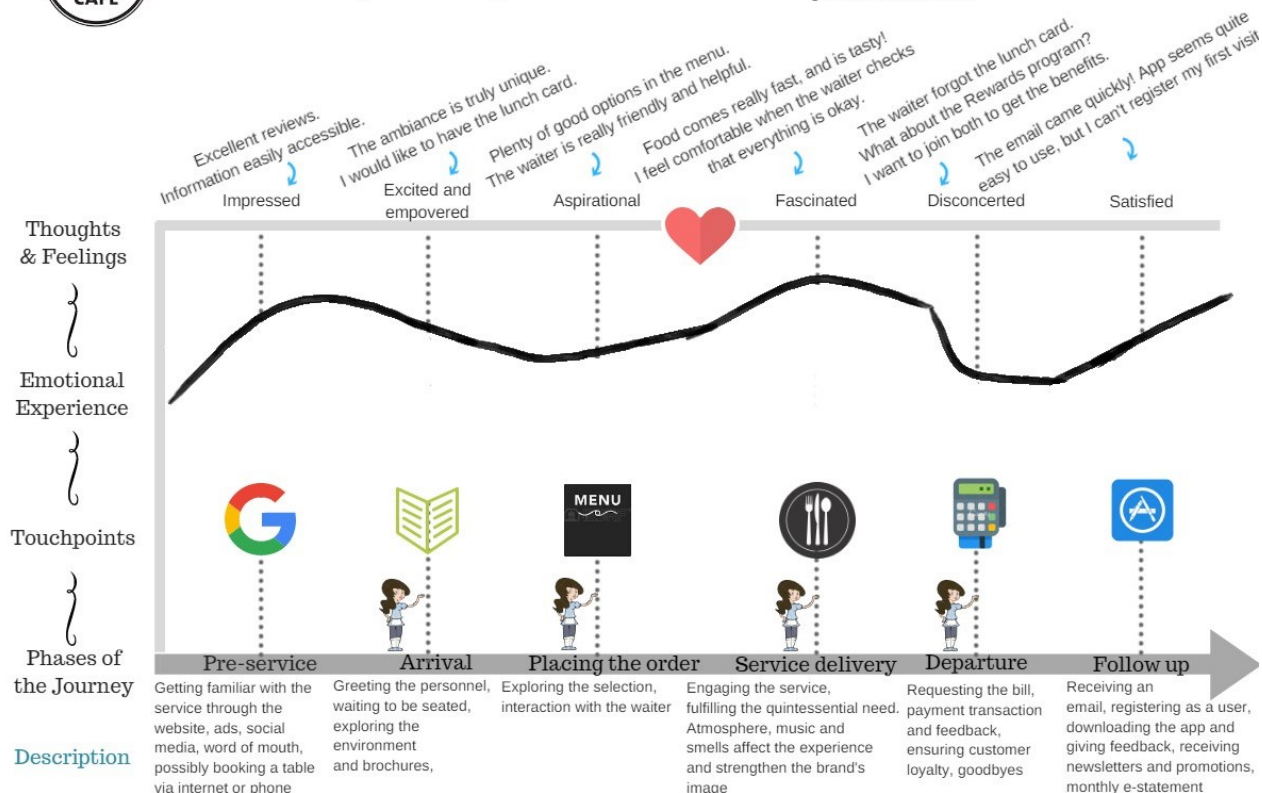
Figure 3 General phases of a restaurant visit

### 8.3.1 Nelli's customer journey



## Nelli's journey

Balancing between studies and work, Nelli often enjoys her lunch outside. Due to the busy life situation, she hopes the service to be easy and efficient, and appreciates friendly and personalized service.



Picture 4 Nelli's customer journey

### Before the service

**Pre-service.** Before actually engaging the service, customer often deals with the service provider virtually. The internet makes it easy to check the opening hours, location, price range and menu, and also facilitates the choice of the service provider, since the customer is able to examine the reviews that other customers have made (Stickdorn & Schneider 2010, 160). Based on the observation, Hard Rock Café Helsinki is strongly present in social media, and has its own websites offering encompassing information for all the internet users. Diverse activities in the internet increase the company's visibility and bring the service closer to the consumer, but can also be counterproductive, if technical problems occur. Hard Rock Café Helsinki can fortunately be approached also by telephone, if any desires or concerns appear beforehand (Kuisma 2016. Personal communication).

The first step in my journey was a virtual interaction with the company. As I wished to enjoy a lunch in Hard Rock Café, I checked the lunch period from their website. From the comprehensive website of Hard Rock Café Helsinki, I found all the information I was searching for and I think that the webpage layout has managed to bring out the brand's spirit, conveying inspiration for the customer. When I browsed through Hard Rock Café Helsinki in different

channels on social media, I also noticed the extremely good reviews, and for example in Facebook, the restaurant has managed to gain 4.1 stars out of five, based on two and a half thousand reviews. The popularity of Hard Rock Café Helsinki is also indicated by the restaurant's own Instagram account with nearly 1500 followers at the time.

In addition to internet sources, customer may have gotten the inspiration to visit the restaurant from a friend, family member or colleague. Word of mouth marketing is usually the most effective involving trust towards the author of recommendation (Kumar & Reinartz 2002, 103). Since the information of the company can be found through various channels, the first touchpoint often varies among customers. When the customer approaches the company virtually, all the reviews, activity and popularity of a company form an idea of the organization and its concept. This may create expectations or prejudices for the customer that affect the customer experience in advance.

#### *During the service*

**Arrival.** The following phase that the customer experiences is the outside appearance of the facilities. Hard Rock Café Helsinki has a central location in the heart of Helsinki city center, and therefore it is also easy to stop by without further planning and searching. The attractive signs outside the building lure the people passing by to visit the facilities, and the restaurant is easy to approach from anywhere thanks to the excellent transportation connections. After the decision of having lunch at the Hard Rock Café Helsinki, I stepped inside the restaurant, and in downstairs the vendor of the merchandise shop greeted me and I immediately got to experience the Hard Rock Café's brand spirit through the different products and interior design. According to Kuisma (2016), the Rock Shop is an essential part of the organization, strengthening the visibility of the brand and forming the first impression of the facilities in Hard Rock Café Helsinki. In addition, it is the first physical touchpoint for the customer, including also the first interaction with the personnel, when the vendor of the Rock Shop welcomes the customer in.

The next touchpoint can be classified as the stairs to the restaurant, since there is something special in their way. When I walked up the stairs, I was amazed by the memorabilia on the walls, thinking that the surroundings and ambiance in the restaurant are truly unique. At this point the customer can take time to admire the facilities and explore the memorabilia before coming up to the spacious and extensive restaurant and bar. Other customers might have reviewed the menu beforehand but as this was the first time for me having lunch in Hard Rock Café, I was not familiar with the menu and was only hoping there to be something light and fresh, but at that point I did not have any other expectations. I have visited the restaurant only occasionally before, so I have not formed any favorite location or seating in the dining area.



Picture 5 The sign and the host stand

As I entered the Hard Rock Café at lunch time, the restaurant was not that full but I had to wait to be seated. Meanwhile I had a moment to explore the environment and browse the brochures by the host stand. Kliento lunch card brochure with its joining instructions was displayed most prominently, slightly covering other ads, such as one about the Rewards Program. However, Hard Rock Rewards also attracted my attention, since the Rewards kiosk is located right next to the host stand and looks appealing with its guitar shaped stem, special lights and attractive slogans. Thus, already in the early stages of service, the customer is introduced to variety of loyalty options, although at that point most often the feelings on top are being hungry and impatiently waiting to be seated.

The host stand and the instruction sign are the touchpoints that may cause confusion for the customer. The customer may not notice or understand the content of a sign because it is only in English. Also, the fact that some of the servers do not speak Finnish, may come as a surprise for the local customers. Interaction in a different language can either complicate the communication or bring added value to the service. I personally was positively surprised to get international service, which also strengthens the brand's image and differs from ordinary serving style.





