Developing an Experience Proposition – Case Hyvä Huomen

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The purpose of this thesis was to examine and elaborate the concept of a value proposition into an experience proposition that might be more suitable for the understanding of the purpose of the company's service provision and the desired customer experience for both the customer and service provider. A focal company that operates hotel chains in Finland was used as a case example. Experience proposition in itself is a new concept that this thesis aimed to clarify for future service research and implementation into use. This thesis provided an overview on the whole case project but focused on how the insights were used for the formation of the conceptual model of antecedential elements of an experience proposition.

The theoretical foundation of this thesis was based on understanding the customer-dominant logic, customer experience and how they influence the value formation. The role of the employees in both the formation of experiences and value was also examined. A human-centered service design process was used to understand the customer's world and how value is formed. The service design process used the IDEO Human Centered Design toolkits model as a guide and the included stages were Hear and Create.

In the research part of the thesis linked to the Hear stage of the design process, methods such as themed interviews and an online survey were used. The analysis and modelling of the data in the Hear stage was done using affinity mapping. The insights gained from the research was used to iterate the original customer journey into a new and condensed version and into clear definitions on what forms value for the customer and the service provider and what meaning they had on the customer experience. The aforementioned customer journey and value formation data was used in addition to the theory to form a conceptual model of an Experience proposition. The conceptual model was examined in relation to the theory. The conceptual model is the first version of the conceptual model of antecedential elements of an experience proposition.

This thesis offers both practical and scientific value for the case company and service developers. The holistic use of the service design approach and methods in developing hospitality and accommodation services provides practical value for the case organization in identifying what forms value and providing insight into the use of service design in the design of accommodation services. The scientific value is related to examining the value formation of customer-dominant logic in relation to the customer experiences and the role of engaged employees in the formation of both experiences and value. The conceptual model of antecedential elements of an Experience Proposition this thesis introduces needs to be tested in future research.

Tämän opinnäytteen tavoitteena on tarkastella ja täsmentää arvolupauksen käsitettä kohti kokemuksellisempaa lupausta, joka voisi olla käytännöllisempi yrityksen palvelutarjoaman ja halutun asiakaskokemuksen ymmärtämiseen, niin asiakkaan kuin palvelutarjoajankin osalta. Hotelliketjuja operoivaa yritystä käytettiin suunnittelun esimerkkinä. Kokemuksellinen lupaus itsessään on uusi käsite, jota opinnäytetyö pyrkii selventämään tulevaisuuden palvelututkimukseen ja käytäntöön. Opinnäytetyö tarjoaa katsauksen koko esimerkkinä käytettyyn projektiin, mutta keskittyy siihen, kuinka tutkimushavaintoja voidaan käyttää kokemuksellisen lupauksen ja sen muodostumisen edellytysten konseptuaalisen mallin luomiseen.

Opinnäytteen teoreettinen viitekehys perustuu asiakaskeskeisen palvelulogiikan, asiakaskokemuksen ja niiden arvonmuodostukseen olevan vaikutuksen ymmärtämiseen. Opinnäyte tarkastelee myös henkilökunnan roolia niin arvon kuin kokemuksenkin muodostumisessa. Asiakkaan maailmaa sekä arvonmuodostusta selvitetään IDEO:n palvelumuotoilun ihmiskeskeistä suunnittelumallia hyödyntäen ja sen muokatun version Kuuntele ja Kehitä vaiheita hyödyntäen.

Opinnäytteen tutkimusosassa, joka liittyy suunnittelumallin Kuuntele-vaiheeseen, käytetään työkaluina teemahaastatteluja, valmiiden aineistojen tulkintaa sekä yhteiskehitystyökaluja. Tutkimustiedon analysointi ja mallinnus Kuuntele-osassa tehdään käyttäen samankaltaisuuskaaviota. Tutkimuksesta saatujen havaintojen avulla alkuperäistä asiakaspolkua iteroidaan uudeksi, tiivistetymmäksi malliksi sekä selkeiksi määritelmiksi mikä luo arvoa niin asiakkaalle kuin palveluyritykselle ja mikä merkitys niillä on asiakaskokemukselle. Edellä mainittua asiakaspolkua sekä arvonmuodostuksen ymmärrystä käytetään myös Kokemusehdotuksen konseptuaalisen mallin luomiseen. Tätä mallia peilattiin opinnäytetyön teoriaan. Malli on ensimmäinen versio kokemuksellisesta lupauksesta ja sen edellytyksistä.

Opinnäytetyö tarjoaa käytännöllistä arvoa kohdeyritykselle ja palvelukehittäjille. Palvelumuotoilun ja sen menetelmien hyödyntäminen hotellialalla luo lisäymmärrystä majoituspalvelun suunnittelussa.Teoreettinen arvo kumpuaa asiakaskeskeisen palvelulogiikan arvonmuodostuksen tarkastelusta suhteessa asiakaskokemuksiin sekä sitoutuneen henkilökunnan roolista asiakkaan kokemus-ten ja arvon luomisessa. Kokemusehdotuksen konseptuaalista mallia on tarpeen testata seuraavissa tutkimuksissa.

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1   Introduction

The term customer experience is a fairly new one in business language and in recent years it has become one of the trend topics in business. A Google search with the keyword Customer Experience yields over 66 million answers. In today's hectic and fast paced world customer experience has gone from a way to distinguish your company and offering from the competition to the main differentiator. Customer Experience is emphasized because it can provide value for the customer as well as the company. This is done through differentiation and a meticulously designed customer experience elements are a powerful way for differentiation.

The former being said, just by focusing on the customer experience is not enough to differentiate companies. The underlying basis for the customer experience is customer-centric thinking and in a larger context this connects with the paradigm shift where the theoretical discussion is moving away from the Goods-Dominant Logic and towards a Service- and Customer-dominant business logic. (Vargo & Lusch 2004; Heinonen et al. 2010). In these business logics, the companies' offerings have no value until the offering has been used and that the service experience is a long-term, context bound process (Vargo & Lusch 2004; Vargo & Lusch 2008; Heinonen et al. 2010).

This thesis provides a view into customer experience and its value creation in the business context of clients hotel chain. It provides an overlook into the process for understanding how the customer sees value in a defined part of the hotel stay and how these insights are turned into propositions. Customer-dominant business-logic is examined in the context of the theory of customer experience and value formation. This theory is then combined with Service Design methods and tools to provide a new conceptual model for defining the desired customer experience.

1.1   Background, objective, and purpose of the thesis

This thesis is part of a series of development projects currently underway in the case organization. They all aim to enhance the customer experience of the hotel chain, and they are also part of a shift in the mindset of developing services within the team that is responsible for the development and supervision of the hotel chain. The thesis is based on the case study work for the development of Hyvä Huomen, roughly translated into English as Good 'morrow. Through that the aim of this thesis is to understand what the customers' value in the defined part of the hotel experience and how the hotels could influence the value formation.

Objective of this thesis is to introduce the Customer Dominant logic as a contemporary business logic and examine the implications it has on customer experience and value formation in a hospitality business setting. The viewpoint in the thesis is customer-dominant view on experience and the support of value formation. In that context the hotel guests are seen as the customers who determine the value of the service through value-in-use and the customer experience is seen in a larger context than just the pre-service, service, post-service cycle that usually dominates the discussion on the formation of customer experience (Heinonen et al. 2010). Customer Dominant logic literature provides a lot of theoretical backgrounds and this thesis aims to use those in service business context as a driver.

Purpose of this thesis is to examine and elaborate the concept of a value proposition into an experience proposition that might be more suitable for the understanding of the purpose of the company's service provision and the desired customer experience. Experience proposition in itself is a new term that this thesis aims to clarify for future service research. This thesis provides an overview on the whole case project but focuses on how the insights influenced the formation of the conceptual model of experience proposition and its antecedential elements.

Research questions of the case project are:
- What are the elements of the Hyvä Huomen (a good morning) experience
- What creates value for the customer and their ideal experience of Hyvä Huomen
- Can the service provider affect this experience and if so, how

Also, the research questions of the thesis are:
- What is the role of the employee in experience and value formation
- What elements influence the experience proposition
- How can an experience proposition be formed

Prototyping and implementation of the case projects outcomes as well as the conceptual model have been excluded from this thesis.

1.2   Key concepts of the Thesis

This thesis evolves around several key concepts and from those three are the focal concepts. However, for the comprehension of the thesis it is imperative that the reader has an understanding on all of the key concepts and why the focal concepts have been chosen.

Design thinking has several different views on its nature but after Tim Brown made the term famous in his book Change by Design (2008), it can be agreed that it is a mental-model and a framework where the designer methods ways of thinking about problems in business are used.

It is a creative and strategic process that is centered around humans that makes it human-centered. This is achieved by understanding the user's needs and/or experiences for inspiration and ideas, utilizing an iterative process of thinking and reasoning and thus providing an end result of a service or product that is an invented choice instead of discovered truth through analytical thinking (Beverland et al. 2015, Gobble 2014). In the context of this thesis Design Thinking is the underlying mental model for the use of Service Design methods for creating the conceptual model for an experience proposition.

Service Design is a holistic approach that helps the organization to detect the potential of strategic possibilities, to innovate new services and to improve the existing services. Service design combines design thinking with traditional service development methods. It is an evolving field that in itself is not an innovation but a new way of combining old tools and methods into a new framework. It is concrete action that aims to create services with the customers that are feasible and economically, ecologically and socially viable and fill the customer's needs and expectations. (Tuulaniemi 2011, 24-25.)

Service-Dominant logic is a contemporary business logic that's origins can be traced to 2004 when Stephen Vargo and Robert Lusch published their first article about the subject. Service-Dominant Logic has a foundation around the principle of organizations, markets and society being mainly focused about the exchange of services which they see as the exchange of different competencies for the benefit of the customer. It is evolved around the concepts of value-in-use and co-creation of value and this differentiates it from the Goods-Dominant Logic which has been the dominant business logic and that has been evolved around the concepts of embedded value and value-in-exchange that means that the value is embedded in the product, determined by the manufacturer and value is realized when the product is exchanged for means of payment. (Vargo & Lusch 2004, Gannage 2014.) Service-Dominant logic is further explained in chapter 3.1.

Customer-Dominant Logic is a contemporary business logic and a managerial perspective on business and marketing that has challenged Service-Dominant logic. Its origins can be traced to 2010 when Kristiina Heinonen published her article on the subject. Customer dominant logic differs from Service-Dominant Logic in that it doesn't draw a strict separation between products and services but sees them both as the basis for value. Customer-Dominant logic also emphasizes marketing as the foundation of business, not just a part of an organization's functions and Customer-Dominant Logic guides the managers into understanding the customers and markets. By doing this it enables the service providers to grasp how their products and services become embedded in the customer's lives. (Heinonen & Strandvik 2014.) Customer-Dominant logic is a focal concept and is further explained in chapter 3.1.

Brand is a company's strategic asset that is the key to a long-term performance and success (Aaker 1988, 1) and brand can be viewed as immaterial capital such as the service providers reputation (Juholin 2010, 127). The brand has been viewed as a set of recognizable and unique items such as the name, logo or symbols that differentiate one brand from another but it should now be viewed as a holistic way of thinking that guides the company's action (Malmelin & Hakala 2011, 17-18). Trout (2000) has claimed that the company needs to differentiate itself from the competition or it might perish and he also claimed that virtually anything could be a source of differentiation. The need for differentiation has risen from the pressure of the more crowded markets. This has led to the shorter lifespan of products which in turn has shifted the company's attention to the relationship between customers and brands (Malmelin & Hakala 2011, 27). In the context of this thesis the importance of brand is what Payne et al. (2009) wrote "suppliers need to incorporate a full understanding of the customer's brand experience and how customers engage with the supplier's products and services over time. In particular, the supplier has the opportunity to encourage the formation of customer communities and motivate user innovation and design." In other words, the brand is an important part of how the service provider can interact with a customer and thus enable co-creation with the customers.

Employee engagement is a fairly new term among both the academics and the practitioners. It is a term that has received a lot of popularity among human resource consultancies and now among the human resources departments of companies. Employee engagement has some of the traits of older terms of organizational research, but is not a term solely made of them. Engagement means high levels of involvement meaning passion and absorption in the work and pride and identity of the organization as well as effective energy or enthusiasm and alertness and a sense of self-presence in the work. This means that an engaged employees identify themselves with the organization and feels pride for working in it, feels that they can affect the outcome of their work and can be involved in the decision-making. They are enthusiastic and can promote the employer to others and to some degree they can be a competitive edge. (Macey & Schneider 2008.)

Customer experience is not provided by a service provider, but the experience is formed in the reciprocal exchange of services. Customer experience requires an interaction between the service provider and the customer, and the beneficiary determines the value of the interaction. This interaction, however, is not necessarily physical and direct, but the interaction can also happen through in-direct interaction where the service provider cannot influence the experience. (Shaw & Ivens 2005; Verhoef et al. 2009; Vargo & Lusch 2008; Heinonen 2010.) Customer experience is a focal concept and is further explored in chapter 3.3.

Value formation has not been explicitly defined and has different definitions depending on the view and business-logic of a given scientific article. Nevertheless it can still be defined as a concept that can be perceived and constructed in different ways depending if the person assessing the value creation is the provider or the customer. (Grönroos & Voima 2013, 133-136.) This is a view that is similar to that of customer experience where the experience is different from actor to actor. Value formation is a focal concept and is further explored in chapter 3.3.

1.3   Structure of the Thesis

The first chapter introduces the reader to the topic. This chapter sets the research question and provides an explanation why this topic needs to be examined. It also explains the primary terminology of the thesis.

The second chapter introduces the reader to the focal company and its hospitality chain management, its practices and the way it deals with service innovation and value creation. This forms the context for the thesis.

The third chapter defines the theoretical framework that aims to explain the customer dominant logic and how it affects the views on customer experience and value formation. This also deals with the employees' pivotal role in both cases i.e. how the employee's role affects value formation in customer experience.

The fourth chapter contains the empirical part of the thesis. It details the done case work and introduces the reader to the used methods and tools, and it also separates the abstract and concrete concepts because often in service design projects the two get mixed up to create confusion.

The fifth chapter then moves to define what an experience proposition could be based on the theory, how it is different from a value proposition and what tools could be used to form an experience proposition.

The sixth chapter presents the conclusions of the research process. It also summarizes the contributions for service research are also summarized, and finally, prospects and implications for future research are presented.

2   Introduction of the client organization

This thesis has been done for a large hotel operator in the Finnish market. It is part of a large conglomerate that is based in Finland with operations also in Russia and the Baltic countries, and it is a large employer in the private sector in Finland. It is comprised of several different business sectors with the hospitality sector being one of them.
(Case company yearly report 2016.)

The client organization manages and developed the case hotel chain and different restaurant concepts. This means that the main purpose of the client's chain management is to function as a developmental unit and development is seen as a holistic function meaning business development, financial development as well as service and concept development. (Case company yearly report 2016.) The team responsible for the development of the case hotel chain consists of four people, one of them being the team leader. There is one development manager and two concept managers.

The client organization relies on a co-creative model for developing services. This, however, should not be mistaken as a co-creation model that is described in the contemporary literature on Service Design and Customer-Dominant logic but as a way of working together. The traditional way within the client organization is structured so that the client organization does development on any given tasks and at some point of the process people from the hotels are brought in as they are significant stakeholders by doing the actual operational work and having the financial responsibility.

The described model for development has been the way for many years, and it has provided both good and bad results. The main dilemma in this way of working has been the absence of a current voice of the customer this meaning that the customer's voice has been brought in through customer surveys, complaints and social media. The end-customers have not been active participants in most of the development of services, only in the recent years has the end-customer been more actively connected to the development process (Concept manager, interview 18 May 2017). As the depicted customer information is important information, it is always historical data, and through that data, it is not easy to find out the customers actual needs and what creates value for the customer. One of the biggest restrictions in this traditional view has been the unwritten rule for "Getting it right the first time" meaning that any project was presumed to be a success right out the gate although this is almost impossible and what Blank and Dorf described as their fifth rule: "no business plan survives first contact with customers" (Blank & Dorf 2012). This has resulted in a development that has been risk avoiding, and therefore the resulting services have sometimes been bland in the previous years.

Companies have become to realize the importance of customer experience in the recent years and as Pine and Gilmore argued in 1999, customer experience can provide enormous economic value for companies. As Trout (2008) described, a company needs to differentiate itself, or otherwise it shall perish. Customer experience has been seen as a powerful way for differentiation. This has also been true for the case conglomerates service sector where customer experience was made a strategical point of emphasis a few years ago. This shift in the sectors strategy has in part led to different changes in the need for the development of the customer experience as well as a new way of viewing the development work done in the organization (Director of field operations, Interview November 2013).

The previously depicted development model has been challenged during the few recent years. This is due to the realization for the rising demand to connect the customer more active participant because customer experience has been part of the strategy for the past few years. Although customer experience has been emphasized in the strategy, this has not resulted in significant changes in the way development work has been organized and done. The use of service design in the client's concept team leads to new fresh views on development. (Concept manager, interview 18 May 2017.)

During 2016 total of three different projects were launched, all aiming towards bettering the offered hotel experiences. What was different with these projects, the all had a design thinking basis and were done by using service design methods and tools. One of the projects was part of the concept managers own studies in service design related to developing the breakfast products, one of the projects was lead by a facilitator from Laurea University of Applied Sciences aimed at developing the hotel room and its amenities and one was done as part of this thesis. The most interesting part of these projects was that they all involved the team members in a completely new way and they were very experimental in nature. This means that different methods were courageously tested without any guarantee on how they might actually work. This was mostly due to the given permission to fail, one of the main insights into a new way of developing services.

The fact that the projects were allowed to fail resulted in a new way for trying out methods and also integrating the customer deeply into the whole process. As the projects were done from different angles of the service design and human centered design processes, they yielded lots of insight into how service design could be integrated into the teams DNA. One of the desired outputs of the project relating to this thesis was to describe a flexible and efficient development model for future use. The development model is not part of the scope of this thesis.

As an outcome of these different projects the way the team views development at the moment has changed and it is viewed as a customer focused development work. All in all the several different projects have managed to shift the perception of development work towards a much more co-creative model. (Concept Manager, Interview 18 May 2017.) The two other projects have been more concrete in their outcomes in comparison to this project that has produced a new development model and has outlined the Experience Proposition Model.

3   Combining Customer-Dominant logic with Customer Experience and Value

As mentioned before, customer experiences have become a driver for business success and differentiation in crowded markets. Customer Experiences are holistic in nature and they involve customer's responses to the retailer in a cognitive, affective, emotional, social and physical way. Therefore the retailer cannot control all the elements that are involved in the creation of a customer experience. Part of the creation of customer experiences is service interfaces part of the service person. (Verhoef et al. 2009.) Therefore it is important to study the role ef employees and their role in value and experience creation. Employee engagement is argued to lead to higher productivity, profitability and customer satisfaction as the employees are emotionally attached to their organization (Markos & Sridevi 2010).

Service-Dominant logic by Vargo and Lusch determines that a shift is needed from traditional Goods-Dominant Logic where the product is the most important thing in business and value is embedded in the product and the provider decides the value to the Service-Dominant view that value is co-created and reciprocal in nature i.e. the customer receives value from the use of product as it solves the customer's problem and the provider receives value from the customer, monetary or other. (Vargo & Lusch 2004.) This view, however, is still a provider-dominant logic where the company provides something for the co-creation of value and therefore dominates the co-creation.