Picture 6 Lunch menu

**Placing the order.** After being seated, the customer examines the menu and might need some guidance or advice from the server. While giving space for the customer to think about the food choice, server brings the desired beverage for the customer and remain easy to approach. When the server brought me to the table, I expressed my interest towards the lunch card, and the server promised me one later, and gave a brief overview of its benefits, as I asked. I am lazy to cook and therefore I am having lunch outside several times a week, so I would have use for the lunch card and its benefits. While examining Hard Rock Café's special lunch menu, I noticed that it does not promote nor mention the lunch card option. Based on the observation, the frequently changing lunch menu, affordable prices and the particularly friendly and warm service are the competitive advantages of Hard Rock Café, but I bet only few know about the beneficial lunch card, which encourages to visit the restaurant more often.

**Service delivery.** Service delivery in Hard Rock Café Helsinki consists of the waiting time, the food itself, customer service and external influences. The phase of service delivery is usually a key factor in forming a customer experience, because it offers a solution to the customer's primary needs. The service at lunch time was fast, and I did not have to wait for long in any phase of the service. The salad that I ordered, arrived within five minutes and exceeded my expectations. The food was tasty and at the same time I could examine the memorabilia on the walls and listen to the music playing in the background. The atmosphere in Hard Rock Café was cozy, and although I ate alone, I did not feel lonely because the servers were check-

ing on me from time to time. During the meal, the actions of a server can strongly affect customer experience and increase restaurant sales (Michelli 2014, 125.) Taking the customers into account while they are enjoying their meals can increase sales, customer satisfaction and help reduce customer complaints when the interaction with the customer is continuous throughout service.

**Departure.** When I finished eating my lunch, I requested the bill, and the same server who took my order, brought me an invoice and a payment terminal. After the payment, my server thanked and wished a good day, so I had to remind the server of the lunch card, which I asked about earlier. I got the card right away with the apologies, but I was automatically given a different Kliento card without being asked about my HSL travel card, where the function can be attached for the user efficiency. After all the lunch card hassle, I also asked about the Rewards program. The server explained me briefly the concept and took my name and email address for the registration. At that point, the joining for the program does not require effort or time from the customer, and even the busy customer can quickly leave the required information for the personnel. The final registration can be done by following the instructions sent by email, at a place and time suitable for the customer.

If the customer is not proposed with the Rewards program, the service path may end to this phase, unless the customer desires to give feedback for the company. Receiving feedback is essential for the company in order to develop the service path to respond the customer needs more effectively. Therefore, companies should strive to achieve even some verbal or written feedback from each customer. According to Peelen (2003, 265) customer loyalty systems are excellent for this purpose because they collect data of each customers' activities and preferences. Kuisma (2016) states that in the case of Hard Rock Café, all customers can participate in giving feedback about their visit with a purchase code from their sales receipt. This guest satisfaction survey (SMG) collects feedback on all of the features important to the overall experience, from the server to the food and the atmosphere of the facilities. At the end of the survey, the customer is also asked about Rewards and whether they have heard about it before. This gives valuable information on the promotion of the Rewards program to the company.

#### *After the service*

**Follow up.** The customers expect recognition of their business, and on that account, the most effective opportunity to enhance customer loyalty occurs after the sale. After the acknowledgment of a customer and a warm farewell with an invitation for future encounters, the gratitude towards customer can be established with a loyalty program (Michelli 2014, 118). For deepening the relationship with a customer, Hard Rock Café rewards and tracks its customers with a loyalty program. The joining form of Rewards program arrived to my email

shortly after departure, with the clear instructions on how to activate the account. The activation requires the Rewards ID number which is attached to the email. The account is easy and pleasant to use since the layout is clear and the benefits are highlighted. The page appearance is appealing; the style is characteristic for the brand and includes all kinds of features regarding Hard Rock Café and the membership.

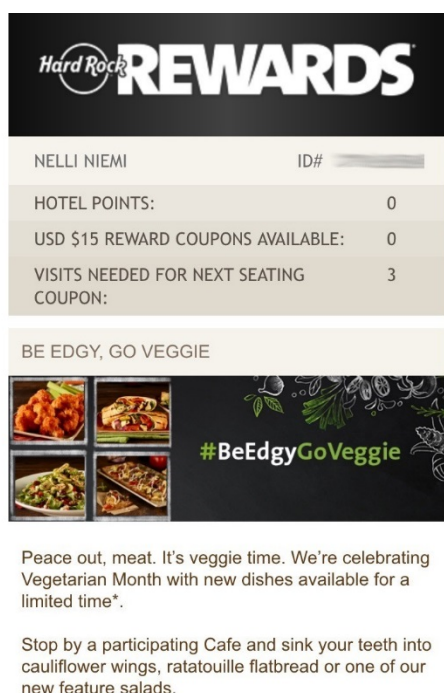
The webpage directs the customer to download the Hard Rock Rewards app for free, promoting even more efficient features and functions for the customer. The app provides an access to a member profile, Rewards ID, important notifications, and exclusive offers. With the Rewards app, the customer can manage the account information, find the nearest Hard Rock by the location and view all the visits and track progress towards Milestone Rewards. App maintains the customer relationship and attracts attention by keeping the customer up-to-date with all the news, events and offers.

One flaw discovered while using the Rewards app was a technical problem that occurred when trying to request a visit credit, to record the first visit to the system. Recording of the visits is crucial to the functioning of the app, because it enables tracking the customer preferences and gives credit for the customer, therefore increasing their benefits. For some technical reason, it is impossible to click some of the categories on the menu in the app. According to the feedback emerged in our customer surveys, this problem frustrates the customer and reduces the user comfort of the app. At the time, the same problem occurred also in the mobile website [hardrockrewards.com](http://hardrockrewards.com), and the visit credit was successfully submitted only when tried with a computer. Also, the fact that the verification of the submission might take up to three weeks to appear in the user account may be disconcerting for the customer.

However, in my case, as soon as I managed to submit the visit credit to the system, the welcome back offer arrived in the email within two days. The attractive welcome back offer invites the customer to return to the restaurant and bring someone with them, as the customer will get the other entrée for free in their next visit. The app shows the unused offer until its expiration date, and the offer is also showed in the monthly e-statement by email. The welcome back offer worked at least for me, since I immediately started thinking who I could take out for a dinner.

According to Data Charts (2016), customers appreciate convenience, efficiency and simplicity of apps and their quick access compared to websites. Most of the apps are discovered by word of mouth. The regularly used apps are the ones that provide advantages and stay up-to-date holding interest of the users. Discounts are an effective way to boost the loyalty of the customers. Therefore, the app of Hard Rock Rewards has great qualifications to stay up and in

use of the customers, since it provides value for the customer in the changing benefits, topical news and events.



Picture 7 Monthly e-statement (Screenshot from email)

After registering to Rewards, the customers will receive a monthly statement of their activity in Hard Rock Cafés and their progress towards coupons and other advantages. This e-statement functions also as a newsletter of the upcoming events and attracts the customer to visit Hard Rock Café again. The visit credit that a customer gains from each purchase in the Hard Rock Café inspires them to collect more visits and visit Hard Rock Café more often. An app itself is a great base for Hard Rock Café to collect data of customers' activities and feedback, and enhance the customer loyalty (Gazdecki 2016.)

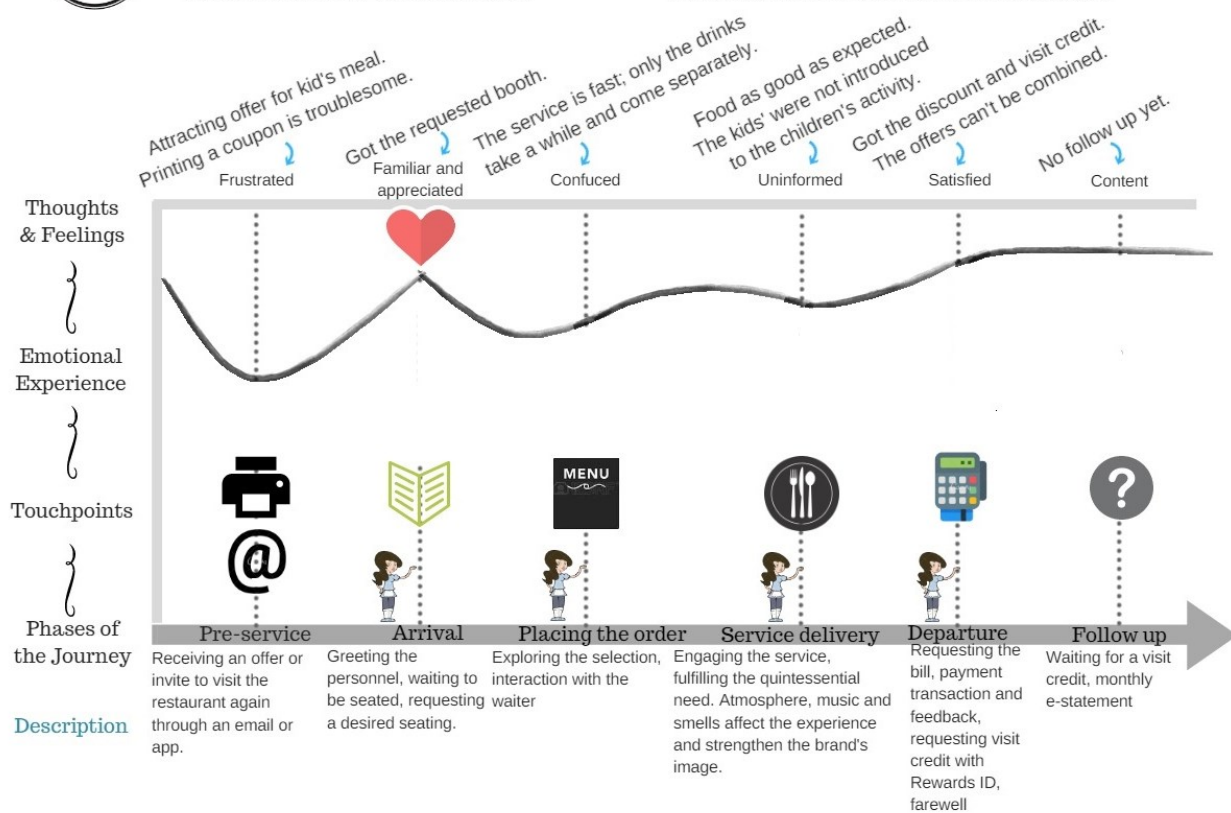
### 8.3.2 Customer journey of a Rewards member

In order to get a reference value for our research, we implemented the other journey with a regular customer of Hard Rock Café Helsinki, visiting the location on a weekly basis. Our chosen customer is part of the Rewards program and has also visited multiple Hard Rock Cafés all over the world. He has a family with school-aged kids and visits Hard Rock Café Helsinki with the family, with a friend or on his own. His customer journey specifies the experience through the eyes of a customer who is no stranger to the facilities, differing from Nelli's journey in a significant way.



## Journey of a Reward's member

A regular customer loyal to the brand have visited multiple restaurants around the world, enjoys the service weekly with a family, with a friend or by his own. Appreciates the friendly and familiar approach of the servers, hopes to receive credit from his loyalty in the form of individual offers.



Picture 8 Customer journey of a Rewards member

### Before the service

**Pre-service.** Before coming to Hard Rock Café Helsinki, the regular customer received an offer from Rewards program by email, stating that he has gained an offer “buy two kid’s meals, get one for free” and decided to take his family for a lunch visit on a Sunday. For him, printing of the coupon became a bit of a hassle and this touchpoint early in the customer journey created frustration in the customer. Once this was done, they could start their travels to Hard Rock Café Helsinki.

### During the service

**Arrival.** For the regular customer, the external interior does not represent a significant touchpoint in its familiarity. Arriving inside the restaurant, a regular customer is aware of the service steps and how the customer needs to wait to be seated, just as the sign by the host stand states. The regular customer explains that in his experience, he has never had to wait for too long and this time he and his family are greeted very quickly from their arrival and taken to a table. The regular customer requests a booth to be seated in and this request is granted, which raises his and his family’s satisfaction. They are seated with menus on the requested table and are ready to decide what they will be having for lunch.

**Placing the order.** The order is taken once they are ready to order and without waiting for too long. Though the service is fast and as good as expected, the beverages ordered come to the table at different times. This is due to his son ordering a non-alcoholic drink which is made in the bar, but regardless of the reasoning, it is not how the target customer wishes to receive the order. The drink could have also been brought to the table a bit faster and this creates a question mark of confusion in the customer. The server did not inform that the drink is coming separately from the bar, which could have decreased the confusion with the wait. Once food arrives and the tasting experience begins, the level of the food does not disappoint and is what the customer expects, supporting the consistency of the product that the customer is accustomed to. This raises the satisfaction of this particular visit.

**Service delivery.** Hard Rock Café Helsinki has a kid's corner every Sunday from twelve to four, where all the kids in the house at that time can draw, paint and play under the supervision of an employee who works as a host for the corner (Kuisma 2016.) This is an element that is new to the target customer and his family but as there is no information given to them, they are not aware of the fact that the kids could join this activity and play. To them the perception of the activity is a private event that is not just for everyone. A detail such as a mention of the activity could have increased the satisfaction with the visit, but is left short because of the missing information about it.

**Departure and follow-up.** As the meal is finished, the customer asks for the bill and hands the server the print out of the offer that sparked the visit decision in the first place. He also had another coupon regarding a customer satisfaction survey filled up online, but cannot use this as it is not possible to use two different coupons on the same bill. He saves this one for the next visit. The offer will automatically track his visit at the same time but as the target customer is unaware of this, he still gives his Rewards ID as well to gain the visit credit. The payment is dealt with and the family leaves the restaurant, knowing they will return soon. As for the follow up, the customer does not receive any email about his recent visit and therefore his journey ends as he departs Hard Rock Café Helsinki.

As shown in the Pictures 4 and 8, the journeys of a new customer and a regular one differ from each other significantly in experiencing the service path, satisfaction in the touchpoints and in the actions and behavior on each. The regular customer has already formed an idea of the quality of the service in his previous visits, which shows in his expectations, whereas the new customer is only exploring the service without any social or environmental attachment. The satisfaction in the service experience forms at different stages in these two cases, and the flaws of the service are discovered differently.

The regular customer is particularly satisfied about the familiar treatment and the consideration of his desires in the arrival stage, while the new customer feels fascinated and impressed of the service delivery that exceeds the expectations. In the departure stage, the regular customer is pleased to receive the discount, although he is only able to use one, whereas the new customer feels disconcerted when any of the loyalty programs are not introduced. The loyal customer does not receive any follow up yet after the visit, while the new customer gets a registration email right away.

The stages of the service presented in the Figure 3 helped us to understand the different factors affecting the service experience outside the facilities of the actual service delivery. Especially the touchpoints before and after the service vary tremendously between the two customers. The new customer needs an information about the restaurant from a certain channel, which in this case is the encompassing website and other channels of social media, whereas the inspiration for the visit comes from a Rewards email that attracts the regular customer to return to the restaurant. For a new customer who desires to join the loyalty program, the follow up takes place right after the service, whereas a regular customer will receive follow up from the visit later.