Customer-Dominant logic is a truly customer centric view and center of interest is how the company's service can become embedded in all the aspects of the customer's life (Heinonen et al. 2010, 533). Because this view is coherent with the views on customer experience creation of Verhoef et al. (2009), therefore Customer-Dominant logic (later CD Logic) has been chosen as part of the theoretical framework for viewing customer experience and value creation. The research area is composed of customer experience, customer-dominant service logic and the role of employees in experience and value formation and it creates the theoretical framework (Figure 1).
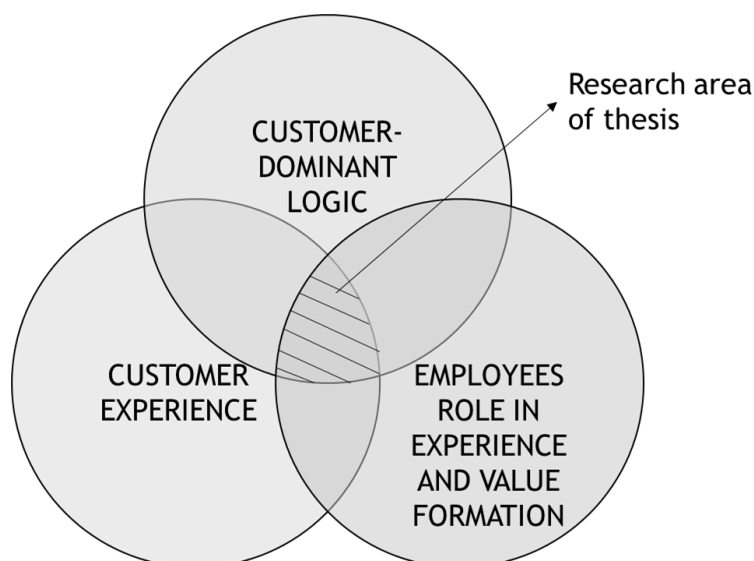
Figure 1: Research area of the thesis

3.1 Customer-Dominant logic as an emerging business logic

Several researchers have questioned the traditional Goods-dominant business logic. Goods-Dominant Logic is deeply rooted in the manufacturing industry and is a traditional provider-dominant logic. This means that it is based on goods or products and the value is determined in the exchange of resources. This means that the product has a pre-determined value that has been embedded in the product during the production (Vargo & Lusch 2008; Heinonen et al. 2010). This logic has been questioned by the emergence of Service-Dominant logic where value cocreation concept is introduced and which means that "value is defined by and co-created with the customer rather than embedded in the product" (Vargo & Lusch 2004, 6) and that "Goods (both durable and non-durable) derive their value through use – the service they provide" (Vargo & Lusch 2008, 7). Therefore according to Vargo & Lusch's Service-Dominant logics foundational premises (2004a, 2008), all economies are service economies. It implies that the companies can no longer provide value for the goods they deliver but that they deliver services and that for those services the companies or enterprises can only offer value propositions and the value is co-created in interaction with the customer through the value proposition (Vargo & Lusch 2008, 7).

Service-Dominant Logic sees the role of the customer as a coproducer of value by stating as a foundational premise that "Customer is always a coproducer" (Vargo & Lusch 2004, 10-11). However Service-Dominant logic also implies that the customer can be involved in the entire value and service chain (Vargo & Lusch 2004, 11). With this, the authors argue that it is up to the provider to either let the customer into the process or not to let them in and therefore the Service-Dominant logic is a provider-dominant business logic (Heinonen et al. 2010, 533).

Service-Dominant logic has been challenged Service Logic by Grönroos (2008). Service Logic can be viewed to possess some customer-dominant aspects apart from Service-Dominant logic. (Heinonen & Strandvik 2013, 474-475). Even though Service Logic has customer centered properties, it is still focused on the value-in-use. This means that it views the value-in-use that the customer creates the value through experiences and the firm or provider still produces and delivers resources and processes that have potential value for the customer (Grönroos & Voima 2013, 137). This interpretation argues that the provider still provides some resources or services that are assumed to have value for the customer and therefore Service Logic is still very much a provider-dominant business logic.

Even the previous business logics do not cover the role of the customer completely. The fact that customer-dominant logic views value being relative on multiple levels and that it is always personal and relative (Heinonen et al. 2010) combines the service-logic and the view that customer experience is a holistic process. Therefore this business logic should be seen as an intricate part of the customer experience creation, the value formation of the customer experience. The different business logics are presented in table 1.

Business Logic	Provider centricity	Value formation
Goods-Dominant Logic	Provider centric	Value-in-exchange. Value is embedded in the product during manufacturing and value is created the exchange of the product. The service provider determines the value.
Service-Dominant Logic	Service provider centric	Value co-creation. Value is experienced in the reciprocital process of doing something for and in conjuction with another party. Service provider and the customer are equal in value creation and thus co-create value.
Service Logic	Service provider centric	Value-in-use. Value-in-use is the value for customers, created by them during their usage of resources. Value is both created and determined by the customers.
Customer-Dominant Logic	Customer centric	Value-in-use through value in context. Value emerges in customers' practices, in everyday life processes by using both goods and services. Value-in-use also includes mental activity. Value-in-context is inherently included and earlier experiences are always present as an invisible context. Value in context is thus inherently integrated in the value-in-use evaluation. Value is formed, not created and the service providers role is to support this value formation.

Table 1: Value formation in different business logics

In the context of Customer-Dominant Logic, the value of the experience is determined by value-in-use through value in context. This means that the customer's context including the past, present and imagined future experiences in evaluating the new experience is always present and is one of the determinants in value-in-use. In an everyday setting, the company can only provide the most meaningful entity of services and products for the customer. The customer receives value through the experience and the way the company provides a solution

and in return the customer creates value for the company in the form of financial value. (Hei-nonen & Strandvik 2015.) In real-life terms this can be simplified as that the customer decides whether the service entity actually has any value e.g. will he stay at Hotel A or B due to the customer experience.

3.2 Customer Experience

Before defining the customer experience, it should be understood what an experience is. The Merriam-Webster Encyclopedia (Merriam-Webster 2017) defines experience as "something personally encountered, undergone, or lived through" and "the conscious events that make up an individual life". The Oxford Dictionaries (Oxford Dictionaries 2017) defines experience as "an event or occurrence which leaves an impression on someone" and "practical contact with and observation of facts or events". Finally, the Collins Dictionary (Collins Dictionary 2017) states that "Experience is used to refer to the past events, knowledge, and feelings that make up someone's life or character". Combining these definitions the definition of experience in this thesis is understood as an event, occurrence or feeling that is personally encountered and which leaves an impression on someone, either the person enabling the experience or the person gaining the experience, and these experiences make up an individual life. Also, the experiences can be either negative or positive but a positive experience is the desired outcome.

Pine and Gilmour (1998) view experience through two dimensions, where the first describes the participation of the actor and the second one the connection that unites the actor with the event or occurrence. In the participation dimension, the spectrum goes from passive to active participation. In the connection dimension the spectrum goes from absorption to immersion. These two dimensions form the Four realms of experience as shown in figure 2 (Pine & Gilmore 1998). In the figure, there are placed examples on how different events fit in the model so that the model can be more easily understood.
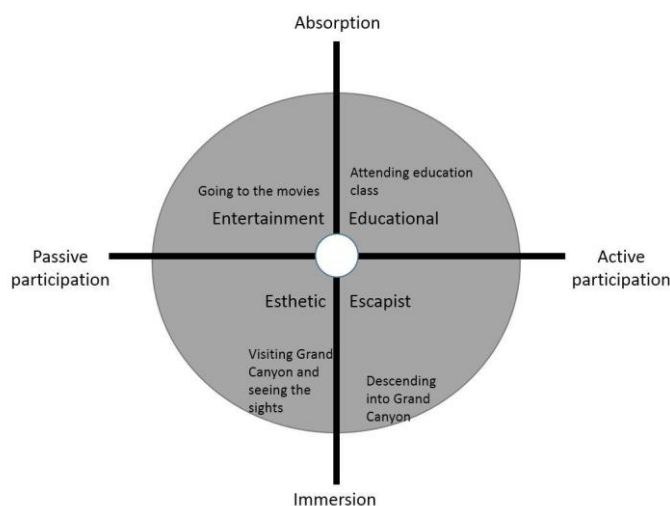
Figure 2: Four realms of experience (adapted from Gilmour and Pine 1998)

This figure illustrates how experiences are formed in different contexts. An actor can have an experience even though their participation in it is passive. On the other hand the actor can either absorb the experience or immerse in it. These form two different kind of experience. Therefore through this it can be argued that context and actors participation are always a factor in the experience being formed and consumed.

A service does not provide an experience, but the experience is formed in the reciprocal exchange of services. In other words customer experience requires an interaction between the service provider and the customer and the beneficiary determines the value of the interaction. This interaction, however, is not necessarily physical and direct but the interaction can also happen through indirect interaction where the service provider cannot influence the experience. This kind of indirect interactions can for example be a conversation with a friend who has an experience of the service provider or reading an article or a peer review from for example Yelp or Tripadvisor. Customer Experiences are a blend of an organization's physical performance and the senses stimulated and emotions evoked, and each of them are intuitively measured against customer expectations across all moments of contact. (Shaw & Ivens 2005; Verhoef et al. 2009; Vargo & Lusch 2008.) Also, the provider should strive to understand how it can create customer satisfaction. This is achieved by understanding what the customer is doing with the services provided and then providing a service so that the customers can achieve their goals. (Heinonen et al. 2010, 532-534.)

Customer experience is delivered in an omni-channel setting encompassing the total experience, meaning that it includes the search, purchase, consumption and after-sale phases of the experience (Verhoef et al. 2009). Therefore customer experiences are part of everyday life of the customer and merges into the customer's life. Customer experiences arise from the

customers own activities and experiences are continuously accumulated (Heinonen et al. 2010, 532-535). In short, the customer experience is the totality of experience the customer has with the service provider. Customer experience is not merely a single event but a sum of different observations and choices by the customer in both direct and indirect contacts with the service provider. The service provider cannot decide what kind of experience the customer experiences but the service provider can choose what kind of experiences it wishes to enable for the customer, especially what emotions it chooses to evoke. (Heinonen et al. 2010, 537.)

In a study conducted by Walker Information, Inc. in 2013 they argued that customer experience will bypass both product and price as the main differentiator. They also claim that companies that try to manage the customer experience. (Walker Information Inc. 2013.) It is important to understand that in this thesis the management of customer experiences means that the elements that are based on information about the customer needs are delivered in the best manner and management does not mean an effort to control the customer. The elements that form the experience are a bundle of products or benefits that a company offers customers and which solve the customer's problem or satisfies the customer's needs. These are called value propositions which in turn are the reason customers turn to one company over another (Osterwalder & Pigneur 2010, 22). This statement is very close to goods-dominant logic by implying that the companies offering is the reason customers choose a service provider (Ojasalo & Ojasalo 2015). Therefore the value proposition needs to be studied in the CDL context and this is done in Chapter 3.4.

We also need to understand the relationship between the customer and the brand and how the customer's perceptions of the brand could influence the customer experience and its value (Verhoef et al. 2009, 37). In Shaw and Ivens' Seven Philosophies (2005) the link between a brand and a customer experience is clearly stated in that the customer experiences are the embodiment of the brand. Customer's expectations of the brand and the perceived experience is how the customer judges the value of the experience (Klaus 2015, 6). The way a service provider can relay to the customer what it aims to provide is through a brand. Brand is not considered to be just a set of logos or other tangible artifacts, but it is the promise of what the company stands for and offers to the customer (Farnham & Newberry 2013, 66). A study conducted by Fournier found that people were not just buying brands because they work well or they like them but because they add meaning to their lives, either in a functional or an emotional level (Fournier 1998). In addition to Fourniers study, Aggarwal adds the notion that people can share a relationship with brands that reflect the nature of human relationships. Human relationships are communal relationships where people do not expect a prompt repayment for their service or benefits given (Aggarwal 2004, 88-89). This kind of relationships provide the customer feelings and if they are positive in nature, the brand is

providing emotional benefits. These emotional benefits add richness and depth to the customer's relationship with the brand and in turn can result in a different experience than with another similar product that doesn't provide these benefits (Aaker 1996, 97) and in turn this can be a differentiation from the competition as Trout (2000) claimed.

Adapting from the Seven Philosophies for Building Great Customer Experiences™ by Shaw and Ivens (2005) great customer experiences are a source of long-term competitive advantage and are an embodiment of the brand. They are created by consistently exceeding customer's physical and emotional expectations in areas that drive value. They are differentiated by focusing on stimulating planned emotional responses and enabled through inspirational leadership and an empowering culture and empathetic people who are happy and fulfilled. Great customer experiences are designed "Outside In" rather than "Inside Out" meaning from the customer's point-of-view. Great customer experiences generate revenues and can significantly reduce costs. This definition creates a ground for understanding that the customer experiences themselves can be branded and managed to a certain degree. Service providers can choose to modify their interactions with customers once they can realize the activities that have value for the customers. Innovative service offerings are likely to be formed through these new insights and the co-creation of value (Ballantyne & Varey 2006). Researchers use co-creation to describe customer-supplier dialog and interaction (Payne et al. 2009, 380) and this kind of co-creation is the place where the value is created with all the contact points between the customer and company being critical to value creation (Prahalad & Ramaswamy, 2004).

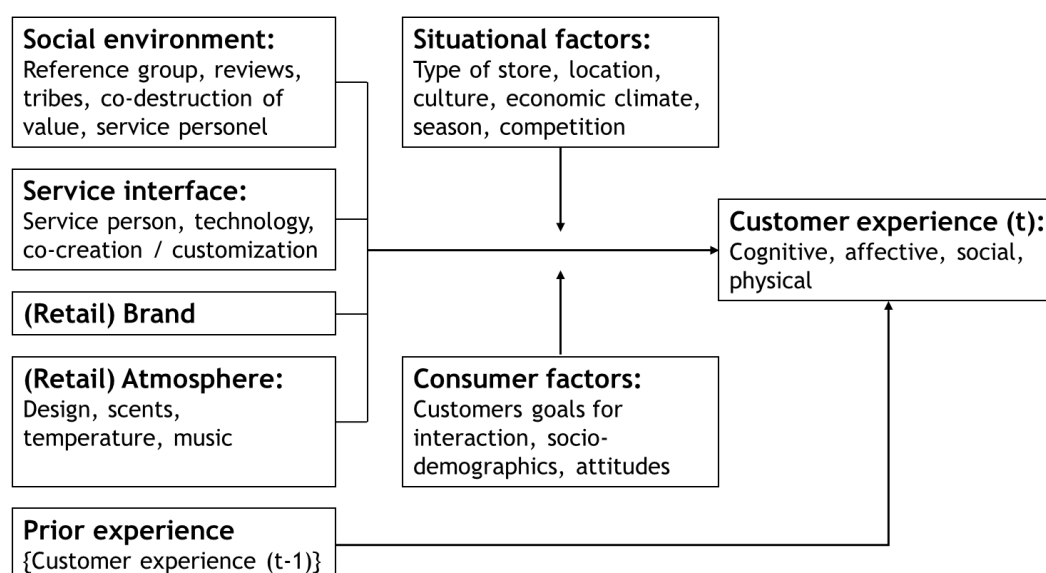| **Social environment:** Reference group, reviews, tribes, co-destruction of value, service personel	**Situational factors:** Type of store, location, culture, economic climate, season, competition	
Service interface: Service person, technology, co-creation / customization		**Customer experience (t):** Cognitive, affective, social, physical
(Retail) Brand		
(Retail) Atmosphere: Design, scents, temperature, music	**Consumer factors:** Customers goals for interaction, socio-demographics, attitudes	
Prior experience {Customer experience (t-1)}		

Figure 3: Model of customer experience creation (adapted from Verhoef et al. 2009)

Customer experience creation illustrated in Figure 3 has been adapted from the conceptual model of Verhoef et al. (2009). They made their conceptual model in retail setting and therefore some of their model's attributes were not relevant to this thesis. The adapted model depicts how the aforementioned attributes factor into the customer experience. As depicted in figure 3, the creation of the customer experience is a holistic process that entails cognitive, affective, social and physical elements and as expressed earlier the service provider cannot control the customer experiences the services provided but can choose the emotions it tries to evoke. The experience can be branded where the organization aims to find out what the customer values. This is different from what the customer wants. (Smith & Wheeler 2002). Based on what the customer values there can be an attempt to embed the offering into the customer's life (Heinonen et al. 2010). When this kind of dialogue is done with the customer, the company can aim to provide the according service (Heinonen et al. 2010) and this service can be then branded. The reason for the branding of an experience is to make the experience consistent, intentional, differentiated and valuable. This, in turn, drives customer loyalty and profits (Smith & Wheeler 2002, 15 – 17) and this is illustrated in figure 4.
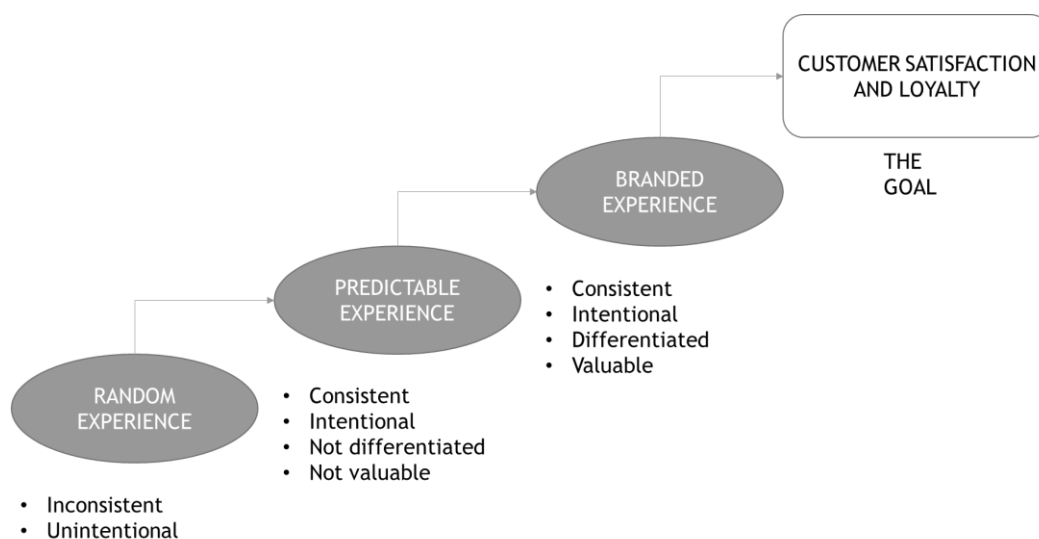
Figure 4: Branded customer experience ladder (adapted from Smith and Wheeler 2002)

The opposition would be a random experience that is something that might happen once in a while but when a great experience has occurred to the customer once, it affects his/her perception of the service provider for the next encounter. As we can see from figure 3, this is a part of the creation of an experience. If the new experience then is sub-par to the previous one, the experience can be a negative one. In figure 5 is an illustration of the perceived value of the experience.

$$\text{Perceived Value} = \frac{\text{What has been done or provided by the business} - \left(\text{Customer needs} \times \text{Customer expectations} \right)}{\text{Customer context}}$$

Figure 5: Customers perceived value (adapted from Newberry & Farnham 2013)

Figure 5 also takes into consideration the customer expectations of the service. Therefore it can be deduced from figures 3,4 and 5 that customer expectations have an effect on the perceived value of the experience. The equation in figure 5 is not a mathematical one but one used in managerial settings to illustrate the formation of perceived value in customer experiences.

3.3   Value formation customer centric service logic

IDEO Human Centered Design process is the underlying process used in the case project for this thesis, and thus the exploration of value creation begins on the IDEOs process that drives for solutions that are desirable, feasible and viable (IDEO, 7). This means that the solutions solve customers problems and the solutions thus are desirable and viable means that it is possible to produce. Tuulaniemi (2012) has illustrated the feasibility and desirability as customer value. It means that the service provided needs to combine the customer view and the company view and thus to find the viability of the service. The customer value defines how much the customer is willing to pay for the service, how often they are willing to pay and will the customer recommend the service. (Tuulaniemi 2012, 100-107.) This view combines customer experience and business value and is illustrated in figure 6.
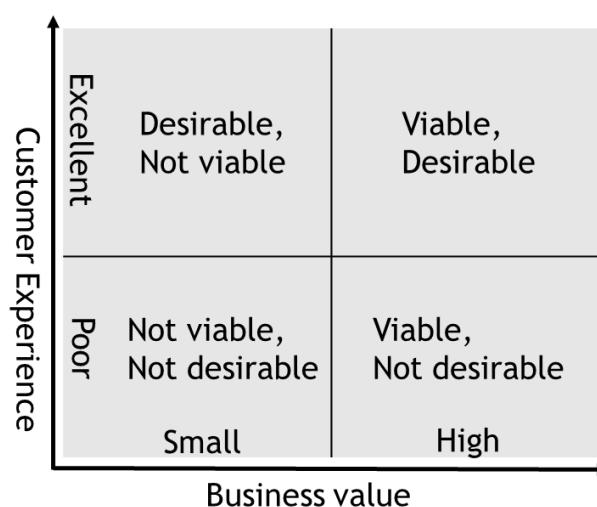

Figure 6: Customer value (adapted from Tuulaniemi 2011)

Figure 6 describes what the desired value is in relation to the customer experience. However it doesn't explain how the value is formed and although the service should be desirable for the customer, it fails to describe what the value for the customer is. Thus this illustration is typical of a consultancy setting and the value creation is seen to be defined by the service provider. Therefore the customer value is not in line with the contemporary business logics SDL, SL and CDL and is most beneficial in describing the relation of customer experience and business value in that the better the experience the more valuable the service. The value formation of SDL, SL and CDL are illustrated in table 1 in chapter 3.1 and also illustrate the difference between them and Goods-Dominant Logic.

This thesis uses CDL as the dominant logic, and in CDL the value formation is described as value-in-use that is a broader view than what SD and SDL have (Heinonen et al. 2010). SDL describes value co-creation to occur at the intersection of the customer and the service provider over time and that the value can be assessed only by the customer in the consumption and use of the service. This is also described to lead to the value to be created in the use of the service and thus the term value-in-use is also part of the SDL lexicon (Vargo and Lusch 2006). SL describes the value to emerge in an interactive process meaning that the service provider (or supplier) is a value co-creator when the interaction is direct during the customers value-generating process. In SDL as well the beneficiary of the service (customer) determines the value through value-in-use (Grönroos 2008; Heinonen et al. 2010). As mentioned, CDL also views the value to be created through value-in-use but the customer and the emergence of value-in-use are mainly beyond the service providers or company's sight and thus the value emergence is invisible to the service provider or company. The value emerges through the use of both goods and services in the customer's practices in everyday life settings. (Heinonen et al. 2010.)

In CDL the value emerges beyond the company's visibility in three distinct respects: Time, use, and context. Time is a factor because the customer's time frame is much broader than the company's. The value is experienced before, during and after the use and therefore it extends beyond the direct or indirect interactive process. Use is a factor because the value does not emerge solely from the direct use of the goods and services but it encompasses both the outcome and the process of the activity. This means that the use is also contextually experienced and this means that the outcome of the activity is part of the assessment of value. Context is a factor because the customer's life is a part of the co-creation of value and value-in-use assessment and value is part of a larger context of the customer's life meaning that the past experiences as well as the collective social factors are always present during the value assessment. (Heinonen 2010.)

One of the biggest differences between SDL, SL and CDL have in how they view value is that SDL and SL view value as something that is always created whereas CDL views value to be formed through context and value-in-use. The notion of value formation is based on five different conclusions: Value cannot be considered to be deliberately created but rather it emerges through a process, value is created in the cumulated reality and ecosystem of the customer, value encompasses multiple different personal and service-related value settings, value is interpreted through experiential and phenomenological aspects, value is multi-personal and to some degree collective and shared. The starting point to the value formation, therefore, needs to be the customer's reality and ecosystem. This leads CDL to argue that value is formed in through a process that is not always active and that value formation is a very complicated process in which emotions, values, behavior and attitudes of other people in the customer's life affect the value formation. The customer's reality and ecosystem is reflected in the process of value formation, and therefore value creation is not a valid concept as in a passive process and/or complex context bound process no one is actively creating value at every moment. The difference of a provider-dominant logic and CDL is that in the first the service provider orchestrates the value creation where in CDL the customer is the actor who orchestrates and dominates the value formation. (Heinonen et al. 2013.)

In the academic study of CDL and customer centered value creation, there has been an attempt to identify through five viewpoints how the value is formed. These viewpoints are how is value created, where is it created, when is it created, what is value based on and who determines the value (Heinonen et al. 2013). This is illustrated in table 3.

Dimension of value	Customer centered definition on value formation	References
How is value created	Value is formed in an emerging process and is co-created between the service provider and the customer in a both active and passive process.	Heinonen et al. (2010) Heinonen et al. (2013) Helkkula et al. (2012)
Where is it created	Value is created in both visible and invisible processes and is formed in the life and ecosystem of the customer and is thus related to the customers life.	Alakoski & Tikkanen (2016) Helkkula et al. (2012) Heinonen et al. (2013)
When is it created	Value is formed in an all-encompassing process thatextends over an indefinate time and is composed of past, present and imaginary future experiences being temporal in nature and where the value is in the use and experience related to the context of the consumption of the service.	Heinonen & Strandvik (2015) Heinonen et al. (2013) Grönroos & Voima (2011) Helkkula et al. (2012)
What is value based on	Value formation is determined by the customer and is based on the experience of fulfilment	Heinonen et al. (2013) Grönroos & Voima (2011).
Who determines the value	Value formation is collective and individuals make sense of the value in relation to their context and the value unit consists of different configurations of actors	Heinonen et al. (2013) Helkkula et al. (2012).
Who or What destroys value	Value is co-destructed when the service provider and customer have incongruent views on which procedures, understandings and engagements should inform a specific interaction. In the provider-customer interaction resources such as skills and knowledge that act on other resources are either intentionally or unintentionally misused by either the customer or the service provider.	Plé and Cáceres, 2010 Echeverri & Skålen 2011

Table 2: Dimensions of value based different research on customer centered value formation

As illustrated in table 2, value is formed in a complex and contextual all-encompassing set-ting, where the companies need to understand how the customers live their life and the view needs to change from the individual customer to a social and collective context and therefore

it is as important to identify who the customers are as they have multiple different roles throughout the day and their entire everyday lives. Therefore it is imperative for the service provider to discover how the customer can embed the service provider into their lives, not vice versa. (Heinonen et al. 2010; Heinonen et al. 2013; Grönroos & Voima 2012.)

In relation to customer experience, Helkkula et al. (2012) have studied if the value can be characterized as an experience. They have concluded in their study that value in experiences is directly or indirectly experienced in the customer's context of a phenomenological life-world. The customers make sense and experience value in an iterative way, and this value interpretation is influenced by past, current and also by future experiences. Therefore the value is temporal in nature and is subject to change at any time and over time. (Helkkula et. al 2012.) Value is also a function of human experiences rather than service processes, and experiences come from interaction (Ramaswamy, 2010). These views are in nature similar to the service logic value creation by Grönroos and Voima (2011). They have identified three spheres for value to be created; provider sphere, joint sphere, and the customer sphere. In the provider sphere there is potential value that is communicated through value propositions, in the joint sphere the value is created in interaction with one each other and is considered to be real value as the customer can invite the provider to co-create value, and in the customer sphere the customer is the independent value creator and this value is considered to be real value. Real value is considered to mean value-in-use. Although Grönroos and Voima (2012) talk of value creation, they have identified that the company is not in charge of the value created in value-in-use and that this happens in the customer's sphere where the customer is the value creator and the service provider is the value facilitator. These views are combined with the value formation presented in table 2 and illustrated in figure 7.
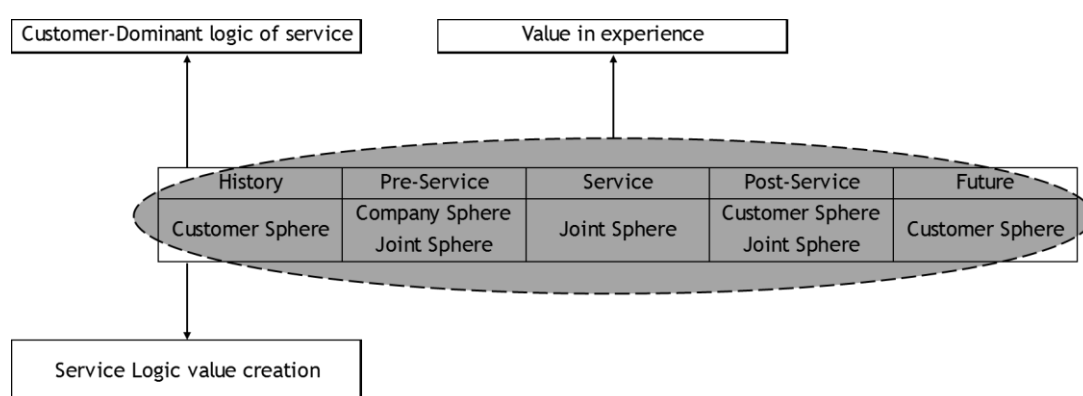

Figure 7: Adapting Service logic value creation, Customer-Dominant logic of service, and value in experience into a combined model

The figure aims to illustrate that value in experience is an all encompassing similar to service logic value creation. As mentioned in their article, the different spheres may overlap as the

process of value creation is not necessarily linear moving from the provider sphere through the joint sphere to the customer sphere. Value may be created in the different spheres at different periods of time. (Grönroos & Voima 2011, 140.) Therefore when combined with the CDL some of the spheres overlap. And as past, current and imaginary future experiences impact the value being created (Helkkula et al. 2012) the value in experience moves through the different spheres and stages of value formation. Figure 7 is based on the notions that value is the result of an all-encompassing process that is contextual, temporal, shared and is formed through experiences, either lived through or imaginary. Ramaswamy and Prahalad (2004) compliment this view by stating that basis of value is co-creation of experiences and that these experience are the brand that is co-created and that evolves with experiences (Prahalad & Ramaswamy 2004).

In addition to value being formed, value can also be destructed, especially co-destructed. This means that value co-destruction can be viewed as a significant feature of the provider-customer interaction (Echeverri & Skålen 2011; Plé & Cáceres 2011) and this interaction can be either direct or indirect in nature (Plé & Cáceres 2011). Value is formed when the service provider and customer have similar or congruent views on which procedures, understandings and engagements should inform a specific interaction, and value co-destruction is the result when the service provider and customer do not agree or do not have similar or incongruent views on the mentioned aspects (Echeverri & Skålen 2011). Verhoef et. al (2009) have included the co-destruction in their conceptual model illustrated in figure 3. Although they talk about the experience being co-destructed, it has been deducted that customer experiences form value. Because of this, the aspect of value co-destruction based on incongruent views can also be seen as a result from the customer gap of the Gaps Model by Zeithaml et al. (2012). In that model they argue that the customer gap means the difference between the customer's expectations and perceptions of the service. This can be due to the provider gaps that are not knowing what the customer expects, not selecting the right service designs and standards and not delivering accordingly and not matching the performance to promises (Zeithaml et al. 2012).

3.4   Value Propositions

Value propositions have traditionally been associated with branding. There are several definitions of value propositions and the origins of the term can be traced to a McKinsey & Companys project from the 1980's and evolving from there on. In the beginning value propositions were defined as something embedded in the product (Ballantyne 2011, 203-204) and from academic discussion the view that Aaker (1996) defines the brand value proposition being as a "statement of the functional, emotional, and self-expressive benefits delivered by the brand that provides value to the customer" is a logical view for that time. Aaker (1996) also states that the brand's value proposition should lead to a relationship between the customer and

the brand that drives purchase decisions. As this definition is very natural statement from the academic discussion of its time, the context of branding that can be viewed to be rooted in Goods-Dominant Logic because it emphasizes the role of the service-provider (Ballantyne et al. 2011, 203-204), and so there needs to be a definition that is more suited to the context of services.

In a context of services, value propositions are to be seen as a reciprocal process where the value proposition can be crafted in advance by any of the initiators of the interaction and these value propositions act as a starting point for a negotiation. The negotiation is to be seen as an interaction to create mutual benefits. This initial value proposition can be then co-created or co-evolved with the value being realized over time and the process of reaching an agreement with customers or other beneficiaries either by work or by communication may be of unique value in itself, and any participant can assess the value. The beneficiary's value assessment begins with an assessment of the fairness of any reciprocal value proposition. Co-ordinating a reciprocal value proposition continues until the proposals and essential details are seen to make sense from their respective points of view. This preliminary value assessment might also include the value of knowledge gained, as well as the expected value-in-use of any goods. Through this the communication is the basis for value creations. (Ballantyne et al. 2011, 205.) The value propositions are always two-ways meaning that they need to propose value for both the beneficiary and the provider (Ballantyne & Varey 2008, 344). In a managerial point of view, value propositions should be viewed as statements that are the reason that the customers choose a specific service provider. The value proposition solves customer problems, or they satisfy the customer's needs and do this by describing the benefits that the customers can come to expect from the service provider. They are a bundle of benefits that the service provider offers customers and value propositions create value that can either be quantitative in nature e.g. price or speed of the service or qualitative in nature e.g. design or customer experience (Osterwalder & Pigneur 2010, 22-23; Osterwalder et al. 2014, 6). This definition is rooted in GDL, but it is not in conflict with Ballantyne et al. (2011) when the value proposition is seen as the starting point for the interaction that defines how the value could be formed.

Although this shift from GDL rooted value proposition to a value proposition of a service amends the first significantly, it is not sufficient in the context of CDL. CDL views value propositions as part of the offering to the customer. Offering in CDL is a generic concept in which the provider has designed and intends to provide/sell a holistic entity that contains both material and immaterial elements to achieve its own goals. Within this entity, there is the value proposition as an immaterial element (Heinonen & Strandvik, 2015). Therefore the difference between SDL and CDL view on value propositions as SDL views that all that the service pro-

vider can offer is value propositions (Heinonen et al. 2010) and CDL views it as a part of a to-tality of the offering (Heinonen & Strandvik 2015) and therefore goes beyond the narrow fo-cus of SDL. This view on value propositions bridges together value formation, customer expe-rience and the actions the service provider can take so that the customers would embed the service into their processes which is the desired result of the service provider's actions.

As described before the value proposition is not the single most important part of the offer-ing, it is still an intricate part of what is communicated to the customer so that the customer can then communicate back to the service provider. This communication is defined as co-cre-ation (Payne et. al, 2009, 380). The value proposition needs to have a purpose and a defined audience and to achieve this it needs to be designed. (Osterwalder et al. 2014). Ojasalo and Ojasalo (2015) have designed the Service-logic business model canvas (SLBMC) that brings the customer into the focal point of the design. The canvas is similar in design to the original Business Model Canvas by Osterwalder and Pigneur, but as that model is rooted in GDL, SLBMC model is rooted in service and customer oriented logics. The model is a hybrid of the differ-ent logics as the business model canvases purpose is to illustrate the opportunities the service provider has to influence the value creation. The business model canvas is important in rela-tion to the value proposition as it forces the service provider to consider the entire service offering. The value proposition is preceded by an in-depth analysis of the customer's world. SLBMC describes how the customers world needs to be examined in detail to find the explicit and latent reasons for buying and by doing this it is possible to understand how the customers world is constructed, how the offering can be embedded into the customers world and how the value proposition thus can relate how the offering solves the customers problems. (Ojasalo & Ojasalo 2015.)

3.5   Role of the employees in formation of customer experiences and value

As mentioned in chapter 3, customer experiences are holistic in nature and are delivered in an omni-channel setting. The case project for this thesis was done for an organization that utilizes a lot of human labor in addition to self-service technologies, and therefore the role of the employees in customer experiences needs to be explored. The customer experience doesn't improve until it is made a priority in the organization concerning all the functions. This is critical as when the management demands information about the experiences that are to be enabled for decision making the employees understand the meaning of customer experi-ences for the company. (Meyer & Schwager 2007, 126.)

A survey done by the Forum Corporation in co-operation with Performance Associates Meas-urement asked consumers on different attributes that create a customer experience that

drives loyalty, and in this survey the people providing the service were rated as the most important factor (Smith & Wheeler 2002, 101). The role of employees in customer experiences can also be deduced from the Service Profit Chain which states that customer loyalty stimulates service provider's growth and profit. Loyalty is the outcome of customer satisfaction that is induced by the value of services provided to the customer, and dedicated and productive employees who are happy, create value and therefore will ultimately drive the firm's growth. (Klaus 2015, 35-36.) This deduction is rooted in GDL but it is not in conflict with CDL. It emphasizes the role of the customer-facing people just as Heinonen et al. (2010) state that the service company's task is to support the customer's creation of value and the service company needs to manage its onstage and backstage actions for this task (Heinonen et al. 2010, 535-537). Customer-facing people are understood as part of the onstage actions.

What creates happy people? There seems to be no one reason, but employee engagement has several positive outcomes (Markos & Sridevi 2010). Employee engagement has been a hot topic in the past years, yet not too much academic research has been conducted in the field. (Saks 2006.) Markos & Sridevi (2010) argue that employee engagement leads to higher productivity, profitability and customer satisfaction and the employees are willing to go the extra mile for their employer as they are emotionally attached to their organization and are highly involved in their job. In organizations that have high capability to results and value the employees give six typical responses into their productivity: (organizational) fairness of managers, degree to which employees work is recognized, working with "winners", opportunity to solve problems for customers, opportunities for personal development and appropriate compensation (Heskett et. al 2003). Employees also need to be given permission to do everything in their powers for the customer's best interest and this, in turn, will drive the employee loyalty towards the company (Smith & Wheeler 2002). Employee engagement has been described as a distinct and unique construct that is composed of several different components such as cognitive, emotional and behavioral components. A strong theoretical explanation can be found within the social exchange theory (SET). Kahn (Kahn 1990, ix)has also found that job meaningfulness, job safety, and the employee's psychological availability is significantly related to employee engagement (Saks 2006). According to SET, engagement is related to a reciprocal interdependency meaning that the employee's engagement is related to exchange of economic and socioemotional resources (Cropanzano & Mitchell 2005). This means that when the employees receive these resources, they respond and repay the organization with higher levels of engagement. The resources that drive the engagement are defined as organizational support, jobs that have higher job characteristics and procedural justice. The higher levels these resources are provided to the employee the higher is the repayment that is job engagement (Saks 2006).