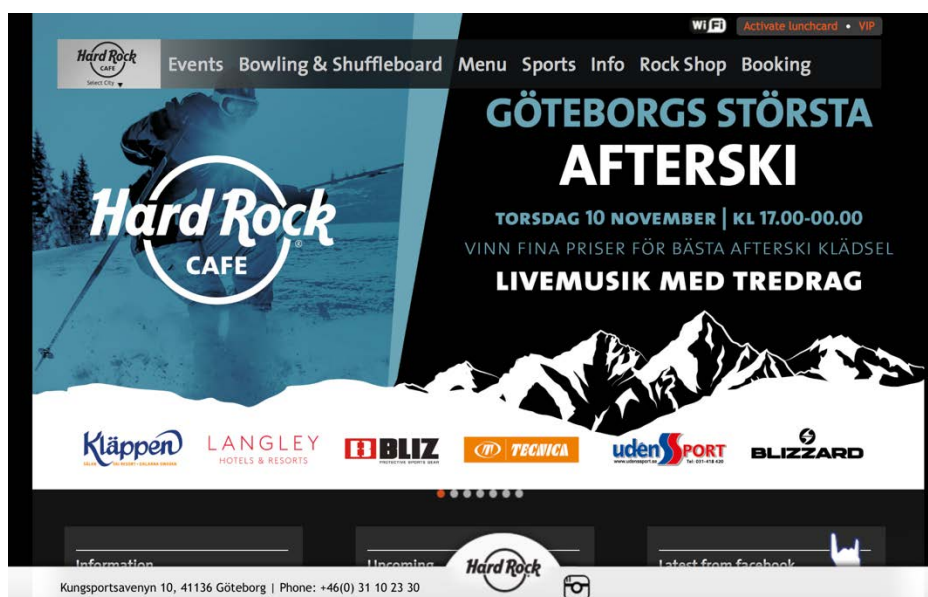
#### 8.4 Benchmarking

In the case of Hard Rock Café Helsinki, benchmarking can be done from many alternative perspectives and opens the door for more possibilities in regards of customer loyalty. We took three perspectives to approach this method from: researching the efforts done in Hard Rock Café Helsinki's sister Hard Rock Cafés in the Nordic Group, mostly through net scouting, Starbucks as a preference to the brand's effect and efforts towards customer loyalty and thirdly, the effect of a location and the atmosphere that lures customers in through Robert's Coffee. These three comparative directions gave the opportunity to look at the very different factors that can bring added value to the local customer loyalty efforts, how to use the brand's weight efficiently and how to maximize the potential of the venue.

##### 8.4.1 Sister Hard Rock Cafés

Hard Rock Café Gothenburg is one of the two Hard Rock Café's located in Sweden. For a reference to the lunch card that Hard Rock Café Helsinki has, Hard Rock Café Gothenburg provides its local customers a lunch card that entitles the customer to get discounts on most of the items on the lunch menu. For the activation of the lunch card, the customer needs to submit their name and email address on the website of Hard Rock Café Gothenburg in order to receive offers and information about the lunches, for example when they are offering buffet lunches. This way, Hard Rock Café Gothenburg has an email database with the opportunity

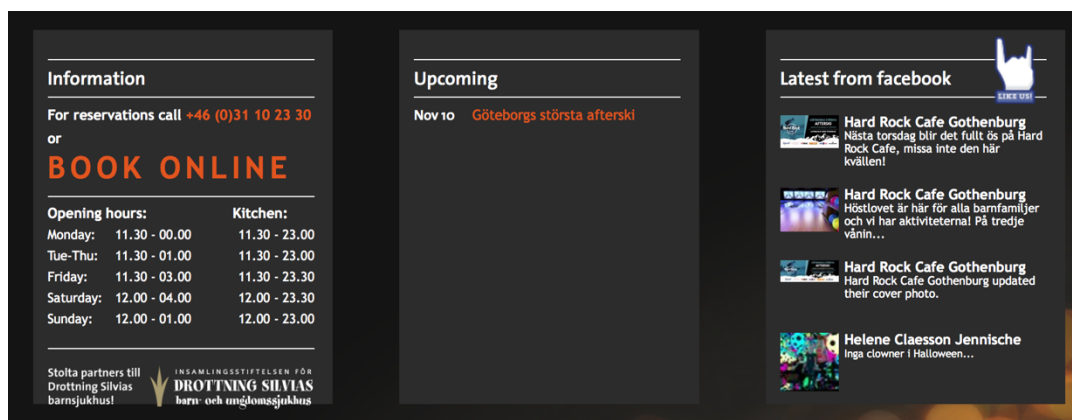
to send mass emails to all the lunch regulars they have. In addition to this, they also have a VIP card for the nightclub visitors that gives the card holder free entrance for the customer and an avec. This card also entitles the customer to VIP prices regarding some of the alcoholic beverages. Hard Rock Café Gothenburg has not been able to participate to the Rewards program previously, just like Hard Rock Café Stockholm, but is now in its testing phases of the Rewards program and currently training its staff members to be able to promote the program to their customers (Wilson 2016).



Picture 9 Hard Rock Café Gothenburg's local website's front page (Hard Rock Café 2016)

Through net scouting, the websites of the Nordic Group's Hard Rock Cafés were compared to each other. All of the websites can be found under the international webpage of Hard Rock Café's brand which is a transition implemented for all Hard Rock Cafés. Hard Rock Café Helsinki has made a full transition to having only this website available online, and not a local one anymore (Kuisma 2016. Personal communication.) Despite this, the other Hard Rock Cafés of the group are still having both the international website as well as the local one. All the local sites follow a similar layout, having a front page of fading pictures and advertisements on events and activities in the Hard Rock Café in question. Those also have all the necessary information, upcoming events and what is new in Facebook below, on the same main page. Importantly enough, when looking into the website of Hard Rock Café Gothenburg, the mentioned VIP card as well as the lunch card activation is immediately on display when a customer opens the webpage, in the right upper corner of the site. The lunch card activation is also presented on the website of Hard Rock Café Oslo, indicating their usage of the same benefit.





Picture 10 The information below the main view of the site (Hard Rock Café 2016)

A striking finding from the local websites of the Hard Rock Cafés is the fact that the Rewards program is not mentioned or available in any form on these websites. This indicates that the efforts for customer loyalty is only done on a local level when it comes to these websites. It is only when moving to the international webpage of each location where the Rewards program is visible and has its own drop-down box. Through this, the customer is directed to the Rewards webpage, where the customer can find all necessary information of the program and also sign in or sign up as a member. The transition from the webpages into the international sites supports the promotion of the loyalty program and can attract more on a local level rather than dominantly on the global one.

As Hard Rock Café Helsinki has now transformed their website to the international site, the Rewards program is very centered and easily available as well as visible. As the local website is no longer existing in Helsinki's case, the local efforts could be made visible on the international website. Kliento as a lunch card should be mentioned, as the international site works now as a website for all local customers too. The upcoming events are listed on the website and the local surroundings, including memorabilia of the local Hard Rock Café are listed on the page and the website is also available in Finnish. As the website is very broad, its usage could be higher on a local level. At the moment though, the social media is wider of a communication tool for Hard Rock Café Helsinki, where they seem to be active in the sense of Facebook and Instagram.

#### 8.4.2 Robert's Coffee

We selected Robert's Coffee as a benchmarking target for its facilities in their similar uniqueness to Hard Rock Café Helsinki. Robert's Coffee was founded in 1987 by Robert Paulig, a Finnish coffee expert. The mission of the company is to provide heartfelt customer service and best quality coffee (Robert's Coffee 2016). Robert's Coffee, located in Citykäytävä neighboring Hard Rock Café Helsinki, is a popular meeting point for many. We observed the spot

through multiple visits for the purpose of studying and examined the reasons for its success among customers.

The atmosphere in Robert's Coffee reminds of a cozy living room and this creates a relaxed ambience to meet up in. The place attracts customers for multiple purposes, such as studying or working, meetings and for a quick cup of coffee. The place is designed to support these activities mentioned, in the different forms of tables, chairs, lighting and interior with the ability to rearrange the space with furniture. Together, all of the features of the space complement each other in creation of the mood, including the mellow music in the background, the fresh smell of grinded coffee and the social surroundings.



Picture 11 The atmosphere in Robert's Coffee Citykäytävä

For the loyalty features of Robert's Coffee, the company has a loyalty card for purchases related to beverages. For every 9<sup>th</sup> coffee or a tea purchase, the customer gets the 10<sup>th</sup> one for free. The card made of cardboard is presented at the counter in the moment of purchase and this purchase is marked on the loyalty card. The card does not have an expiration date and is also valid in the company's locations in Sweden. At times, the purchase is marked with an employee signature and other times with a stamp of Robert's Coffee. The loyalty card does not appear to be advertised in any way, which indicates that the customer needs to be in the know about the loyalty opportunity.

Like Hard Rock Café Helsinki, the facilities of Robert's coffee are extremely appealing and have the ability to create an attachment with the customer in regards of the facilities and the

place itself. It becomes familiar and creates comfort after a few visits, but seems to be only limited to the level of the facilities. Based on the observations, there seems to be a lack of social bond with the employees of Robert's Coffee as a customer. There is limited room for personalized service in the hectic service encounter whereas in Hard Rock Café Helsinki, some of the regular customers return for the reason of the comfort that the familiar employees create in order to gain the benefit. Though the customer interaction is limited to only a few minutes in the case of Robert's Coffee, this time could and should be used efficiently in the efforts of creating lasting customer relations.

The facilities of Robert's Coffee are extremely welcoming and inviting in its comfort. Hard Rock Café Helsinki has a very modern look to its interior, but this is not always necessarily welcoming when it comes to a search of comfort and cosiness. Depending on what Hard Rock Café Helsinki wants to emphasize in their facilities, the interior could be challenged by taking some of the elements of success from Robert's Coffee's design. Surely the facilities' design itself has its limits, but as witnessed in the case of the furniture in Robert's Coffee, the mobility gives opportunities that could be possible to execute.

#### 8.4.3 Starbucks

For a comparable business, we chose Starbucks as a target company for the benchmarking. According to Knapp (2000, 4-5; 188), Starbucks and Hard Rock Café have the similar concept of a brand, where each action from serving a customer to a product creation is construed to designate whether it is reaching the brand's objective and obtaining overall equity. They both have managed to build global success with relatively slight advertising, by capitalizing the brand to distinguish themselves from competitors. Not only by doing the things right, but by doing the right things, they are strategically managing the brand to accomplish long-term equity.

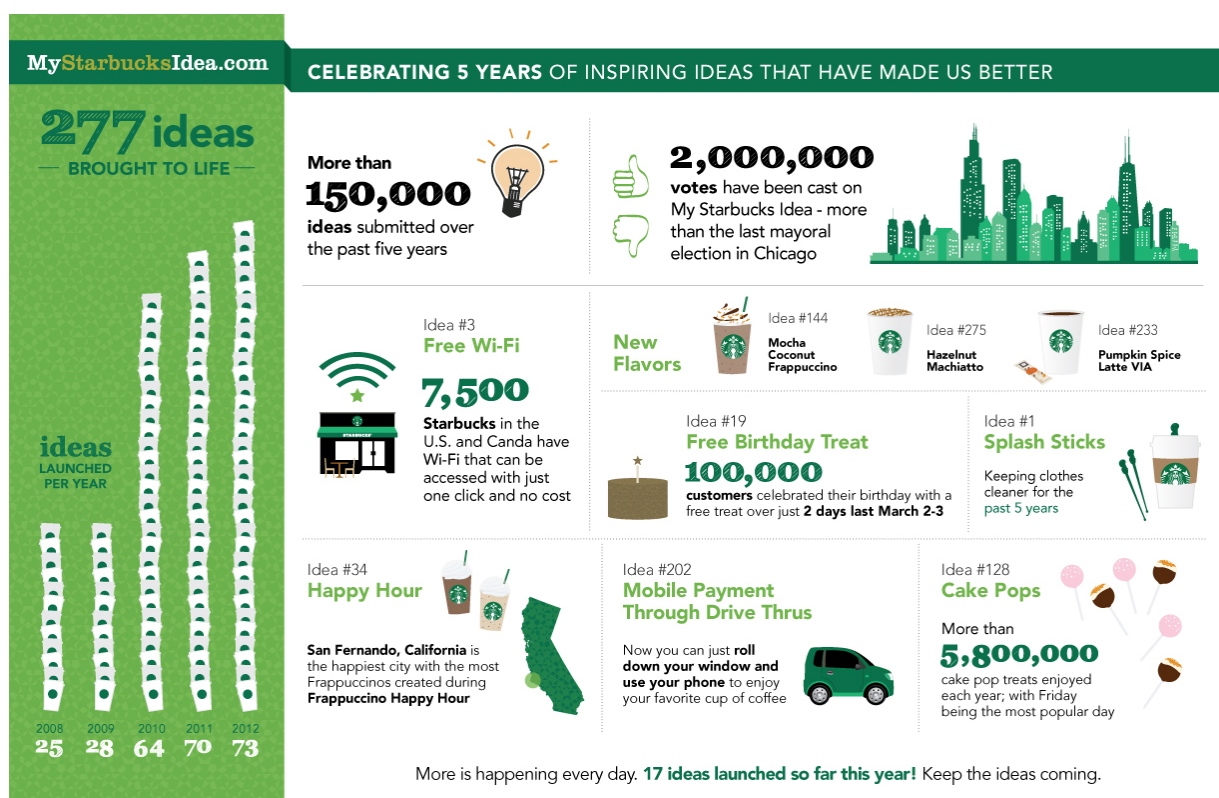
Starbucks, an American coffee company and coffeehouse chain founded the same year as Hard Rock Café in 1971, may be considered the present-day premier icons of success with its globally recognized brand. The brand has managed to grow without massive advertising, promotions or lowest price, but according to Howard Schultz, the chairman and CEO of Starbucks, by serving "one customer at a time". In addition to the provision of high quality coffee, they are mainly focusing on customer encounter. The brand is growing while adhering the main principles that are related to the customer experience, and investing more money for training the new hires to comply with the guidelines, than in advertising (Knapp 2000, 196-197).

Michelli (2014, 36-37) states that the heart of the brand are the human experiences. By creating sustainable relationships and personal connections, the brand is providing differentiated experience and enhancing customer attachment with the so called "Starbucks Experience." The principles of Starbucks Experience are the customers and the stores, where a human connection and meaningful moment with each customer is embraced, as well as the feeling of belonging by designing stores to be places where the worries can be forgotten. The new hires are trained with a customer empathy tool, whereby they walk through the store in a role of a customer adopting the customer perspective in each touchpoint. As observed in the customer journeys in the chapter 8.3, promoting the Rewards program does not seem to be a priority for the employees of Hard Rock Café Helsinki, and the similar kind of training method could work as a base for the customer understanding and facilitate to sympathize the importance of the loyalty program.

According to a manager of Starbucks, a successful customer encounter consists of anticipating, connecting, personalizing and owning the interaction with a customer. The inspired moment Starbucks aims to provide to its customers, anticipates whether the customer is in a rush or a regular one who likes to have a chat and connects with them by remembering the favored drink and calling them by their name. Each service encounter is unique and aims to meet the needs and desires of the customer, in order to create a strong bond with the customer (Michelli 2014, 40). The customer-centered operating models of Starbucks are very similar to the ones of Hard Rock Café, as they are serving all the customers as guests and treating each as an important individual. The friendly customer approach is also practiced in Hard Rock Café Helsinki, where the employees familiarly catch up with the customers who are considered as a part of the extended family.