To drive the previously described engagement the company needs to have and recruit the right people and to train them in a way that they understand the experience that is unique to the brand promise. To enhance the engagement the employees must be rewarded for the right behaviors and this behavior must be driven from the top of the organization. (Smith & Wheeler 2002, 100-118.) In their study, Breevart et al. (2015) found a strong correlation between employee engagement and leadership. This has also been the result of other studies (Saks 2006; Strom et al. 2014; Popli & Rizvi 2014). There are several different leadership paradigms, but two are common in most articles: transactional and transformational leadership (Popli & Rizvi 2014; Strom et al. 2014; Zhang et al. 2014; Breevart et al. 2015). In transactional leadership, the managers and employees relationship is based on exchanges or transactions such as increasing pay, promoting or giving recognition in exchange for good work. In transformational leadership, the emphasis moves from the individual gain to the group, and it recognizes the importance of people and that the managers need to attend to them (employees) and that these charismatic leaders deliver a positive and desirable vision for the future and act as role models. (Bass 1990.) Transformational leadership has been found to be a significant factor in employee engagement, and it's positive outcomes (Bass 1990; Zhang et al. 2014; Breevart et al. 2015). Figure 8 illustrates the relationships between the style of leadership and characteristics that predict employee engagement. From that figure, it becomes evident that transformational leadership style is the key to the employee engagement.

Characteristics of the workplace that predict Employee Engagement (EE) / Leadership style		Transactional leadership	Transformational Leadership	Prediction on (EE)
Communication	Expansive		X	High
	Limited	X		Low
Trust & Integrity	High		X	High
	Low	X		Low
Job	Rich/Involving		X	High
	Boring	X		Low
Career advancement opportunities	High		X	High
	Low	X		Low
Contribution to organizational success	High		X	High
	Low	X		Low
Pride in the organization	High		X	High
	Low	No data available		Low
Supportive colleagues / team members	Highly		X	High
	Low	X		Low
X marks if the characteristic is applicable to the leadership style				

Figure 8: Summary of relationships related to leadership style (adapted from Zhang et al. 2014)

The emergence of self-service technologies has brought on a new issue for management to deal with in that the use of self-service technologies can negatively affect the demeanor and service of the employees and the through that the customer experience.(Verhoef et al. 2009, 36-37). These new technologies represent change and have a significant impact on the roles and activities of the onstage actions performed by the frontline staff (Reason et al. 2016, 134-141). As mentioned earlier this change can have negative effects, but they can be turned into a positive through the employee engagement. Service design methods can provide a powerful tool for this engagement in changing situations as the methods are participatory in nature. Engaging staff in an early stage will provide them to have a say in what needs to change and what should be done to improve it. Through this kind of functional engagement, there will be a higher level of active delivery for the new service or model being implemented, and thus the customer experience is enabled in the designed way. (Reason et al. 2016, 134-141.) Breevart et al. (2015) also found that self-leadership strategies contribute in a positive way to employee engagement and they argued that they work when the employees have had strong experience of transformational leadership and then feel work safety toward what they are doing (Breevart et al. 2015). In other words, although they did not study SST, when the employee has received organizational trust and communication that are characters in figure 8, they can then employ self-leadership that means that for a particular time they can lead themselves and in the context of SST, not see SST as a threat to their job but as a part of it.

As mentioned earlier in this chapter, the customer-facing people are seen as part of the onstage actions. As all customer-company interactions are critical for value creation (Prahalad & Ramaswamy 2004), this means that the role of employees in value formation can not be overlooked. Echeverri and Skålen (2011) see the face-to-face interactions as a key setting for understanding the interactive manner of value formation while they do not neglect the fact that there are equally important interactions beyond the visibility of the service provider (Echeverri & Skålen, 2011). Companies that invest in their employees for example in training of employees can expect higher net sales and gross profit per employee as the employees are more committed to delivering the desired and designed elements aimed to provide a branded customer experience (Smith & Wheeler, 2002).

In a study by Plé and Cáceres (2010) the authors see that there is a concept of value-in-use and it has a counterpart that is destruction-through-misuse. This means that as the service provider and/or its employees can be part of value formation they can also be part of value co-destruction. Value co-destruction means that in the provider-customer interaction resources such as skills and knowledge that act on other resources are either intentionally or unintentionally misused by either the customer or the service provider. In the context of this thesis, the most relevant service co-destruction is the one that is related to the intentional misuse of resources by the employees. This means that in face-to-face actions the front-line

employees are in a position to use on intentionally misuse the given resources and their own resources. (Plé and Cáceres, 2010.) This can be partially blocked out through employee engagement as it means that the employees are more committed to the company and to do their work according to the values of the company (Saks, 2006).

Heskett et. al (2003) have identified 6 aspects that describe a high-capacity organization: Employer makes it easy for prospective employees to self-select themselves in or out of the company, companies set high standards and expect a lot, go out their way to encourage managers to lead the employees through listening, learning, teaching and communicating, companies make only a few promises and keep them all, companies compensate fairly and seek continuity in both management and employment. These aspects are companies core shared values, and this kind of organizational culture can be seen as employer brand (Heskett et. al, 2003). For the employees to enable the value formation, they need to understand where they work based on relevant and shared values that support the brand (as mentioned before). This is achieved through internal branding, and it is as important as having customer-orientation (de Chernatony et al. 2003). This needs to be communicated to the existing and possible employees with a high-priority (Heskett et. al, 2003). These statements are in line with the Blessing White Employee Engagement Report (2011) that has argued that employees need to understand the goals of their organization. If this doesn't happen, employees can become disengaged (Blessing White 2011) and according to Schaufenbuel this can cost the company in terms of lost productivity, weaker customer service and increase the number of employees changing employers (Schaufenbuel 2013).
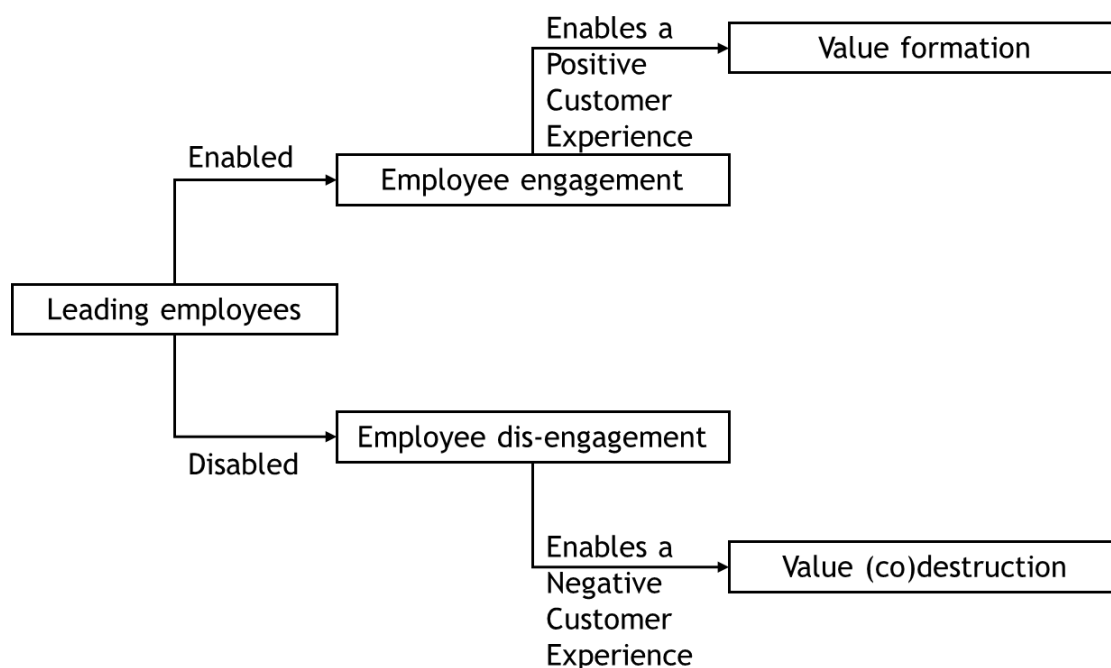

Figure 9: Deduction on the effect of leading employees

In figure 9 is an illustration of a deduction on the effects of leading the employees and there-fore the role of employees in experience and value formation. As presented through the works of several authors, there is a clear correlation between leading the employees, em-ployee engagement and thus value formation. The deduction also views that if there is a lack of leading, that in turn leads to the value co-destruction because the employees are disen-gaged. This deduction is a simplified one as it only views the leading to be something that is either enabled or disabled.

4   Case Hyvä Huomen

The case work for this thesis was done for the development team of a Finnish hotel operator and one of its hotel brands (later client) in specific. The case was introduced in March 2016 and was briefed as an interesting topic that could be investigated through the design thinking viewpoint using service design methods and tools. It also provided a freedom to choose the tools to be used in the work. This freedom was widely used and there were several tools tested and tried in the process.

The underlying theme for the case work was also to provide the client's development team a risk-free way to try a service design project and to provide the team with new development model as a deliverable of the project. The IDEO Human Centered Design toolkit has been cho-sen as a reference point for this case work as it brings the human factor into the center of the design process in an intense way and is therefore in line with CDL.

The case work was done through the one brand of the operator's group of hotels. The topic provided several possibilities and avenues for exploring. Through the initial conversations, project pitch and initial immersion into the subject the following research questions were agreed upon by the author and the client's Concept Manager:

- What are the elements of the Hyvä Huomen (a good morning) experience
- What creates value for the customer and their ideal experience of Hyvä Huomen
- Can the service provider affect this experience and if so, how

The project design process is visualized in figure 11 and explained in detail in Chapter 4.1

The thesis is a developmental research project that has, and the research is based on qualita-tive research. The method used is service design, and in service design projects qualitative research is widely used as quantitative research is very useful in the sales of products and services, but quantitative research fails in providing information about how the customer uses the services and about the latent needs and wants of the customer (Moritz 2009).

4.1   Service Design and the design model used in this thesis

Service design process is an iterative non-linear process. There are several different models for the process, but there is no one definitive model. In essence, the process always involves four steps: exploration, creation, reflection and implementation. The process is a non-linear iterative process although it is usually visualized in a linear way. This means that there is a constant movement between the macro and micro viewpoints where you zoom in and out of your customer journey and also the movement covers moving between phases as sometimes you need to return to a previous phase or even start again. (Stickdorn & Scheider 2011, 124-135.) However, there are few frameworks that are widely used and they are presented in this chapter before defining the design process of the project. The reason behind an extensive look on different models is to provide the reader an understanding of the elastic nature of the service design process.

In his widely used paper, Moritz (2009) discusses several different models before introducing his own framework that has been used both in education and in practice. In his review, he presents several models that have anything from 3 to 10 different phases in the process. Although he makes the notion that they all cover the several phases in theory, for him a model having only 3 phases is too narrow as it does not emphasize all the different stages. He then introduces his framework that is made up of 6 different phases. He rationalizes his framework so "that somebody who wants to understand Service Design has the possibility to explore and understand what Service Design entails". In this view, his framework does make a lot of sense, but from a service designers point of view his framework seems too detailed. As Stickdorn and Scheider argue in their book This is service design thinking (2011) the frameworks are not strict how-to guides but starting points in the first task of a service design process which is the design of the process itself. Therefore since Moritz's framework was introduced, the field of service design has evolved a great deal and other models have evolved to be more illustrative to those not familiar with Service Design and to those who use it in their work.

Another widely used model is the British Design Councils Double Diamond Model (Design Council 2011) that has four phases: Discover, Define, Develop, Deliver. It, therefore, entails all the same things as Moritz's model but is more easily comprehendible as illustrated in figure 10. The visualization also makes visible the convergent and divergent nature of the service design process. This means that the process moves between a large volume of insights and ideas that are narrowed down and condensed in their respected parts of the process. This is important to understand from the process.

DISCOVER
insights into the
problem

DEFINE
the area to focus
upon

DEVELOP
Potential solutions

DISCOVER
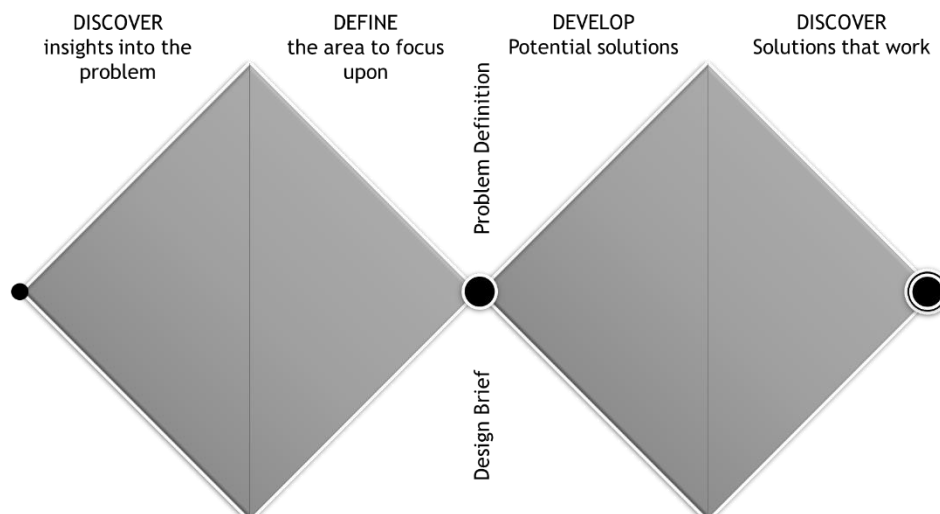Solutions that work

Problem Definition

Design Brief

Figure 10: The Double-Diamond (Adapted from the British design council 2011)

Ideo has used a model that has been tailored by them and for them that they call Human Centered Design (Design Kit 2011). What makes this company-centric approach noteworthy is that IDEO has teamed up with a company called Acumen+ that teaches the use of the model through an online course that anyone can undertake (Acumen+ 2017). Therefore it can be argued that this model is a framework that can be modified to use in a service design project. The current model is comprised of three different stages: Inspiration, Ideation, Implementation. The previous model had similar three phases they called Hear, Create, Deliver. The model is presented in an adapted illustration in figure 11. The first stage entails the discovery and the analysis of the findings into insights. The second phase is the ideation part with the most iterative methods. The final phase is about testing, prototyping and eventually implementing the created concepts and services. Although the current model has some revisions, for the author the 2nd edition model had more concrete terms and the field guide was the foundation of the model that was created as a deliverable of this project. The development model is not a part of this thesis.

What makes the service design process difficult for participants is the fact that the process moves between very conceptual and abstract and very concrete topics (Design Kit 2011). This makes it challenging to present the progress of the project to the stakeholders of client organization,s and for this reason, service design sometimes has a questionable resonance. This makes the facilitation of the process the highest of importance so that the participants understand how they have contributed to the process and what the outcomes of the concept are. The role of facilitation is to ease the process through the work of the facilitator who is content neutral and is there only to guide the process. The facilitation process requires the facilitator to remain neutral to the content, but his role is to conclude the day and inform the participants of what outcomes the day had. (Nummi 2007, 16-41.)

For this project, the Ideo-model was used as a design process. It was modified to entail the different concrete steps that the project would take. It was also a clear visual presentation on how the project was designed to move forward, although as described, the project did need to be iterated along the way. The process is presented in figure 11.
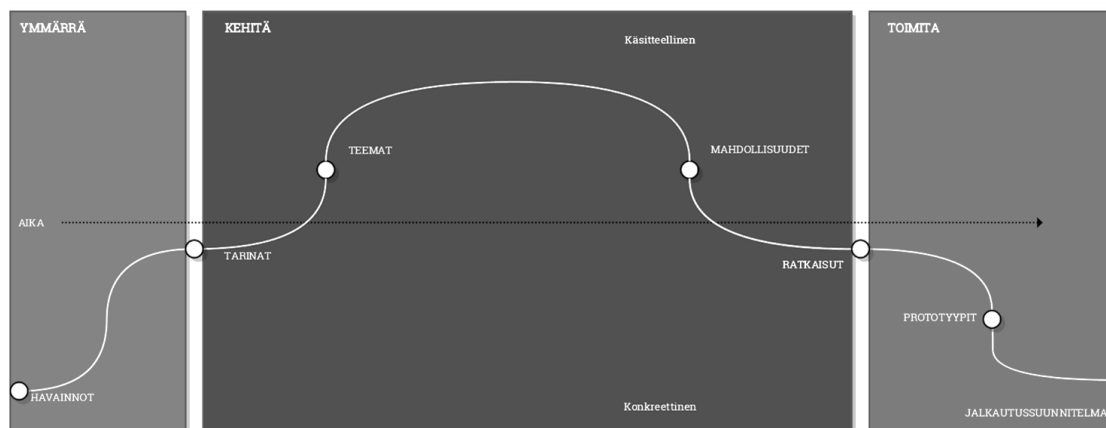

Figure 11: The original process model (adapted from IDEO HCD Toolkit)

The model illustrated in figure 12 is very loyal to the original IDEO HCD Toolkit model. Although it illustrated the process it was amended with the converge-diverge part that is also used in the double-diamond model (Double-Diamond 2011), and this final model that was used is illustrated in figure 12.
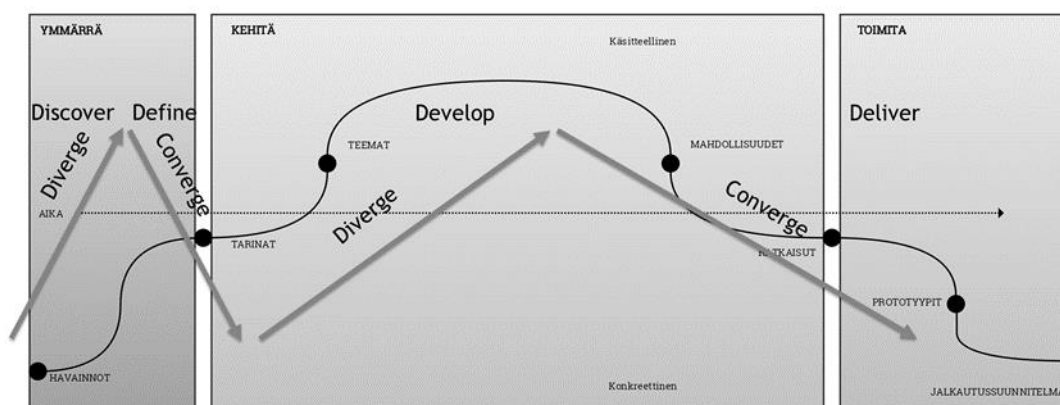

Figure 12: Illustration of the design model used in the case project

The use of figure 12 helped to clarify the work although as an illustration it seems that there is a large emphasis on the development part of the project. This is due to the illustration and therefore the illustration doesn't portray the process of the project correctly.

4.2 Service Design methods used in the thesis

Service design is about understanding what the customer wants, understanding their context and having an understanding about their needs and motivations. Through this lens, it is possible to understand the customer holistically and enable the designer's goal to create experiences (Moritz 2005, 35). Service design helps organizations by adapting to them and the needs of the customers and it helps to solve the customer's problems (Moritz 2005, 40). Service design process is divided into different steps that have different tasks and goals. These tasks reach their goal through the different tools and methods (Moritz 2005, 123). There are countable amounts of different methods and tools available for the different stages of service design.

As the case project for this thesis was a journey into the world of service design for the client company, several different methods were used. Some were familiar to the author, and some were used for the first time. Service design is a practice that has now been established, but it is still quite experiential in nature (Stickdorn & Scheider 2011). This means that there is no certain way of doing a service design process and therefore it is very fitting to find good methods through trial and error as this could be the only chance the organization or the writer has for that. The several different methods are explained in this chapter through theory and how the tool or method was used in the project. The outcomes and deliverables are discussed in chapter 5 and its sub-chapters. The following sub-chapters in this chapter are organized to follow the used development models phases which are Ymmärrä, Kehitä, Toimita. Ymmärrä is focused on gathering insights and interpreting them, Kehitä is about developing innovations and choosing them to be prototyped. Toimita is not discussed as that part of the project was not included within the scope of this thesis.