The main efforts Starbucks is making to expand the customer engagement are concentrating on environmental design and extensive customer interaction. The stores of Starbucks are designed to cherish all the senses of a customer and to provide alternative seats for all the purposes; comfortable sofas for enjoyment and community tables enabling group meetings. The main thing still is to support the customers' well-being by providing them a "third place", a place outside the home and the workplace, where to forget everyday troubles (Michelli 2014, 43-45). Based on the observations in Starbucks Helsinki, the facilities lack of the warm and unique experience, as the narrow area is being crowded the entire day, and all of the table groups are roughly the same. The café is connected to a book shop, which gives comfortable vibes of relaxation, but also increases the commotion and throng in the café. However, the place manages to pamper the senses of its users by the prestige design and the smell of fresh coffee beans.

The brand involves the customers to the brand's development process by co-creating the products and other business ideas with customers to meet the changing desires. My Starbucks Idea website is a connecting point for the customers and employees of Starbucks, where the ideas can be shared, voted and discussed. The website is successfully bringing the brand closer to the customer and engaging them to the service, and as a result, many inspiring ideas have been executed successfully, as shown in the Picture 12 (Michelli 2014, 45-48). In reference to our observation, My Starbucks Idea website is a functional and innovative way to strengthen customer relationships and add value to customer loyalty. The website is clear and easy to use, and the proposals have been particularly interesting to read. The innovation could be successfully implemented in Hard Rock Café Helsinki as well, as the customers of the customer surveys (see 8.2) could be willing to influence the decisions made in Hard Rock Café Helsinki.



Picture 12 My Starbucks Idea infographic (Michelli 2014, 52-53)

Starbucks also believes in rewarding and observing the regular customers and has a similar loyalty program to Hard Rock Rewards, called Starbucks Rewards. By joining the loyalty program, the customer is offered free food and beverages, free refills and wireless internet in stores, discounts, birthday treats and more efficient order and payment possibilities by phone. The relatively new program has proven to be essential universally, as the customers' desire to be acknowledged as valued authors of a business (Michelli 2014, 119-120, 150; Starbucks 2016). However, based on the observation and research made in Helsinki's Starbucks,

the Rewards program is not available on a local level, and the programmed efforts made for customer loyalty in Starbucks Helsinki are limited to a Starbucks Card, which offers every tenth handmade beverage free of charge for the customer. Similar to the loyalty card of Robert's Coffee, customers collect stamps to a physical card that can be requested in the store. The card is not visibly promoted, so the customer must ask for it at the service counter.

The benchmarking research showed, that the customer involvement in service production, delivery and quality plays a key role in Starbucks. The My Idea Website of Starbucks is an innovative way to attach the customer to a service and demonstrate interest and appreciation towards the loyal customer. The idea could be utilized in some level also in Hard Rock Café Helsinki, for example by attaching it to the Hard Rock Rewards as a one function, where the customers could share their ideas and comments as well as discuss and vote on them. The ideas could be related to the operations of the restaurant, the memorabilia, music and upcoming events, enabling customers to share their interests, whereby the Hard Rock Café would be able to track them and create customer segments for better customer knowledge.

The other reckoned function by which Starbucks increases the customer understanding, is an empathy tool used in training, which could also serve the employees of Hard Rock Café Helsinki. By walking through the path of a customer, the touchpoints and their meaning in the creation of customer experience might be understood better. The so-called "Walk Thru" for the new hires would work similarly in Hard Rock Café, by processing each touchpoint, from the actions of a customer to their emotions. The empathy tool could work effectively also in understanding the ways of strengthening customer relationships and the meaning of loyalty programs promotion. Although the customer service in Hard Rock Café Helsinki has been found very friendly and customer-centered, certain actions of customers could be understood better by utilizing the empathy tool.

## 8.5 Brainstorming

By utilizing the Service Design methods of the customer journeys, shadowing and surveys, we were able to understand the formation of the customer experience in Hard Rock Café Helsinki and map the strengths and the flaws of the service, as well as the establishment and maintenance of the customer relationships. From all the data gathered, we examined the overall satisfaction of the service in Hard Rock Café Helsinki and the touchpoints where the consolidation of customer relationships takes place. After analyzing the results, we could assign three main development areas on which we decided to search for solutions in co-creation with the customers of Hard Rock Café Helsinki.

### 8.5.1 Co-creation

Co-creation is a growing Service Design method in its benefit and has even become a part of many companies' innovation strategy. Co-creation is an active and social process executed hand in hand with the user who is a source of information, innovation and creativity. It furthers for example the stakeholders' and researchers' realization of the user's feelings through their insight regarding their value appreciation, differing from user shadowing and observation in a significant way in its missing distance from the user. Co-creation is the common objective bringing together two parties from two different sides of the business. The users work as consultants in regards of the issues, but do not have a direct control of the solutions, which is in the hands of the stakeholders. The interaction between the customer and the service provider enables the company to find hidden customer needs of which the customer itself is not yet aware of and gain insights and suggestions for the improvements of the service. (Huang 2015; Ojala & Keränen 2011).

In our case study, we used co-creation in link with brainstorming. We had a creative workshop with one of the regular customers of Hard Rock Café Helsinki who was already a member of Rewards program before it was remodeled and is a familiar face in the local Hard Rock, as well as with another customer who is a fan of the brand itself. We presented them with three problems that rose from the research regarding the other Service Design methods used previously. This narrowed down the field for the customers and limited the focus to the issues at hand. We were able to have a discussion with the customers in a constructive sense and find probable solutions for the loyal customers' benefit. By involving the customers into the process, the thoughts and the ideas of the customers created a possibility of concrete remarks for adding value to their loyalty.

The loyal customer has traveled the world and visited other Hard Rock Cafés as well, but Hard Rock Café Helsinki is his home Hard Rock, so to speak. Visiting the location regularly, often multiple times in one week, the member of the Rewards program appreciates the level of the service, products and the atmosphere of the restaurant. He is very experienced when it comes to the usage of the loyalty program and is quite familiar with the extensive changes that the program went through earlier this year. He recognizes the success factors of the company but also the details that have opportunities for further development.

Through the customer surveys, we found an interesting gap in the service delivery when it came to the Rewards program. There seemed to be a gap in the touchpoint of receiving the visit credit as a member, from both sides of the service, meaning the server and the Rewards member. This was the first problem we chose as a co-creation topic. From the customer point of view, this is something that needs to be coming from the employee, which is accurate as it

is part of the employee's job (see 4.2), but interestingly enough, the touchpoint in which the visit credit is requested felt awkward for the customer. The system on which the tracking of the visit is based on, requiring the server to write down the membership ID from for example the member's phone, feels unprofessional and could have a smoother solution from in the member's opinion. A very common way of virtually tracking something of its kind was brought up in the conversation: RFID reader that is mostly in usage at the airport in the form of a plane ticket. RFID, meaning radio-frequency identification, works similarly as a barcode on a product and is a unique identification for the object in question (Technovelgy.) This idea supports the technology of the Kliento lunch card tracker, though it is not based on a RFID, but gives room for a reader that could be tracked straight from a member's device, for example their phone.

The current Rewards program has equal benefits to all of its users, which was a fact that the customer brought up upon the problem of not feeling like a loyal customer. Having the opportunity as a customer to reach for different levels in a membership carries an importance towards a possible goal to be reached. The Finnish company Finnair has a membership program called Finnair Plus, with its levels of basic, silver, gold and platinum. The member gets a monthly reminder of the collected points and how many they still need in order to reach the next level (Finnair 2016). In this sense, the next level presents a lure for the member to aim for and makes the customer hungry for the next possible upgrade. Also, as long as there are different levels, a certain drop in member's consumption can affect the opposite of the upgrade: to drop down from a level to a lower one. Standards for different levels can have an increasing effect to the spending of the member, which is proven to be higher than a customer with no membership (see 4.2).