4.2.1 Ymmärrä – phase methods

Following the development model that was illustrated in figure 12 in chapter 4.1., the starting point for the project was defining and scoping the project. The defined project goals and available resources are called the design brief, and it should encompass among other things the desired target audience, what customer needs the service aims to answer and what are the service providers financial or other goals (Tuulaniemi 2011, 132). The projects design brief was formed through series of conversations with the client organizations Concept Manager, and the final scoping was done using IDEO HCD Toolkits method for identifying the design challenge. Design Challenge is a defined question that will guide the whole process. The challenge is written in a way that brings the human into the center, not the organization. The desired challenge is narrow enough to make the topic manageable yet broad enough to discover areas of hidden or unexpected value (Design Kit 2011). This scoping was done in a 90-

minute workshop with the four team members of the client's development team. The work-shop followed the HCD Toolkits process first identifying the list of criteria for the challenge, then listing the challenges that the hotels were facing, re-framing the challenges from the customer's point-of-view and then narrowing the challenges down to one challenge that was then written as one short and easily comprehendible sentence: How do we assist our guests into a new day with style? Building the customer insight is one of the most critical phases of any service design project because it bridges the gap between the scoped project and the re-ality of the surrounding world. As services are created to answer the customer's needs and solve their problems, it is imperative to identify the customer's true needs and motives by re-searching the customers latent and conscious needs. (Moritz 2005, 124; Tuulaniemi 2011, 142.)

The data was gathered using qualitative methods. Qualitative research is based on an induc-tive process and in that process it moves from the particular studied subject into a general area of interest. This type of research is context bound, and its credibility and accuracy can be attained through verification. Using qualitative methods can provide the researcher free-doms along the research project to even modify the selected methods as there is the possibil-ity to apply creativity during the research process. (Hirsjärvi & Hurme 2010; Hakala 2010.)

Time	Method for collecting data	Subject	Data
May 2016	Customer satisfaction data	Data collected by the hotel chain	Online web portal data
May -June 2016	Semi-structured interviews	7 differently chosen persons, both male and female, between the ages 33 - 45	Structured notes
May - June 2016	Observations at two Solo Sokos Hotels	Observations at the different parts of the customer journey	Field notes Pictures
June 2016	Workshop with co-creative methods	Solo Paja - development group	Pictures Notes Outputs of the exercises
June 2016	Semi-structured interviews	3 members of the Solo Sokos Hotels staff	Taped interview Notes
June 2016	Semi-structured interviews	2 additional customers, 24 year old female and 51 year old male	Structured notes
October 2016	Workshop with co-creative methods	4 members of Solo Sokos Hotel Paviljonki	Pictures Notes Outputs of the exercises

Table 3: Ways of collecting customer data

As the research questions were agreed as what are the elements of the Hyvä Huomen (a good morning) experience, what creates value for the customer and their ideal experience of Hyvä Huomen and can the service provider affect this experience and if so how, they lead the re-search method selection as their nature is very open-ended. The purpose of qualitative re-search is often to raise and acknowledge the interpretations of the research subjects and

qualitative research can provide the right solution when the research is being done for some larger project. In qualitative research the researcher doesn't need the opinion of the majority to back up the research results but only the tone and support of the data. At best the qualitative research provides integrity that illustrates in which field the results are valid and how the results can be transferred to other similar situations. (Hakala 2010.) Qualitative research usually ends into hypothesis and grounded theory that means the construction of theories through the analysis of data (Hirsjärvi & Hurme 2010). The ways of collecting data is illustrated in table 6 and explained in this chapter.

For the qualitative research there were initially seven themed interviews set up and later two more were set up based on the results of different workshops. Interviews are one of the most used methods for gathering data and because of its nature, it fits a wide range of research purposes. It is a flexible method to use and provides the researcher the opportunity to alter the topics of the interview. (Hirsjärvi & Hurme 2010.) The structured interviews can be viewed to be somewhere between a middle and high level analysis where a good understanding of the customer was gained and they provide a strategic level insights (Polaine et al. 2013, 49). The structured interviews are fairly open in their structure, are guided by a theme and they provide an opportunity to explore the relevant issues and themes in depth with the participant. The way the interviewees tell their side of the story is a rich resource for understanding the customers world, meaning how they view the subject and what creates value for them (Polaine et al. 2013, 50-52). There are also cons for the use of interviews. These are, to mention a few, that the person doing the interview should be trained to conduct interviews, that interviews are time-consuming in both conducting and deciphering the interviews and the analysis, interpretation and reporting the findings is often problematic as there are no ready methods for this work. (Hirsjärvi & Hurme 2010.) As mentioned the interviews were done using a semi-structured interview. There is no one definition into the method, but it has been defined so that some of the aspects, such as the questions have been predetermined but not all of the aspects, i.e. the order of the questions can differ. The themed interview is a type of semi-structured interview. It defines that the most important aspect of a themed interview is that the interview moves along the certain focal themes. (Hirsjärvi & Hurme 2010.)

The immersion into the subject and to gain background information was done by going through the customer survey material that is located on the service provider's web-portal. The service provider is Taloustutkimus oy. This gathered and already processed material is called secondary material and this kind of material has been gathered for another purpose than the research. As the material has been gathered by an outside source for the purpose of other than this research, this always affects the material. The researcher needs to keep this in mind during the analysis of the material. (Ronkainen et al. 2013.) For the research of this

project, the material was gone through to find out the focal hotel chains overall Net Promoter Score, the specific Net Promoter Scores of the hotels in the chain. The material was also read through to gain understanding into the specific facts that the respondents of the customer satisfaction survey gove for what makes the promote or demote the hotels. This data was text.

For this project the interviewees were recruited from both personal contacts and through a questionnaire that was distributed through the client's hotel chain's Facebook page. As the role of the employees was an area of interest there were also 3 employees interviewed. Some of the interviews were held in person, but most of the interviews were done over the phone or Skype. This was both beneficial and detrimental for the data gathering. It was beneficial because people from elsewhere than the capital region could be interviewed but it was detrimental because in phone interviews the interviewer had to rely on noticing the subtleties of tones of voice, pauses and choices of wording to identify potential pain points of the customer. The interviews were recorded using a second phone with a voice recorder. This worked for the first two interviews, but then the following recordings were either bad quality and three times the recording failed. In addition to the recordings, there were field notes written during the calls. The notes were done in-depth and provided enough information and quotes for the following stages in addition to the recordings regardless of their quality.

The interviews were done using interview guides that were separate for the customers (Appendix 1) and employees (Appendix 2). The purpose of the interviews is to gather such data that enables the credible research into the given theme or phenomenon. For this, there is the need to decide the themes for the interview (Hirsjärvi & Hurme 2010). For this research, the themes were decided with the Concept Manager. From them the interview guide was created so that it would cover the themes. The interviews were approximately an hour long and covered the desired themes completely in all the interviews. The interviewees are listed in table 6.The interviews moved from background information to light themes and into more deeper information that provided insight into the values of the interviewees. The interview guide had an introduction part with questions about background, soft start with easy questions for the interviewees to ease the interviewees into the theme and after this part came the deeper questions that were aimed to map why the interviewee chooses a particular type of accommodation, what makes it superior in comparison to other forms of accommodation. After this, the questions were aimed to map what makes the experience of a night well slept, what is the preferred way to wake up in the perfect morning. This was done through questions and also by leading the interviewee into a certain mood by describing what the morning could consist of for example sunlight, smell of coffee and a non-hurried atmosphere. The leading was done in a subtle way so that it would not affect the answers. If it clearly affected the an-

swers, then further questions were asked to find out deeper insight into the waking up process. For example, in one case the respondent answered quite fast that sunlight was the preferred way to wake up, the follow up was that the respondent was asked to describe what in the sunlight makes the morning so pleasant. When these themes seemed to be exhausted, the interview was wrapped up with a question about anything that would come to mind how the hotels could quickly improve their services and also if there was anything additional that had come to mind.

For the employees, the beginning of the interview guide is the same as for the customers. This is so that the employees can get a feel of the context of the interview and set the mood for the interviewees. After these questions, the remaining themes were how the employee saw his/her role in the formation of Hyvä Huomen, the pains and gains of current position and what in their opinion was missing from the toolbox at the moment that would help to enable the Hyvä Huomen. The interviews with the employees took approximately one hour per interview. They were taped using a cellular phone's voice recorder.

Observations were used in the gathering of data. The aim of observations is to gather data of the research topic in the natural environment (Ronkainen et al. 2013). Observations provide a way to gain information on how people act and what happens in the operational environment. Observations can be used to complement interviews and to understand the customer's actions better. Observations usually provide rich information about the servicescape and give a realistic view on the differences between what people say during interviews and what they actually do with the service (Ojasalo et al. 2009, 103; Polaine et al. 2005, 54-55). For the observation, there should be a form informing the things that are to be observed, and there should be field notes taken (Ronkainen et al. 2013). The observations done for this research were short observations that give a sense of atmosphere and environment where the customers are using the service and carrying out their actions (Polaine et al. 2005, 54). The observations were carried out in two hotels, one in Helsinki on 27th of May 2016 and one in Tampere on June 8th 2016. The locations provided contrast as one is one of the oldest hotels in Finland and the other one of the newest. For the observations, there was an observation list formed (Appendix 3), and the list was based on the research topics. The observations were documented as field notes. Pictures were not taken to preserve the anonymity of the customers and employees.

Affinity diagram was one of the most used tools in the project, and it was used in all the project phases. It was used by the author as well as the different participants at workshops. An affinity diagram is a tool for analyzing data and finding out relationships and from them a design direction can be decided on. The teams creates diagrams through consensus on how the information in question should be grouped. The team is given sufficient time to group and re-

group the information until the team is completely satisfied with the groupings. Then the groups are given headers that describe the information groups. The groups that are formed are analyzed to understand the affinities between the data (Curedale 2013, 94-95).

Method for collecting data	Initial data	Way of analyzing data
Customer satisfaction data	Online web portal data	Notes that later analyzed with the interview results in an affinity diagram
Semi-structured interviews of customers	Structured notes	Notes that were debriefed into post-its after the interviews and later analyzed in an affinity diagram
Observations at two Solo Sokos Hotels	Field notes Pictures	Field notes that were later part of the affinity diagram.
Semi-structured interviews of employees	Structured notes	Notes that were debriefed into post-its after the interviews and later analyzed in an affinity diagram

Table 4: Ways of analyzing the initial data.

Affinity diagrams were used to make sense of the interview data as a logical and easily approachable way to group and understand the qualitative data and to decipher it in order to find new relationships between topics. Although this is not a theoretical approach to deconstructing the qualitative data, it is a part of deconstructing the interviews using themes. In that method, the information is deconstructed on cards that have the particular themes responses by a particular interviewee on the same card or note. In the deconstructive method using themes, the researcher needs to capture the essence of the response. When there is a need to analyze the entity of the research data, these cards or notes need to be combined within themes. (Hirsjärvi & Hurme 2010.) Therefore the use of affinity diagrams in this research was justifiable, and the use is illustrated in table 4. The way the affinity diagram was used was that the interview data was gone through and the relevant responses were condensed into post-it notes, one response from one interviewee with a code of the respondent and then categorized within topics. An illustration of this is depicted in figure 13. The

mapped responses are illustrated in table 7 in chapter 5.1.

Figure 13: Use of affinity diagram in analysis of the research data

This method was used on all of the data gathered described previously in this chapter. Affinity diagrams were a good method for this task as it made sense of the initial set of insights and it could be relayed to the participants of the workshop that was held in August of 2016. It was also used in that workshop to further work on the insights by the participants. In the workshop, there were eight participants that were general managers of the case company's hotels. In the workshop the participants were given an insights package that was made based on the gathered insights and the participants were asked to write down things that came to their mind, one thing on one post-it. As there were eight participants there were over 150 post-it's at the end of that phase. The participants were then asked to start grouping the post-it's into groups. This method also provided insight into the different ways the data showed people to comprehend the value of Hyvä Huomen. This work is illustrated in figure 14.

Figure 14: Use of an affinity diagram in a workshop setting

When the participants themselves were satisfied with the groupings they again named the clusters in order to make them more comprehandible and so that they would be easier to understand, this is illustrated in figure 15.
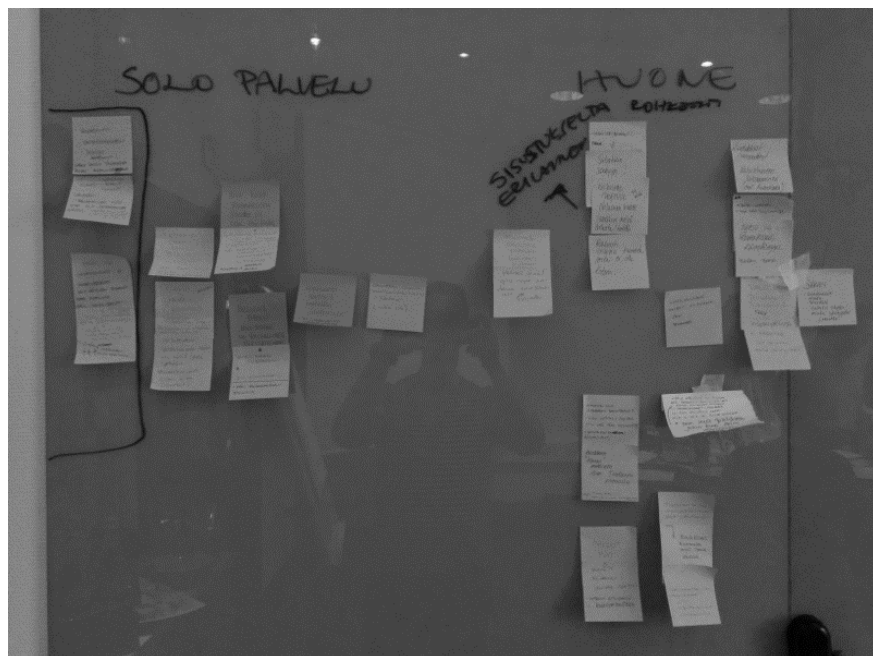

Figure 15: Presentation of the use of grouping in an affinity diagram in a workshop setting

Through this there was significant insight gained, and the topics became clear to the participants but especially to the facilitator so that the information could be used in the coming phases of the project.

4.2.2   Kehitä -phase methods

This phase was about developing solutions for the pain points that rose from the insights. The methods that were used a co-creational. Co-creational methods fit the need for modern day innovation, and by using different co-creational methods in the innovation context, new viewpoints can be generated along with new ideas and new solutions. Producing innovations is not a straightforward linear process but an iterative and cyclical process. Creative problem-solving is a method for creating lots of ideas and then narrowing them down. It is noteworthy however that these to tasks remain separate so that the narrowing does not influence the creation of ideas. The quality of the creative problem-solving is that at first the most common ideas surface and once these common and conventional ideas seem to be exhausted, the ideas after that are likely to be new and innovative ideas. By this stage, there are a lot of ideas, and it can be thus stated that through quantity comes quality. There are a lot of different ideation methods for innovation, and they all share that they try to remove the obstacles of normal thinking and to motivate people into sharing even the bad ideas and then elaborating them together (Ojasalo et al. 2009, 143-145). As the project allowed for trial and error, several new methods for ideation were used, and some were modifications from commonly known service design tools.

Lotus Blossom, that is also known as 8 x 8, was used for exploring new ideas. It is a creativity technique for ideation that is somewhat similar to a mindmap, but it is a more disciplined method. In this method, there is a central theme that is surrounded by eight blocks. Into these blocks, the participants generate eight concepts or viewpoints that arise from the central theme. These then serve as new central themes. After this, each of the new central themes receives the same treatment. At the end, the central theme has 8 possibilities that arise from it, and each theme has 8 possibilities, and this means there are 64 new ideas. The benefits of this method is that it is a structured way of working and it shifts the participants view from a static point of view towards the problem and the relationships of the ideas. (Ojasalo et al. 2009, 147; Curedale 2013, 292-293). This method was used in the employee workshop. It was used as a modified version with a given central idea and four concepts around it. The participants were asked to fill in eight ideas per concept. This is illustrated in figure 16. The reason for this was that the point was to try out the method, how it helps to generate ideas and if it could be used independently in future workshops.
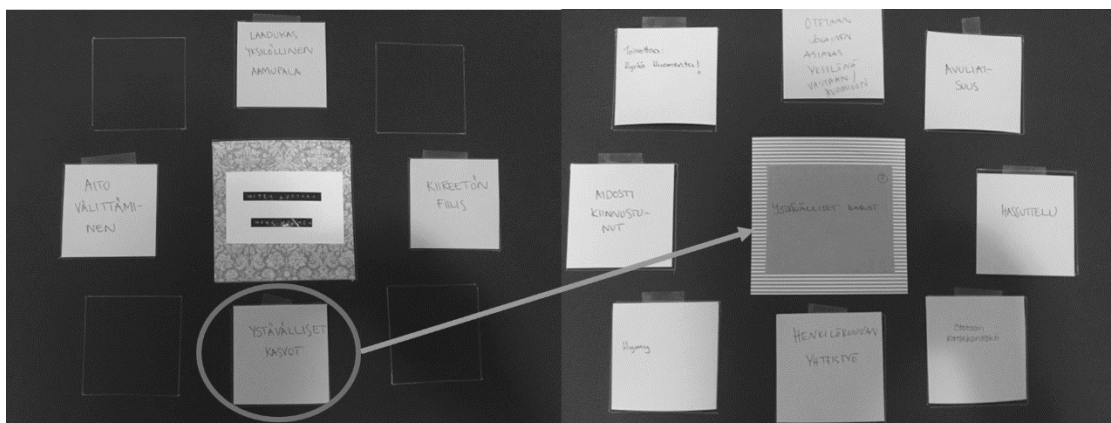
Figure 16:Use of 8x8 / Lotus flower method in the workshop.

Customer Journey mapping was the starting point for the whole project and served as a guide for a most of the process. Customer Journey maps enable the participants and stakeholders to get a vivid, structured and high-level overview of the user experience. It is constructed from the user's point-of-view by identifying the touchpoints where the user's interaction with the service is crucial, and from these, it is structured into a linear representation of a journey, and by doing this, it enables a story to be formed to tell the experience. The touchpoints need to be defined through the gained insights in the previous stages of the development or innovation process. Both customers and stakeholders can compile their version of the journey as this enables to see all sides and to also engage them in an empathetic way (Sticdorn & Scheider 2011, 160-161). The customer journey map had already been sketched out before the project began by the client's development team and it is illustrated in figure 17.
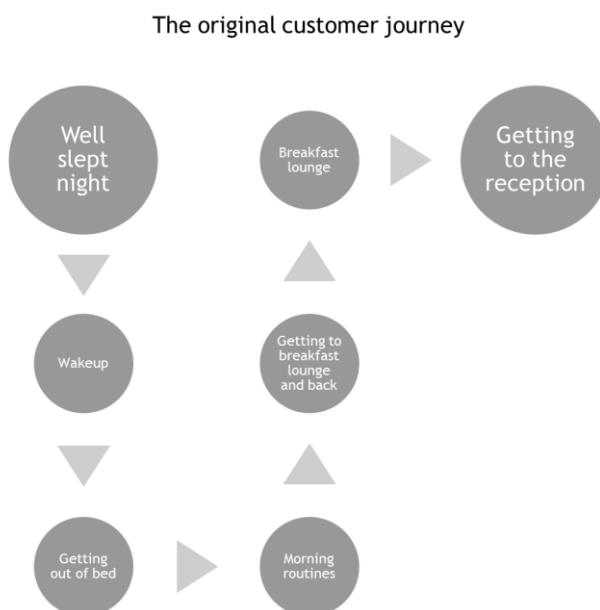

Figure 17: the original customer journey

The customer journey illustrated in figure 18 visualized the whole customer journey in a hotel setting although it spoke about the formation of the good hotel morning experience. In a workshop held on the 8th of June 2016 the customer journey map was used as a co-creative tool for mapping the service. The participants had previously used the tool, so the work was fairly straightforward. However, it is noteworthy that the participants had a very provider-dominant view into the service and it partially negated the customer point-of-view.

4.3   Description of the project

The project started with having a first meeting with the concept manager of the client to get a sense of the project and to get familiarized with the provided material. From this the decision to start the project was made. The first actual step was the scoping of the project. This was done in May with the client's development team that consists of four people using the IDEO HCD Toolkits tool as described in chapter 4.2.1. The reason only this team was used for the scoping was that they were seen as the most relevant stakeholders for this task.

After the framing workshop the initial project timetable was formed. This timetable was constantly revised during the project. The timetable had two constants, 27th of November when a working seminar for hotel front-desk managers and General Managers was held and when the projects outcomes thus far would be introduced and 31st of December when the project was planned to be finished. Otherwise, there were no given dates from the client. It was agreed that there would be constant communication with the client and bi-weekly meetups were scheduled. The aim for these meetups was to keep the client informed on the progress and also to bounce ideas that would benefit the project. The project timeline is visualized in table 5.

Time	Project phase	Activity	Tools & Methods used	Outcome
April 2016	-	Introduction to the project	n/a	Decision to move forward with the project
April 2016	Ymmärrä	Collecting background data	n/a	Gaining understanding for the goal and scope for the project
May 2016	Ymmärrä	Scoping the project	IDEO: Identify a design challenge	Design challenge condensed into one sentence and three additional questions
June 2016	Ymmärrä	Customer interviews	Semi-structured interviews	Usable data for understanding the needs of the customer, both tacit and voiced
June 2016	Ymmärrä	Iteration of ideas	n/a	Getting feedback from the concept manager
June 2016	Ymmärrä	Workshop #1	Spaghetti Challenge Stakeholder mapping Customer journey mapping	Understanding of the maturity of the case organization and how it views the customer journey
July 2016	Ymmärrä	Data processing	Affinity Diagram	First draft of the revised customer journey based on the web survey, interview data, background data and first workshop
August 2016	Kehitä	Workshop #2	Affinity Diagram Facilitated discussion Forced association Customer journey mapping	Revised draft and service innovations based on the gathered information that was processed in the workshop
August 2016	Ymmärrä	Additional customer interviews	Semi-structured interviews	The earlier insights were confirmed, also some new insight was gained into value formation
August 2016	Ymmärrä	Iteration of ideas	n/a	Getting feedback from the concept manager
September 2016	Kehitä	Data processing	Affinity Diagram	Final draft of the customer journeys touchpoints and managerial implications for their use
September 2016	Kehitä	Iteration of ideas	n/a	Getting feedback from the concept manager
October 2016	Ymmärrä / Kehitä	Employee workshop	8x8 (Lotus Flower) Facilitated discussion Affinity diagram Customer journey mapping	Tested usability of new methods and insights into the value formation and employee engagement of the best performing hotel in customer satisfaction and mystery shopping surveys.
November 2016	Kehitä	Team workshop	Facilitated discussion	Iteration into the concept elements and the customer journey was accepted by the case company
November 2016	Kehitä	Iteration of ideas	n/a	Getting feedback from the concept manager
November 2016	Toimita	Hotel Manager and Front office manager day	n/a	n/a
December 2016	Kehitä	Customer workshop	Personas Storytelling Roleplay Visualization with legos	Validation into the projects insights and further gained insights into the customers world
December 2016	Kehitä	Developing the ideas	n/a	First draft of the concept and deliverables
December 2016	Kehitä	Iteration of ideas	n/a	Getting feedback from the concept manager
December 2016	Toimita	Designing the deliverables	n/a	Deciding the outputs and designing the content as well as the visuality of them.
January 2017	Toimita	Delivering the deliverables	n/a	The deliverables were delivered 9 days over schedule.
January 2017	Toimita	Team meating	Facilitated discussion	Feedback on the done work and additional iteration into the final deliverables.
February 2017	Toimita	Designing the experience proposition framework	n/a	Combining the different aspects of the thesis into the first draft of the conceptual model.
March 2017	-	Introducing the experience proposition framework to the supervising teacher	n/a	Getting feedback that helped to integrate the customer better into the conceptual model.
April 2017	Toimita	Finalizing the deliverables	n/a	Final versions of the deliverables based on the received feedback.
April 2017	Toimita	Introducing the experience proposition framework to the concept manager	n/a	Valuable feedback received that further helped to integrate the business viability into the conceptual model.
April 2017	Toimita	Iteration of ideas	n/a	Getting feedback from the concept manager

Table 5: The project timeline

The first workshop was held on in the beginning June in Tampere for the development group of managers. There were three general managers, one front-office manager and three members of the client's team present. The workshops aim was to reintroduce the project to the stakeholders, provide insight into what was about to happen and to start the process with their insights. The workshop was a success for creating a common understanding of what was going to happen.

Between the second week of May 2016 and end of July 2016, there was the main period of gathering data. For this three methods were used: Contextual interviews for employees and customers in June and July conducted by the author, observations at two hotels in May and June 2016 by the author and the analysis customer surveys by the author. These methods were explained in detail in Chapter 4.2. and it's subchapters. The data that was gathered was then formed into an insight package for a workshop that was held in mid-August in Helsinki.

Before the data gathering research hypothesis were formed based on the first workshop that added knowledge to the information that had been gained in the beginning of the project. As described in chapters 4 this is a developmental research project that uses qualitative data and as described in 4.2.1 qualitative research usually moves towards hypothesis as a conclusion, and therefore hypothesis are not usually done in the beginning of a qualitative research. In this project, however, these hypotheses were formed to make the research questions and problems more tangible and easily approachable to the stakeholders. The hypotheses are therefore statements that describe the relationships of different research variables. The hypothesis for the project were as follows:

- Customers are not familiar with the Focal Hotel Chain
- Hotel breakfast plays a significant role in the formation of the experience of a good morning in a hotel
- Customer's experience of a good hotel morning is comprised of many more elements than just a good nights sleep
- It is possible to enable the customer's experience of a good morning without significant technological investments

These hypotheses in addition to the project design challenge provided a solid backbone in the project for what the insights and innovations could be mirrored against.

The workshop in August was also done with the development group, but there were several different participants. There were eight participants, one male, and 7 female. The fact that the participants were partly different provided a new mindset compared to had the participants been the same, and this affected the outcomes of the workshop. The workshop contained both a divergent part and a convergent part, and this workshop can be viewed to be as a creative workshop. During the creative part, an insight was agreed upon which would then

change the perspective of the whole project. Almost unanimously the participants stated that the employees were the key to the success of the customer's morning, not any technical device or any physical artifact that could be placed in the customer's room. Therefore it became evident that an employee workshop was needed. The participants also criticized the demographic of the contextual interviews and a need for additional interviews emerged. As a result, two additional interviews were set up after the previously described workshop. The participants were very diverse from the previous interviewees, one millennial woman and a man who was older than the previous interviewees. The two additional interviews mostly strengthened the earlier insights providing only a little new information that would be helpful in the project but the interviews confirmed the earlier findings.

The previously described workshop held in August proved there was a need to engage the employees in the project. This was done in the beginning of October in a workshop that was held in Jyväskylä. There were four participants, all shift managers from different departments of the hotel. They knew each other and had a pretty good understanding of what each of them did, but gaps in communication between the departments became evident early on in the workshop. There were two purposes for the workshop. The workshop was used to find out how the participants viewed their work and role in the formation of the customer experience in a hotel within the scope of the case project and to try out different methods to use for both extracting tacit information from the participants and to get them to be creative in finding solutions for the case. The workshop had a good flow, and it provided a lot of useful information for the progress of the project. The two workshops held in June and October were hybrids in nature for both gathering insights but also to innovate new solutions for the concept.

After the three previously described workshops there were enough information for the first attempt to form a prototype for the concept. There were several different ideas on what to do to the servicescape, how to improve the customer service and how possibly to include technology to the equation. This prototype was presented to the client team in their team meeting in October. There were all four team members present and the method for the introduction was a facilitated discussion there were ideas introduced in the meeting that seemed to hold value for the project. These included changes and upgrades into the servicescapes but also a change in the employee concept where a structured employee exchange program would be imperative for the successful upgrade to the already high level of customer satisfaction.

There was one end-customer workshop held in December 2016. The objective of the customer workshop was to verify the initial insights and hypothesis and to collect innovative ideas for the project so that there would be prototypes in the later stages of the project. There were 8 participants invited and from those 4 people were present, two male and two female. This

was due to the flu season. The workshop participants were selected from a list of people that were used in other service design projects being run at the same time in the client organization. Although there were only four participants, they proved out to be very motivated into developing services. The workshop began with a warm-up exercise that was selecting photos from those laid on the table and by explaining why that picture had been chosen. The pictures that were chosen by the participants were supposed to represent a positive feeling that was induced in them by the photo. From there the workshop moved to forming personas, and through them, the participants envisioned what the people would do in a hotel and what they might value. This exercise was designed to get the participants immerse themselves into the context of hotel services and also to get them into an innovative mood. After this exercise, the pairs were mixed for the final task which was innovating with Legos. The pairs were asked to envision the hotel room that would provide the best setting for a good hotel morning and the breakfast or lobby area that would enhance the experience. Both teams chose to do the breakfast servicescape. The teams were given 25 minutes for the innovation and then 10 minutes for presentations. The goals of the workshop were met.

The last stage was to form the whole project into different deliverables. These outputs would be a Good Morning workbook for managers of the hotels, a draft of the material for the Hyvä Huomen concept and also the conceptualization of the development model that was revised through this work. All of these materials were done using Adobe Illustrator and InDesign for the purpose of providing material that could be easily be implemented into use. They were introduced to the case company's development team in the end of January 2017. From the material that was introduced as a first draft, only minimal feedback was gained for improvement. The two biggest were that the concept was too abstract to be implemented and the Hyvä Huomen manual was too different looking from the rest of the concept. The later could be easily fixed by using a graphic designer that the team uses, but the first problem that the concept was too vague or abstract lead to the final part of the project, a meeting to form the experience proposition. This meeting was held on March 17th and in this meeting the main focus was to try and validate the formed model for creating the experience proposition. The Conceptual model for Experience Proposition is introduced in chapter 5.3.

5   Findings and solutions derived from them

As described previously in Chapter 4, the project done for this thesis was a full service design project that went through the entire process from the gathering of insights, ideation, and forming of a concept. The project has stalled into the prototyping and implementation phase and therefore it is not in the scope of this thesis. There were three main components as results of the project: Insights into the value creation of the customer when it comes to the experience of a good morning and how it can be affected, a concept that was formed based on the insights and what could be prototyped and finally the conceptual model of antecedential

elements for an Experience Proposition that compiles all the theory with the project. These three key takeaways are presented in this chapter to give the reader a good comprehension of their future implications.

5.1   Insights into the value formation

As described in the previous chapters, data was collected through different methods from mid-May until the end of June 2016. The different methods and the data collected is presented in table 3 in chapter 4.2. The results were mapped and categorized with the method described in chapter 4.2.1. The data of the customer responses are presented in tables 6 and 7 and analyzed in this chapter.

Respondent #	Sex	Age	Children (Yes/No)	Approximate amount of nights in accomodation services	Main reason for using accomodation services
1	Female	37	Yes	60	Work
2	Female	28	Yes	50	Work
3	Female	25	No	20	Leisure
4	Female	41	Yes	25	Leisure
5	Female	36	No	45	Leisure
6	Female	35	No	20	Leisure
7	Male	37	Yes	50	Work
8	Female	24	No	40	Leisure
9	Male	51	No	25	Leisure
Employee respondent #					
1	Female	23	No	30	Leisure
2	Female	26	No	35	Leisure
3	Female	31	No	20	Leisure

Table 6: Background information on the respondents

From table 6 we can see that the respondents were mixed in ages with the average age being 35 years old and the average nights of using accommodation services were 37 nights. The respondents are mainly female. In table 6 the employees who were interviewed are also mapped to represent their background information. Table 7 presents the mapped answers categorized under the themes. The respondent's answers were not word for word as the mapping represents, but if their answer, in essence, reflected the category, it was marked in the mapping.

Table 7: Customer answers mapped into the themes of the interviews

Respondent #	Employees and hotels role in the service						General Room Qualities				Breakfast			
	Employees role in general	Employees Empathy	Employees are proactive towards clients	Employees ability to inform me on relevant issues	Employees ability to solve problems	The hotel will correct any mistakes (on the spot or later)	Quiet Room	Room temperature	Ability to darken the room	Room cleanliness	Breakfast is important in general	Quality of breakfast products	The breakfast room needs to be a calm place	The breakfast experience feels that I'm not being hurried or in a hurry
1	x	x	x		x	x	x	x	x	x	x	x	x	
2	x		x	x	x		x	x	x	x	x	x	x	x
3	x	x	x		x	x	x	x	x	x				
4	x	x		x	x	x	x	x	x	x	x	x		x
5	x	x	x	x	x	x		x		x	x		x	x
6	x	x		x	x	x	x	x	x	x	x	x	x	x
7	x		x	x	x					x	x			
8	x	x	x		x	x			x	x			x	x
9	x	x	x	x	x	x	x	x	x		x	x	x	x
Number of mentions	9	7	7	5	9	7	6	7	7	8	7	5	6	6

Respondent #	Specific qualities of the room and general areas							Customization of the stay					
	Free internet	Fast internet	Amount of pillows	Quality of amenities (hair dryer, sheets, shampoos etc.)	Information about hotel in the room	Information in the hotel general areas	The hotel has contemporary design solutions	Having extra services available even if they cost extra	Possibility to rent movies over the internet	Possibility to work if needed	Possibility to wind down for a while in a calm place	Possibility to influence the services during my stay	Possibility for a late check out
1	x		x		x			x		x		x	x
2	x		x			x		x	x	x	x		x
3	x	x	x		x	x			x			x	x
4		x	x	x			x	x	x	x	x		
5	x	x	x	x	x	x		x		x	x	x	x
6	x	x	x	x	x	x		x				x	
7		x					x	x		x	x		x
8				x				x	x			x	x
9	x			x	x		x	x	x			x	x
Number of mentions	6	5	6	5	5	4	3	8	5	5	4	6	7

The responses of employees were also deconstructed using the affinity diagram. This process, however, was done in a much lighter process as there were only three interviews. Therefore the connecting themes could be deducted from the field notes and by listening to the recordings and taking additional notes. The results are shown in table 8.

Employee respondent #	Working under pressure because of constant rush is energy consuming	Constant rush keeps me from serving my clients in the best way I can	There is a constant rush at work	Maximizing room occupancy often results in overbookings	My colleagues give me energy
1	x	x	x	x	x
2	x		x	x	x
3	x				x

	We have a great team with a good team leader	The managers in higher organizational positions should be more accessible	The managers in higher organizational positions try to be accessible	I know my hotels brand values	I feel my hotels brand values guide my decisions and work
1	x	x	x	x	
2		x	x	x	
3	x	x		x	x

Table 8: Employee answers mapped

It becomes evident from the answers that the role of the people-facing people is critical in the formation of Hyvä Huomen. All the respondents answered that employees role, in general, is important. The most relevant qualities in the service theme in order of relevance were the employees the ability to solve problems, as respondent number 5 described:

> "I hope to feel I'm not a distraction with my problems, they are real problems to me that need to be solved.

Empathy was a relevant theme and this was described by respondent number 7:

> "what is most annoying is when the employee grunts at the computer without explaining. You don't know if it's related to you or the system and that is really annoying. I'm the guest, I'm the one bringing the money. Are you annoyed with me or the computer, how can I tell?".

Proactivity and the ability to correct any mistakes that are service related, either on the spot or later for example related to a complaint, were also mentioned. Employee's ability to inform the respondents on relevant issues (such as alterations to the breakfast schedule, power

outages etc.) was mentioned by 5 out 9 respondents which would be relevant if the other answers hadn't received 7 mentions or more. In regards to the meaning of employees the service providers' role in the formation of Hyvä Huomen is significant.

This, however, was not emphasized in the insight packages given to the participants of the workshop in August 2016 as there was an aim to find innovations outside the employee's role. In the workshop, however, the employees were made to an importance and therefore returned to the focal point of the project. From the mapped answers it is clear that these employees felt that the managers in top organizational positions tried to make themselves accessible, but the employees felt that they still remained inaccessible. As the respondent numbers 1 & 2 mentioned during the interview, they felt that there was pressure from the managers for example related to optimizing the room occupancy that lead to overbookings which in turn lead to customers' anger that the employees felt they had to deal with although innocent to the situation. In this example, the managers were needed to defend the employees and to address the situation.

The role of the managers was also mentioned in the development of services. Although from such a different angles that they could not be mapped but being the same theme, the respondents 1 and 2 voiced a bit of frustration about different developments for the hotel chain in question. Respondent 1 felt that the employees were never heard on any of the bigger issues and usually there was some concept, new way of working, etc. introduced that she felt the employees could have easily have said earlier that it would not work and from this save money. Respondent 2 said that the systems and programs used could be bettered, but if there was any data collected from the staff, she felt that the solution looked like a one that had not been designed according to the input given. On the other hand, respondent 3 said that in their hotel they felt that from top to bottom everyone felt they were on the same line with the managers, even the general manager when it came to providing services for the customer. This is a strong signal that not all the hotels are lead in a way that employee engagement is enabled and on the other hand the one example provides insight that it has a leader, not a manager as a person managing the hotel.

Although breakfast products was left out of the scope of the project, it was mentioned in 5 out of 9 answers. In general, the importance of breakfast was mentioned in 7 out of 9 answers. For 6 out of 9 of the respondents the calmness of the breakfast servicescape and the feeling of not being hurried was important. In regards to the breakfast and how that affects the formation of Hyvä Huomen, as the servicescape and the feeling it provided seemed to have importance, the breakfast was included in the customer journey and is part of the value formation illustrated in table 9 and in relation to the value formation, breakfast is a necessity. The necessity is almost perfectly summarized by what respondent number 5 said:

"The breakfast is always the little piece of luxury, even when traveling on business"

In the customer workshop conducted in December, the participants were asked to envision the room and either the reception or the breakfast area using Lego blocks. Both pairs chose the breakfast and their innovations included among other things a quiet zone, a kid zone, a zone for grabbing your breakfast in a hurry and also a zone where you could just enjoy a relaxed morning. The relaxed zone was also mentioned in the interviews. Also, the role of employees were mentioned in having a chef to greet you and cook your omelet as well as being the host of breakfast and otherwise they mentioned the attentiveness of the staff. This was also a theme in the customer interviews.