Employee engagement to the loyalty program seems to be one of the major issues in regards of both making new customers but also for the registering of visit credit from existing loyal members. If the loyalty program's benefits would be more visible to the customer, the curiosity could awake and maybe this would have an effect on the employee engagement as it would be a daily reminder to them too, visually. Having separate prices available for the Rewards members could raise the curiosity of the customers and for the employees, there would evidently be another reason to communicate the loyalty program's benefits, not to mention to even bring up the fact that the loyalty program exists. The prices would not have to be necessarily with major differences to the regular prices, but even a euro here or there makes a difference. This could be directed to certain products and in this sense the company can determine the terms themselves.

To feel more like a loyal customer and to have benefits worth the membership, a simple detail the customer brought up was a priority line option, referring to the check in points in the



airport. As one of the benefits the Rewards program offers is a priority seating coupon, during the weekends when there is a possible waiting list and a line by the host stand, with having a separate line for the members, the priority becomes more evident. This does not require much but is more of a communication issue on how to make this line known for the members, and not only them, but as it has the possibility to raise curiosity in the other customers, it also has the possibility of making these customers do whatever necessary to get to the other side of the line. Priority in seating would increase this benefit's value in other ways than just having a coupon for the next available table every once in a while. This small detail answers all three problems in some sense: has the visible value of feeling like a loyal customer, is a benefit worth having and this makes the customer recognizable as a Rewards member, hence the employee should know to ask to get them their visit credit as they have been recognized as a member from the moment they walked in.

The other brainstorming was implemented together with another customer, utilizing the CoCo Tool Kit, a tool for the companies and their customers' co-creation. In co-creation, instead of only receiving the services and the products, the customer is involved as an active participant of the business, enabling the service provider company to create value and economic benefit and thereby reducing business risks, increasing efficiency and productivity of the company, as well as expanding the market opportunities (Ramaswamy & Guillard 2010, 7).

CoCo Tool Kit is a five-method tool developed in Laurea University of Applied Sciences to improve the co-creation process in service businesses. The visual and invigorating co-creation tool, CoCo Cosmos, was utilized for our purposes to develop the three topic areas together with a customer. CoCo Cosmos is a co-creation game designed to visualize different perspectives and their connection to each other. Playing the game helps in developing, planning, discussing and exploring the things together as a whole. As a result, the game provides a visualization of the co-creation process, where the different points of view are opened for the development and for the change. The game aims to reveal the issues that should be emphasized for the better and more efficient services. (Dusch et al 2013, 53-54)



Picture 13 CoCo Cosmos with a customer

The chosen customer is a devoted fan of the brand who has travelled the world to visit different Hard Rock locations, including restaurants and hotels. The factors that make the brand appealing to her, are the memorabilia, the high standards of service and the rock spirit that have moved her from a restaurant to a hotel, to see and observe how those have been implemented in each. The fact that each Hard Rock location is basically similar but still totally unique, enthralls her and sparked an interest in the brand. She has visited Hard Rock Cafés around the world from a young age accompanied by her family and therefore established a sense of nostalgia with the brand. The customer has not visited the location in Helsinki frequently, but according to her observations, the restaurant has successfully managed to implement the brand's high standards.

CoCo Cosmos paved the way for an open conversation, where the space for the thoughts, ideas and brainstorming of the customer was given. The purpose was only to steer the conversation towards the three main topics that were assigned one by one, and otherwise just listen the customer and her opinions. The first topic about the simplicity of the benefits was quite unfamiliar for the customer, since she has not used the Rewards during her visits around the world, and thus has not received any benefits. In her case, the reason behind that is the weak marketing and the lack of awareness of the program and its benefits, which can be seen as the underlying problem for the assigned development area. In order to get personalized and favored offers and discounts, the system needs information about the guest, which in the case of Rewards program, happens by tracking their visits and purchases. The customer may forget to ask the visit credit, or consciously omits, feeling that the rewards are not worth the trouble. The situation leads to the rat race that is not beneficial to either party, and builds a bridge to the second topic, which discusses the lack of the customer's feeling of being appreciated.

The discussion revealed that the customer does not feel a lot of appreciation for her loyalty, and firstly, she wishes for more promotion of the program and encouragement from the employees' side to request the visit credit. She feels that during the payment transaction, in the departure stage, it would be natural to remind each customer about the Rewards and its benefits. According to the customer, the Rewards program, in turn, should be user-friendly and simple, but it could collect more information from the customer than just the favorite Hard Rock location, in order to stay relevant with its personalized offers for the guests. To facilitate the process of requesting the visit credit, also this brainstorming brought up the idea of QR-code, in which case the Rewards number could be read directly with a scanner, for example from the app.

The music events organized in Hard Rock Café Helsinki could be arranged based on customers' interests collected in the app, which leads to another development proposal, idea generator. As mentioned in the chapter 8.4.3, the similar idea collector that Starbucks is implementing to consolidate its customer relationships, would work for the Rewards members as well. The thought of the idea collector arose when the customer was introduced to the focus area of increasing the appreciation of the customers for their loyalty. The customer involvement in the development of the restaurant's operations, services and products would add value for the Rewards members when they could easily have an effect in creating their preferred service as well as share feedback. The function would bring the brand closer to the customer and increase the customer knowledge in a profitable and efficient way.

According to the customer, the offers of the Rewards program should be kept as simple as possible, and the benefits worth actual money would bring the customer back most certainly. One thing that was suggested for the irrelevancy of the offers, was an optional offer type, where the customer could choose between two offers for the more preferred one. In addition, the customer highlighted the cross-department offers for the loyal members, who often collect the merchandise and would benefit from the advantage. Cross-department offers would also benefit the company in the form of add on sales and brand visibility, since the purchases of a customer would not be confined to dining.

#### 8.5.2 Discussion of the results



Picture 14 The brainstorming canvas

The two separate brainstorming workshops with special customers through co-creation brought up a multitude of ideas to move forward. This, as well as all the other methods used in the process of Service Design thinking, came together in our discussion with a brainstorming workshop, where we collected the thoughts, the ideas and the observations with the theory as a background to form a large visualization. It concluded some needed answers for the problems mentioned and gave us the opportunity to find solutions for the set research questions. Eventually we picked out some of the issues and the solutions in relation to them, presenting what we saw as opportunities for adding value for the company. This last discussion of the brainstorming in the process was executed on location, in Hard Rock Café Helsinki, where a few employees could also contribute to the ideas with their comments and thoughts.

Starting with the Rewards program itself, the research had determined the focus areas to which by delving into we could collect many innovative ideas to work with. One key issue emerged in our discussion was the simplicity of the current program. After the reform of the program, the loyalty level became the same for everyone. However, the different levels in the program would encourage the customers to reach for the higher levels in the program and possibly for more extensive benefits. The monthly e-statement could provide a review of the achieved score and present the required points, or in the case of the Rewards: the visits, for an upgrade. This feature could increase the feeling of being appreciated among the loyal, fre-

quently visiting guests of the restaurant. It would keep the members active, as being downgraded to a level below would not be attractive to any user of a loyalty program. The feature could also enable the much-desired simple offers such as vouchers, on a basis of the loyalty level of a customer.

Based on all of the observations made during the project, there seemed to be something special missing from the Rewards program, something that could bring all the fans of the brand together for a casual event. Since we found out that the factors adding value for the regular customers in Hard Rock Café Helsinki are the valuation from the company's side, financial benefits and being treated as special in turn for their loyalty, we thought something incomparable could be organized just for them. As we brainstormed the idea together with few employees of the Hard Rock Café Helsinki, the conception of a possible brunch arose.

The Rewards Brunch would be a relaxed event providing breakfast delights for the Rewards members only. Part of the facilities could be reserved for the event, enabling it to remain private, special treatment for the loyal customers. Still, it could attract attention among occasional customers, acting as a marketing gimmick for the Rewards itself. The event could be marketed in the Rewards app, inviting the members for a tempting escape from the hectic mornings. The brunch could be easily arranged on special occasions for a special price to increase the satisfaction and feeling of appreciation among loyal customers. Brunch could also be a meeting place for people sharing the same interest for good food and rock music.