The general room qualities all have importance as the quiet room, room temperature and the ability to darken the room all were mentioned at least by 6 respondents. In the customer workshop elements such as power outlets near the bed were mentioned as necessities. This was also mentioned in two of the customer interviews. This, in turn, is part of the value formation as the clean and quiet room is a logical result of the answers relating to accommodation services and therefore in relation to the customer experience formation.

In the interviews and also in the customer satisfaction data it was evident that there were specific qualities of the room that rose above others. Free internet was the most mentioned and fast internet was also a priority, this was confirmed by the customer workshop. The notion that was made during the design process was that the hotels have both a free and a fast internet but as the employees have been telling about them for years, they seem to forget about them, and for that reason, the customers do not always know about them. In the customer workshop conducted in December, the participants visualized a room using Lego blocks. These innovations included a separate area for putting your bags so that they are not in your actual room space and so that there is a clear shot to be added to social media. Also a clock, that would not be visible and therefore wouldn't provide interruptive light during sleep was among innovations. Other than that the specific qualities were spread across the interviews. The ones that were relevant and were mentioned more than two times are in table 9. By itself, the topic of information about the hotel in the room is not the most dominant, but when viewed with the employee's ability to inform me on relevant issues it becomes more relevant. The employees proactivity is linked to the ability to give relevant information about the hotel as 3 out of 5 that mentioned informing also mentioned the proactivity and it is also linked to the information about the hotel in the room as there are 3 who also mentioned the employees ability to inform as well as 2 respondents who mentioned the proactivity. These similarities were tied together under the topic of value forming through hosting the guests in table 9.

The customization of the stay became obvious as when mentioned in the interviews 8 out of 9 respondents agreed that even if extra services such as room service would be of extra cost, they are important to the experience of a good hotel morning or Hyvä Huomen. 6 out of the 8 respondents also valued that they could influence the services during their stay. With this they mentioned things such as if they needed an extra pillow, if they needed extra lighting for work or if they needed, for example, a yoga mat for training during the stay or a night menu that a competitor had where for no extra cost the client can gain access to soothing, meditative music, a cover for eyes that block out all remaining light and one extra pillow. From the answers, there was a conclusion drawn that there needs to be customization of the service.

An insight that was not mapped but had relevance for the research was that there was a question asked from all the respondents that where does the feeling of a good morning come from. As there were several different types of answers, this made the mapping impossible. Many of the respondents stated that in the morning when the respondents had woken up and were in the room, there wasn't much that the hotel could do. This applied also to the situation when the respondents were in the general areas of the hotel. As respondent number 5 said:

> "the feeling of a good and relaxed morning comes from my own attitudes"

and as respondent number 1 described:

> "I make my own morning to be a good one despite the weather or other similar things…what happened during the previous night might affect my mood in the beginning though".

And as respondent number 4 said:

> "The feeling that I'm in no rush makes my good morning…in hotels the fact that I know everything is ready and is ready just for me. I know people are taking good care of me"

This lead to the conclusion that a lot of the experience happens outside the employee's sight. However, the notion was somewhat contradicted by the employee workshop as the participants said that in their case the last human contacts of the evening would provide either a positive or a neutral, possibly even a negative feeling for the next morning. By this, they meant that the employees, as well as sometimes other customers, can either assist in value formation but also in value co-destruction. As the participant described the positive value formation beyond the employee's sight:

> "I had passed this person earlier, propably had mentioned that I work for another hotel of the same chain and that I like quality beer. I passed this person again when returning to the hotel in the evening and he asked had I gotten a taste of good local beer that couldn't be found where I live. I was surprised; it made me smile. And that smile carried over to the next morning".

The different answers confirm the theory on experiences that it is contextual and situational. The respondents did not provide experiences that had been bad but described how a situation that could be relaxing could also be a very stressful one. As respondent number 2 described:

> "I'm not in a hurry but I get the feeling of being hurried if the end of breakfast service is near and people start to empty and clean the buffet".

This statement can also be understood that had the respondent not seen the cleaning before the breakfast time had come to a close, she would've been very content. In this scenario, she felt rushed and therefore had a negative experience.

One of the visualization and innovation tools that was vastly used was customer journey mapping. In the workshop held in June 2016 first iterations were done to the original one illustrated in figure 18 in chapter 4.2.2. This iterated customer journey is illustrated in figure 18.
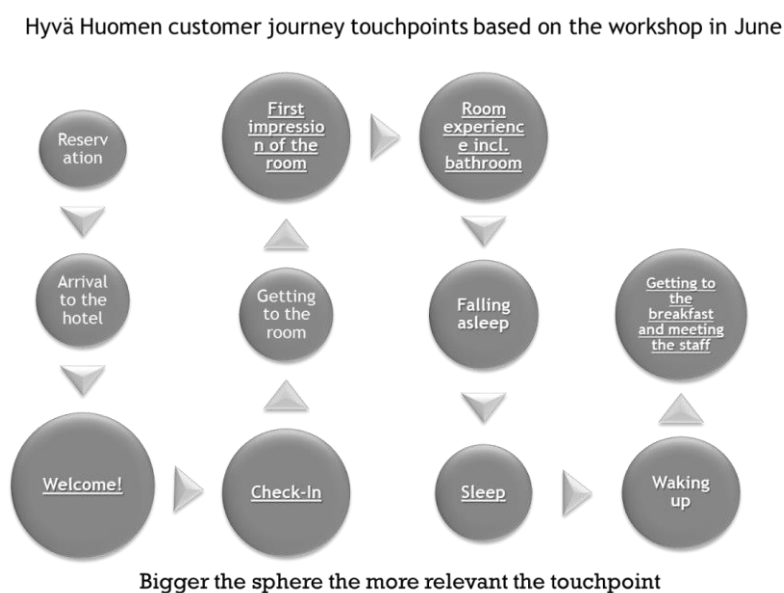
Figure 18: First iterated version of the Hyvä Huomen customer journey touchpoints.

The workshop in August with the general managers provided good analytical conversations based on the given insight package described in chapter 4.2.1 and both filtered and condensed the insights gathered through the data collecting and the way used to formulate the data. After this workshop, the themes that formed the touchpoints of the customer journey were finalized and visualized. They also became the terms that were used until the end of the project. The final customer journey of Hyvä Huomen are depicted in figure 19. The touchpoint names have been adapted from Finnish to English.
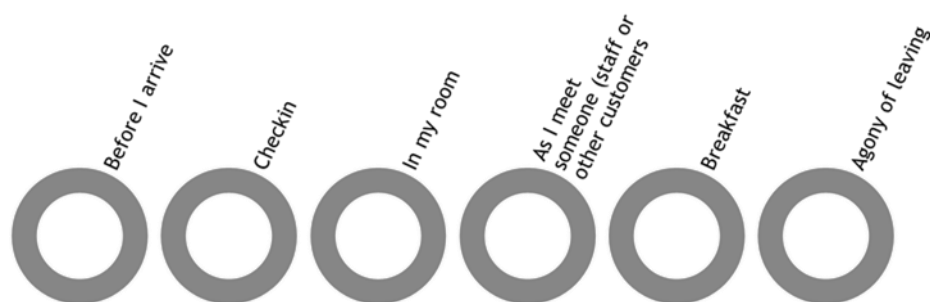
Figure 19: The final customer journey touchpoints.

The customer journey touchpoints were condensed into the six touchpoints that are relevant to the Hyvä Huomen. They were named so that they would illustrate the customer's point-of-view and be concrete and comprehendible to whoever would be introduced to them. The touchpoints relevance to the value formation is explained in table 9.

The way the customers viewed value to be formed in accommodation services and when they heard the term Hyvä Huomen were multifaceted, to say the least. Through the described way of analyzing the data, there seemed to form different clues on to the value formed. The main value and their interpreted meanings are illustrated in table 9. In the figure there is also noted what each described formed value means for managers and future development as well.

There were also observations at two of the hotels. The observations were short observations that are aimed to give a sense of atmosphere and a feel for the environment where the customers are using the service and carrying out their actions. The observations provided information about the servicescape. The two hotels provided different reception areas for observations and although the author, who also did the observing, was too far to hear what was happening in the service could see that the difference in servicescape can relate to the feeling of being hurried and also if the hosting works as illustrated in table 9. First hotel had a reception are that was separate and not on the natural route of the customer and the second one had a reception that was right in the middle of the lobby area. The first hotels' reception had a calm feeling, but the hosting could not be enabled as there was no natural contact to the customers. In the second hotel, there was no sense of calmness as people walked through the check-in queues and it was awkward for both the people walking through and who were in the queue. On the other hand, the hosting was enabled as the reception area was in the middle of the natural routes. The observations provided insight that the servicescape needs to be carefully designed based on what the service provider aims to enable to happen.

Value formed through	Value formed for the customer	Value formed for the company	Meaning for Customer Experience	Managerial implications
Hosting of customers	- Makes the customers feel of being important and more than just money for the service provider - Personal contact with the service provider - Makes the customers feel like at home	- Gives the hotel access into the customers life - Enables the emotional bond between customer and provider - Provides opportunities for upselling and additional selling - Provides opportunities to deal with complaints on-site	Gives the customers a hightened sense of importance and belonging. Satisfied customers can turn into advocates for the company.	Make sure that the customers are contacted in advance to revise the reservation and to be embedded in their experience before they arrive. There should be a host at the hotel that meets and greets the customers as they arrive, makes sure of their satisfaction during the stay and meets them as they are leaving. This provides an opportunity to correct any shortcomings in the service.
Customer service touchpoints	- The service provided runs smoothly throughout the hotel stay and the customers receive the services that they have reserved	- The hotel provides a services that enables customer satisfaction - Opportunities for upselling and additional selling	First meeting and then exceeding the customers expectations. Satisfied customers can turn into advocates for the company.	Make sure that the employees are trained to understand their meaning to the customers experience and provide enough resources to make the customers feel safe and empowered to serve the customers to the best of their ability.
Positive employee behaviour	- The customers feel that their wishes and needs are met and that they are not distractions to the customer	- The hotel provides a services that enables customer satisfaction	- Positive emotional response by the customer leads to higher Net Promoter Score and enables recommendations	Make sure to give feedback on positive actions and take corrective action when sub-par service is detected in order to drive a cycle of positive behaviour.
Clean and quiet room	- The customers feel they are getting their moneys worth as this is the basic requirement for a hotel stay	- Less customer complaints meaning reduced costs - Functioning servicescape	Customers basic needs are met	Make sure to have attentive staff to take care of the servicescape and amenities quality to enhance the customers experience of the room.
Breakfast facilities	- Customers have a setting where they can start their day way they want: quickly or to go, with reasonable time or by taking their time to enjoy the full breakfast buffet - Employees that greet the customers and make recommendations for the customer provide positive emotional value	- Opportunities for upselling and additional selling (premium breakfast, cocktails, etc.)	Customers value the breakfast the most in hotel stays when it is included, thus it is a make or break service for customer experience.	Make sure to have attentive staff to meet and greet the customers and to take care of the servicescape and product quality to enhance the customers experience of breakfast.
Customization of services provided	- Choices that ammend the hotel stay - The experience is not bulk but unique for everyone	- Opportunities for upselling and additional selling (higher room quality, packages etc.) - Changes the perceived experience from bulk to unique	The experience fits the customer needs and expectations better	Make sure to innovate new service offerings and packages based on insights, co-creation and prototyping to better suit the customer needs. The key is to have sufficient amount of options to satisfy the customer but not too many to overwhelm the system and/or employees.

Table 9: The value formation in Hyvä Huomen.

The nature of this research is qualitative that has been attempted to validate and enrich through data gathered from customer satisfaction surveys. The nature of the research leads to innovated solutions through the insights, and they should be validated through prototypes as is the idea in the service design process.

One of the main takeaways from the research and also from the different workshops held is the role of the employees and how this affects the experienced value. As stated in the theoretical framework of this thesis, employee engagement will lead to higher value for the company and as the research shows, the customer value is also related to the employees. Through the research, it was noticed that the customers, when they are engaged and through that are loyal, behave as advocates for the company as well as give a new chance for the company to correct bad customer service. This is validated through the NPS score of the hotel chain that is. When the customers are engaged and loyal, it can be because of the branded customer experience described in the theory. The customers also value the customization of their stay. This customization, however, needs to be easy for the customer. An interesting finding from the research was the fact that beyond the normal facilities the customer's value is mainly derived from themselves meaning that the interviewees gave contradictory answers to the question how could the service provider enable or enhance the experience of a good morning in a hotel setting. This, in turn, is coherent with the different views on value formation illustrated in figure 8 in chapter 3.3. In that illustration value in experience, value formation in CDL and value creation of SL were combined, and it showed that the value formation is a holistic process where the value is formed in the part of the customer in the customer sphere as well as a joint sphere with the company or service provider. As the value in nature is temporal, this means that within the hotel experience the customer moves between the different value spheres and this research validates that.

The focal hotel chain already has high customer satisfaction and NPS score and in the beginning of the project it became clear that from a product quality standpoint, where the product means the servicescape, brand and room amenities and other physical artefacts, all the hotels had high quality for the most part and that the differences in the customer experience came from the customer service that went from poor to outstanding. Therefore for the project, the value formation is from two different factors: The loyal and engaged employees and from the servicescape that doesn't need to be redesigned but needs amendments and most of all customizable solutions that are more easily at the reach of the customer and thus enable a stronger branded customer experience. These two factors are illustrated in figure 20.

HUMAN EXPERIENCE

BRANDED
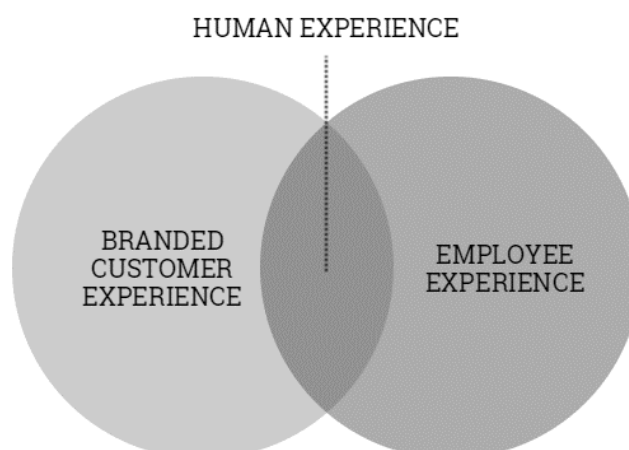CUSTOMER
EXPERIENCE

EMPLOYEE
EXPERIENCE

Figure 20: Human experience that emerges from Customer and Employee experience.

These two factors are to be understood as servicescape, customer service and brand factors that enable Customer Experience formations and Engaged employees that enhance the delivered Customer Experience. Figure 20 is coherent with the conceptual model by Verhoef et al. (2009) where the customer experience is viewed to be cognitive, affective, social and physical. In Figure 20 it is illustrated by viewing that when the two factors intersect, they form the area where is the balanced customer value that in this thesis is named human experience. This means that when these two factors are balanced the branded customer experience is managed and it is possible that the actors experience something that has a positive value to them. This illustration of what drives value was the work of several iterations based on structured and non-structured meetings and conversation with the client's development team. Although visual presentation, it is not the simplest of models as it needs explaining and the term employee experience is a questionable one in a theoretical context. In relation to the theory, it represents the employee engagement and the leadership needed for enabling that engagement as described in figure 8 in chapter 3.5. However, in a managerial context, the term employee experience is a term gaining more popularity with human resources, consultancies, and managers and therefore it has been chosen to this model so that the readers from within the industry do not get confused with a plethora of terms.

5.2   Concept formation and prototypable outputs

Through the insights presented in the previous chapter, the ideas and innovations were compiled into more concrete outputs for managerial use. These outputs are the concept for the Hyvä Huomen and the prototypable outputs. The idea behind the concept was that in a written concept form, the somewhat abstract ideas could be more easily understood and prototyped and also further developed in the future. In a visual concept material, the ideas would also be quickly reviewed, and it could be easily revised into action. The concept material was also meant to be used in the future as a reference for new managers of all levels so that the

term Hyvä Huomen could be more easily understood and taken into account when designing the employee actions at each relevant touchpoint. Especially the role of the employees was mentioned as a driver for customer experience, so therefore the solutions are also related to them for the most part.

The concept material describes the themes of human-centered design, customer experience, and Hyvä Huomen. It also describes the prototypable outputs of the project. These outputs were formed through the insights of value creation, and they were introduced to the case company's development team in one of the last project meetings. The primary focus of the prototypable outputs is in the employee engagement and in sale driving concepts that are thought to answer the customers desire to customize the services.

The initial question of Hyvä Huomen was formed as:

"How do we assist our guests into a new day with style?"

The concept evolves around the person or human, not the customer nor the employee. The concept is defined in figure 20, and it is a human to human-concept. This means that the hotel guest defines the value and the hotels operated by the client serve as the servicescape and the employees enable the value formation. The concept entails the servicescape as one factor, the employees as one factor and the leadership of the employees as one factor. The solutions to enable these are explained later in this chapter. Through the solutions, the concept answers the question by developing the servicescape from the customer's point-of-view and through leadership that enables empathetic, personal and solution oriented interaction. The concept is condensed into the following sentence that answers the original question:

"We help our guests to turn their morning turn into an energetic day with unique and personal encounters with Us in surroundings that adapt to our guests' needs".

The answer is abstract, but it does provide the answers into the elements that form the experience of a good morning. The clients' role is emphasized by the use of the word Us in upper case; this means that it is an effort by the whole staff. The aim is to be energetic in order to provide energy, and the customization of the servicescape is included in the last part as surroundings that adapt.

The outputs that are designed to drive employee engagement are Hyvän Huomenen pelikirja – material, The Xchange - program, The Manager Meeting and open ideation platform. The Hyvän Huomenen pelikirja is a booklet that has been formed based on the initial hotel chain concept material and amended through the insights regarding value creation. Through this, the booklet was formed that is aimed to be used by all managerial staff in the orientation of staff, as a reminder of what, how and why the employees are to be lead in a value-driven

workplace. It also contains a toolbox for the aforementioned The Xchange, The Manager meeting and how to give feedback to the employees.

The Xchange is a program where a person from any of the hotels in the chain would be sent to another hotel first to observe and then participate in the day to day operations. For this, there is a structured process and forms that detail how this exchange would take place and how it would be reported back to both the sending and receiving organizations. There is a de-briefing of the exchange at the end of the exchange in the receiving hotel and also after the person returns to their own hotel. The idea behind this is that the person who will be sent to the other hotel can use their expertise to the betterment of their own hotel, the other hotel, and the whole hotel chain. Also, this person has the chance to learn new ways of working and bring these best practices to the hotel they work at. This should drive trust and engagement in the staff.

The Manager meeting is a structured way of sharing the best practices and to improve the communications between different departments in the hotel. The idea for this prototypable output came from the employee workshop held in October. The participants were from vari-ous departments, and although they did say to communicate a fair deal between each other, it came apparent from the discussions during the workshop that there was still room for im-provement. Especially at the beginning of the workshop and at the end when they were dis-cussing matters through a facilitated discussion they seemed to be clearly surprised about what was going on in the other departments. Although there are processes in place for shar-ing information on sales related matters, the idea in this prototypable output is that the meeting is focused on leadership matters. This means what the managers can teach each other, if there are people issues that could need some peer-to-peer advice or if there are people that would like to work or would be a better fit on a different department. This is aimed at unifying the leadership skills and the way the employees are lead for better retain-ment of employees. For this kind of discussion there is a structure developed, and if this were to be prototyped, it would be facilitated the first time for it to be successful.