A clear barrier that could be identified in multiple occasions throughout the research was the barrier of employee engagement. As mentioned in the introduction of the Rewards program, there are initiatives towards this issue in the form monthly competitions that the management arranges for its employees, but the motivation through this carries only so far. It can also be motivating to some employees but not all individuals necessary react to this initiative the same way. A solution for motivating the employees for involvement in the Rewards program could be a bonus system, created by individual goals for employees with data on their previous efforts towards the initiative arranged. This gives the employee full responsibility on their own performance, eventually meaning that the gain of it is completely up to themselves. Another way of opening the eyes of the employee to customer needs was introduced by benchmarking. With the training method of Starbucks (see 8.4.3) the empathy tool represents an opportunity for development in employee engagement. It has a possibility to raise the awareness of the Rewards program's necessity in company development.

To improve the functionality of Kliento lunch card, the sense of urgency of the users were taken into account and highlighted in our brainstorming. Even though the physical stamp card was replaced with a one of a newer technology along with Kliento, the customers seem to be

yearning for the old form of the card, which accelerated the service encounter significantly. The stamp card is widely used in other companies, such as cafés observed in the benchmarking, and is ideal for the quick customer encounter. However, bringing the previous type of the card in to use would feel like major step back in the development, so the improvements in the user efficiency should be outlined to the current one.

The existing method of reading the lunch card is time-consuming, and the fault can be seen in the card reader process. The card reader should work only with a quick touch, taking advantage of the remote reading that automatically registers the lunch. This would possibly require technical improvements, where again we encounter a stumbling block, since the lunch card is provided by an external company. When there is not much that could be changed on behalf of the Hard Rock Café Helsinki regarding the lunch card program, in order to enhance the service experience for the Kliento users, the feedback from the customers should be efficiently transmitted for Kliento. For this purpose, the feedback should go through the employees of Hard Rock Café Helsinki to the Kliento contact person systematically, which can eventually lead to development in a more efficient sense.

The other flaw of great worth noted in our research was the lack of proper promoting of the lunch card program. The lunch card could be more visible and prominently displayed especially during the lunch hours, attracting the customers to sign in for the financial advantage. The advertisement of the program could be added in the brochures, particularly in the lunch menu, and the employees of the restaurant, as usual, could make the effort to promote it for the customers of lunch hours. As done in some Sister Hard Rock Cafés, the lunch card could also be featured visibly in the front page of the website, since currently it is not mentioned in the page at all.

Though there is not too much room for technical improvements, as it is quite hard factor to influence, the size of this issue was too big to ignore and became extremely relevant in our data collection. The Rewards app was a significant factor when it came to the customer satisfaction amongst the loyal customers. There seems to be many dysfunctionalities that make the use of the app difficult and turns the users to use the website instead, which is not an ideal result when the app's purpose is to make the usage of the program easier to the customer. There is also a barrier to prime customer service: the ability to help the customers with the app, or the program in general is not possible on a local level. If any problems would occur in its use, locally the customer can only be redirected to the international customer care. The maintenance should be possible to execute in all locations to ensure the satisfaction of the loyal customer when it comes to problem solving.

With the app and its features, Starbucks offered another way from the global brand perspective to bring the customer closer to the brand. The My Idea-feature has resulted in some successful product co-creations between the brand and the customer. By including this practice in the Rewards app, these loyal customers who have intensive experience and knowledge of the brand and its features already, can distribute to what they appreciate as a customer, giving feedback that can also make a difference in their brand experience. This can guarantee, or at least give some reassurance on the ideas created through this method on their possible success and popularity amongst the loyal customers. Another feature that was represented through co-creation was the method of tracking the visit credit on spot. If the RFID reader, or QR code alternatively, would be implemented to the app, the usage of the actual app instead of the website could grow and this introduces a sensible virtual membership card. Writing of the Rewards ID on a paper or the overall hassle of this act could be forgotten and the member could see this as a more professional, and current way of tracking the visit.

## 9 Conclusion

The research aimed to understand how the customer relationships are maintained and to clarify the ways of how the loyalty of existing customers can be enhanced in Hard Rock Café Helsinki. To be able to increase the loyalty of the customer, the feeling of loyalty needs to be addressed. The aim was met by the realization of the need of a loyal customer to get more from being a member of the loyalty program, for example by having more customer segmented offers or inclusive events. This can work as an initiative for the customer and therefore, make them able to reciprocate for the benefit of the company. By creating versatile but simple benefits that, according to our research, the loyal customer is requesting for, the program gains more value by also effecting the brand. This has potential to also affect Hard Rock Café Helsinki on its local level in increasing satisfaction in their loyal customers.

The strengthening of customer relationship leads to enhancement of customer loyalty. The co-creation method revealed a great deal about a blockage existing for the benefit of strengthening the customer relationship. The communication between the customer and an employee created a gap, where in the service encounter, the Rewards program's existence seemed to get lost. This encounter is the best opportunity for the implementation of the loyal member's appreciation, but was left as a confused meeting of two different sides of the business, both equally unsure of how to concretely act as a member and more importantly, as an employee of the brand. This expectation that the brand has for its employees fell short in the research results and obstructs the opportunity to strengthen the customer relationships in Hard Rock Café Helsinki.

The meaning of the brand for the local customer depends heavily on the customer groups, whether they are a loyal customer of Kliento or the Rewards program. The brand affects the loyalty of the Rewards members, but less in the case of the Kliento users. The different customer groups need to be approached differently, following their main agenda for the visit. In case of the Rewards member, the connection that is made with the service provider, for example a server, can affect the value added to the membership, but this does not seem to be the same case for the lunch time regular with their sense of urgency.

Based on our research, customer loyalty is very much linked to brand loyalty in the case of Hard Rock Café Helsinki. During our project, customer relations and the enhancement of such became an important part of the strategy for Hard Rock Café Helsinki in adding value to the existing loyalty program and how the expectations and needs of a customer can be accommodated. As discovered through the Service Design process, small details such as the disabilities of an app or the method of recording a member's visit can decrease the satisfaction and the appreciation a loyal customer feels. Customer loyalty is the key to an ongoing success and credibility for Hard Rock Café Helsinki.



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Appendix 1: Customer surveys

**Rewards customers survey**

BACKGROUND

Age

Under 18  18-25  25-35  35-45  Over 45

Male  Female

Profession \_\_\_\_\_

VISITS

How often do you visit a Hard Rock Café?

Once a week or more

One or two times per month

Less than once a month

Why did you choose Hard Rock Café today?

\_\_\_\_\_  
Have you visited in other Hard Rock Cafés? If yes, where?

\_\_\_\_\_  
How do you like this café in comparison to others?

HARD ROCK CAFÉ REWARDS PROGRAM

What makes the brand appealing?

\_\_\_\_\_  
How satisfied are you with the offers?

\_\_\_\_\_  
What kind of benefits would you prefer?

Have you heard of the Kliento lunch card?

No  Yes  Yes, I have it

Thank you for your time!



## Kliento customers survey

### BACKGROUND

Age

Under 18  18-25  25-35  35-45  Over 45

Male  Female

Profession \_\_\_\_\_

### VISITS

How often do you visit a Hard Rock Café?

Once a week or more

One or two times per month

Less than once a month

Why did you choose Hard Rock Café today?

\_\_\_\_\_

What makes you come back to Hard Rock Café?

\_\_\_\_\_

### LUNCH CARD

Do you think Kliento lunch card is functional?

Yes, because \_\_\_\_\_

No, because \_\_\_\_\_

How satisfied are you with Kliento lunch card?

\_\_\_\_\_

What kind of benefits would you prefer?

\_\_\_\_\_

Have you heard of Hard Rock Café Rewards program?

Yes  No  Yes, I am a member

Thank you for your time!