There are also commercial outputs to be prototyped. These were a bit more difficult to de-sign as it was mentioned earlier, two different projects were running at the same time that partially overlapped this one. The prototypable outputs are packages that can be sold sepa-rately to the customer beforehand or from the reception. They are designed by identified customer needs and how they possibly could solve a customer problem, not as the traditional way would be by a demographic or segment. The packages have also been desktop researched so that there are no similar packages available in the competition set. Therefore they are seen as financially valuable to prototype and as this might happen, these packages cannot be further explained in detail.

5.3   Conceptual model for antecedential elements of an Experience Proposition

Experience proposition was not part of the case project scope but it is the conclusive output of the thesis. Because one of the goals of the case project was to develop the customer experience it was possible to develop a definition for an experience proposition and model for its development through the work done for the project. The themes, concepts and theories introduced in this thesis formed a comprehendible and cohesive basis for the concept.

Although Google search with the keywords Experience Proposition produces over 92 million search results, most relevant of them seem to point to value propositions. There is a worksheet titled Experience Proposition for a restaurant (Experience proposition worksheet 2017) but it is of vague origins and doesn't define what an Experience Proposition is. In their book, Shaw & Hamilton (2016) have introduced the customer experience statement. It aims to define the customer experience that the company is trying to deliver. Although it has similar traits and underlying themes as the model presented in this chapter, the Shaw & Hamilton statement is more provider-centric than customer-centric. Therefore it can be deduced that the term and concept of Experience Proposition are new and unique to this thesis.

The experience proposition was initially an extension of the value proposition definition. The idea was that as value can be seen as an experience as Helkkula et. al (2012) described and that it could be voiced to the customer in a manner similar to value propositions. This is still true as companies are moving towards customer experiences, the meaning of value propositions should be redefined to mirror this development. As discussed earlier in chapter 3.4 the value propositions are still an important part of customer experiences and value formation but to amend value propositions began to seem like a task that was not suited for this thesis. Thus the idea behind the experience proposition needed to be rethought. The focal company has elements in place for enabling the use of an experience proposition and bearing that in mind the rethinking was done from the point of view of the maturity of the focal company. Through this lens, the Conceptual Model for Experience Proposition was formed and it is introduced figure 21 and discussed further.
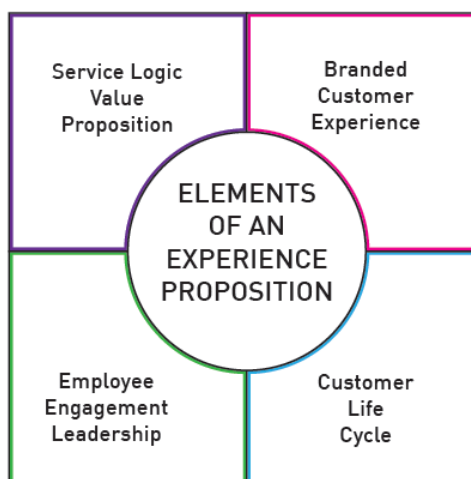
Figure 21: The visualization of the Conceptual model for experience propositions

Conceptual models are a type of diagrams that illustrate relationships of factors that are believed to impact the desired outcome. The diagram helps to define the relationships between theoretical entities (Dictionary 2017). The conceptual model in this thesis aims to illustrate that in order for any service provider to be able to communicate an experience proposition, it needs to take into consideration several different concepts as antecedential elements. All of these concepts have been used in business, and so they have managerial implications and therefore they can be implemented. The model consists of four independent concepts: service logic value proposition, branded customer experience, employee engagement leadership and customer life cycle. The theoretical basis for all these terms has been explained earlier in this thesis and are revisited and further explained in this chapter. Through these four concepts, the central concept of experience proposition is enabled. This is further explained in this chapter.

The value propositions are a part of value formation and the first essential concept behind the experience proposition. The traditional view of value propositions is a provider-centric view in that it is something that the service provider constructs and then communicates to the customer. This pacifies the customers' role and makes the assumption that the service provider is the one that dominates the value of the service offering. As discussed in chapter 3.4 the Service-Logic Business Model Canvas is rooted in service logics including CDL and therefore makes the customer the central actor. As the customer is at the center of this business model canvas, the customer is also at the center of the value proposition. Therefore the first concept that enables the formation of the experience is Service-Logic value proposition adapted from Ojasalo & Ojasalo (2015). With the meticulous design of the service-logic value proposition as described in chapter 3.5, the value proposition can be formed in a way that the customer is enabled to embed the service into their life in accordance to the CDL.

The second essential concept behind the experience proposition is the branded customer experience. In chapter 3.2 the customer experience was discussed through the theoretical point-of-view. It was concluded that the customer experience is formed in an omni-channel setting and that the service provider cannot control the customers experience formation, but the company can decide what kind of experiences it wishes to enable and design the service offering accordingly. This is why the term branded customer experience is used although it is somewhat controversial as experiences are always subjective in nature. The way that the branded customer experience is used in this conceptual model is that the service concept needs to be designed so that the all its elements are coherent and relay the same kind of message to the customer as illustrated in figure 4 in chapter 3.1. This means that the service provider decides among other things if the experience is in a self-serving delivery setting or a physical delivery setting, what kind of functional, emotional and social value it wishes to enable and what kind the possible servicescape is. The possible employee's role in the customer experience formation needs to be addressed as the role of the employees in the branded customer experience cannot be overlooked as described by Smith and Wheeler (2002) and by results of the research done for this thesis. Through this kind of meticulous thought, it is possible to brand the customer experience enabling elements and to manage the day to day actions so that the customer experience can be as consistent as possible.

The third essential concept behind the experience proposition is the employee engagement leadership. As the theory provided evidence into the employee's role in both the formation of customer experiences and value for both the service provider and the customer, this means that there needs to be a clear leadership model based on transformational leadership model to enable the engagement of the employees. This became evident through the project work as the role of the employees was mentioned in every method used for gathering data and as the employees. As mentioned in the theory, strict management in the form of transactional leadership of employees doesn't create employee engagement, and this means that the employees need leadership to feel appreciated. Through this, it is possible for the employees to take the brands' values as the motivation for serving the customers as the brand or service concept aims to do. Also in the project insights, the six members of the staff that were either interviewed or who participated in the employee workshop explicitly stated that the management shouldn't just implement rules, concepts, etc. without hearing the staff as sometimes these implementations are handicapped from the get go. The participants of the employee workshop expressed engagement from that they were part of the service concept creation when the hotel was opened and that although they recognized and did not question the chain of command they felt at the same level with the hotel's executive team and general manager. Compared to those interviewed this was one of the differences that could be behind the difference in the customer satisfaction results. This is also strong evidence for the need of an employee engagement leadership that then enables the experience proposition.

The fourth concept is customer life cycle. This is a concept that has not been widely dis-
cussed in a theoretical and research setting but it has been used in consultancies and business
management and it can be argued to be a fairly known concept. The essence of the concept is
that, similar to the customer experience, the customer life cycle has several different stages
and it is cyclical in nature. The customer lifecycle is a concept related sales and marketing
and it describes the various stages the customer goes through when purchasing a product or
service (Imhoff et al. 2000). Similar to service design there are several different models but
all of them contain at least the 5 following stages of the customer lifecycle discover, explore,
buy, engage and advocate. This model is illustrated in figure 22.
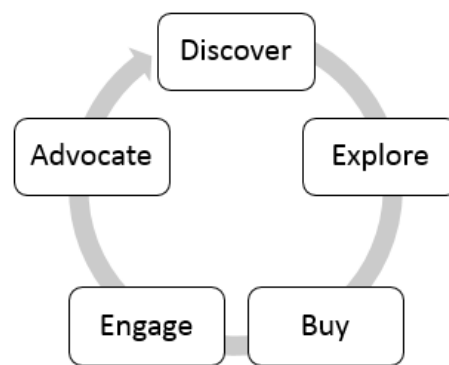
Figure 22: Customer life cycle model (adapted from Imhoff et al. 2000)

As mentioned there are several connections to the formation of customer experience and
these similarities are illustrated in figure 23. As the illustration shows, there is similar kind of
thinking behind the both. The reason the customer life cycle is included in the conceptual
model is that it keeps the customer in the center of the experience proposition and it adds
the business side into the conceptual model. It also clarifies to the person studying the model
that it is not just an abstract model aiming to influence the formation of an experience but
that it takes into consideration the viability of the business as the HCD model introduced in
chapter 4.1 describes that the concepts that are formed should be viable, sustainable and de-
sirable.
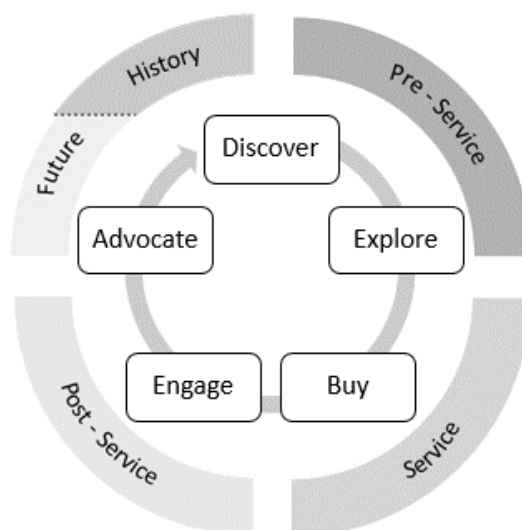
Figure 23: The similar natures of customer lifecycle and Customer-dominant logic of service

As described earlier, the organization attempting to implement the experience proposition needs to make sure it has implemented all four concepts. This thesis argues that together they provide customer centric results. These results are value formation, co-creation, communication and delivery of the branded experience. These are formed through different pairings of the concepts. Although this is still an abstract and conceptual model, these results are concrete and backed by theory presented in this thesis. The results of the concept pairings are illustrated in table 10.

Concepts involved	Function in the model
Service logic value proposition Branded customer experience	Value formation
Branded customer experience Customer life cycle	Co-creation
Employee engagement leadership Customer life cycle	Communication
Employee engagement leadership Service logic value proposition	Delivery of the branded experience

Table 10: Experience proposition concept pairings.

The way the results are seen in this conceptual model are that the experience proposition is enabled through different concept pairings that need to be taken into consideration when an experience proposition is to be designed, either for communication for internal or external use or both. The delivery of the branded experience, for both the employees and the customers, is an essential part of the Experience Proposition. The building blocks for this are the employee engagement leadership and the service logic value proposition. This is based on the theory presented in this thesis. Through that, this thesis has illustrated that when employees

feel engagement and empowerment and have accepted the brand values as their own, embody the brand and that the value proposition is the determinant that makes the services or products benefits communicatable to the customer. The value proposition needs to be one that communicates the benefits not only to the customers but the employees as well.

Value then is formed through the building block that consists of the service logic value proposition and branded customer experience. Based on the theory of this thesis this is because the value proposition are only part of the offering to the customer and the branded customer experience means that the service provider has designed the the service and offering to be customer centered through studying how the customers could embed the offering into to their lives and from these insights and decisions attempt to deliver the offering in an omnichannel setting accordingly. This in turn will enable the value formation.

The customer- provider interaction is named co-creation accordingly to the theory of this thesis and is made up of two building blocks, the branded customer experience, and the customer life cycle. The customer life-cycle describes how the customer moves from discovering a need to becoming an advocate for the service offering. When this is examined in the experience propositions context, this means that there is a need for the co-creation as an interaction on what the customer need is, how to create and communicate the service offering and how to get feedback from the customer on how the offering fits their need and solves their problems. As depicted in figure 24, there are overlapping stages in the CDL and customer life cycle. This means that this interaction can be enabled through the omnichannel touchpoints of the branded customer experience.

Customer communication in this model is enabled through the employee engagement leadership and customer life cycle. This is based on the theory that when the employees are engaged, they provide outstanding customer service, are empathetic to the customers and their needs and also take action when there are shortcomings in the offering. The last means that they inform the management on customer issues and offer solutions to them which in turn can enhance the engagement. This is related to the customer lifecycle as the customer facing front stage operations are the key touchpoints in the delivery of the service offering.

When the four presented concepts work together at the presented way, the experience proposition is the possible outcome. There is a clear difference between the experience proposition and the traditional concept of a value proposition. Value propositions are the bundle of benefits that the service provider offers customers to solve their problems and that way enable value formation. The experience proposition is the outcome of the embedded managerial use of the key concepts, and it can be enabled only when all those concepts are used in day

to day operations. The experience proposition defines the experience the service provider desires to enable for the customer, and the experience proposition can be an explicit communicative proposition to the customer, or it can be the internal vision for the employees of the service provided. Either way, the experience proposition needs to answer the questions presented in table 11.

Question	Concept relationship(s)
What is the customers world and how can we enable embedding of our service offering into it?	Value proposition Customer life cycle
What is the service offering we provide?	Value proposition Branded customer experience Customer life cycle
How does our service offering solve customer issues and get jobs done?	Branded customer experience Value proposition
How do we deliver our service offering?	Value proposition Employee engagement leadership Branded customer experience
How do we engage the customers to share their experience?	Customer life cycle Branded customer experience
What emotional, social and business value does the service offering form for the customer and us (the service provider)?	Value proposition Branded customer experience

Table 11: Experience proposition questions

There are 6 questions that need to have a clear answer to enable the experience proposition. As mere questions, they are too vague but the answer to them lies in the relating concepts and the tools for their use, and from there the tools become something that benefits the experience proposition. The aforementioned customer experience statement by Shaw & Hamilton (2016) has 5 questions illustrated in table 12.

Experience statement questions adapted from Shaw & Hamilton, 2016
What is the experience today for the different segments/personas of the companys market?
How does the company discover what customers want that drives value ($)?
What is the experience the company wishes to deliver to each of the described segments/personas?
How can the company predict how the company predict how the customer feels entering the experience?
How can the company design an experience that embraces all of the above and the aspects outlined in the authors book?

Table 12: Experience statement questions (adapted from Shaw & Hamilton 2016)

As illustrated in tables 11 and 12 there are significant differences in the two models of approaching an experience statement and proposition. The experience statement is very broad and the last question makes the statement fairly vague.

The Hyvä Huomen concept and its solution presented earlier in chapter 5.2 were tested against the questions in table 10. The results of this were mixed. The questions in nature seem to hold up against the test, and this means that they are challenging enough so that the questions actually test if all the elements of the experience proposition are in place. This was noticed as the questions for example cover things from the Ojasalo & Ojasalo SLBMC. Since that work had not been done in the part of Hyvä Huomen, it was impossible to cover the first question that asks how the service is embedded into the customer's life. On the other hand the question "How can we engage the customers to share their experience" can be answered yes as it is related to use of social media such as TripAdvisor, Facebook, and Instagram based on the hotel chains Social Media plan. From this test, it was deducted that the conceptual model has potential, but it needs a proper field test.

Although the experience proposition that is the result of this thesis is also on an abstract level, it has core concepts and models that have been tested in a business context. Therefore it has a unique view on the customer experience and experience proposition in that it needs the four surrounding concepts in order to be enabled because customer experiences are by nature all encompassing and delivered in an omnichannel setting and the four concepts take into consideration the various viewpoints that the company needs to have with established tools behind them.

6   Conclusion

The objective of this thesis was to develop an understanding for the implications Customer-dominant logic has into the value formation of customers in a hospitality business setting and to obtain understanding what is Hyvä Huomen.

Value was identified to be formed, not created in the Customer-dominant logic. The formation happens when it is understood how, when and where the value is formed and what the value is based on and who determines value. The value is determined by the customer based on the experience fulfillment, created both beyond and insight of the service provider, and the value formation is an all encompassing process (Heinonen et al. 2010; Heinonen et al. 2013; Helkkula et al. 2012; Heinonen & Strandvik 2015.) As value can be formed, it can also be co-destructed (Plé & Cáceres 2011; Echeverri & Skålen 2011). These identified means of value formation are presented in table 2 in chapter 3.3. These implications that CDL has on value formation were also noticed in real life settings through the research and development of the Hyvä Huomen as the respondents of the themed interviews identified that value for

Hyvä Huomen, the experience of a good morning, is formed through interactions between the customer and provider. The interesting validation of the theory was that value is also formed in the customer's world where the service provider cannot affect the value formation through its actions. It was also identified in the research that the employees can also co-destroy value. This was validated by the insights that unattentive or unempathetic behavior of the employees towards the customers or by starting to do something that will disrupt the customers value formation process such as starting to clean the breakfast buffet before it has ended destroyed value for the customer. Also elements of the servicescape that were not up to par with the customer expectations co-destroyed value. An example of this is hotel room that is hot with no air-conditioning, and it is in contradiction with the customer's expectations of a place to get a good night sleep.

Hyvä Huomen, the experience of a good morning, was approached by using IDEOs HCD Toolkit. Part of the toolkit was to identify the project goal and through that the initial question of Hyvä Huomen was formed as:

> "How do we assist our guests into a new day with style"

The concept formed through the case project evolves around the human, not the customer. Therefore the wording was chosen as guest, not customer. The question that clarifies the project goal is deeply rooted in CDL as the service provider's role is to support the value formation (Heinonen 2010). Therefore the question is very customer centric: How do we (the service provider) assist (as we cannot decide the experience of the customer) our guests (seen as more than customers) into a new day with style? As the client organization is in the hospitality business, the value is formed by providing the guests the best possible start to the day. The concept was condensed into the following sentence that answers the original question:

> "We help our guests to turn their morning turn into an energetic day with unique and personal encounters with Us in surroundings that adapt to our guests needs".

The same way as the project goal is customer centered, so is the concept defining answer. The service provider assists in the formation of an experience in surroundings that need to enable the customer's need for the customization of services and servicescape. The wording with us is an important one as there is an attempt to enable the service into the customers world throughout the interactions with the employees and is also coherent with both CDL that states that it is imperative for the service provider to identify how the customer can embed the service into their lives (Heinonen et al. 2010; Heinonen et al. 2013; Grönroos & Voima 2012) and to the Service-Logic Business Model Canvases value proposition that states that it imperative to find out what value the customer buying. (Ojasalo & Ojasalo 2015.) These both have been accomplished with the case project and the Hyvä Huomen concept.

The purpose of this thesis was to investigate the concept of an experience proposition through theory and the case project done to the case company in order to understand how it could be formed and used in a business setting. The research questions were set out as:

- What is the role of the employee in experience and value formation
- What elements influence the experience proposition
- How can an experience proposition be formed

The role of the employees in experience and value formation was examined from various theoretical viewpoints. Heinonen et al. (2010) has stated that the service company needs to manage it's onstage and backstage actions to support the customer's value creation. The employees were understood as part of the onstage actions. Value is also seen to be formed in an emerging process and co-created between the service provider and the customer in a both active and passive process (Heinonen et al. 2010; Heinonen et al. 2013; Helkkula et al. 2012). This was confirmed by the research that showed that the respondents in the themed interviews valued the role of employees extremely high as all 9 respondents answered that employees were part of what enabled the formation of the experience of a good morning. Also, the managers that participated in the workshop in August 2016 emphasized the role of the employees over the technical solutions and innovations that could be formed through the case project. These quantified results are also in line with the conceptual model of Verhoef et al. (2009) that showed in figure 3 in chapter 3.2 that the service personnel are part of both social environment and service interface and therefore an important part of the formation of experiences.

The formation of an experience proposition was a synthesis of the case project research and theory. This thesis confirms through its research the views of Verhoef et al. (2009), Heinonen et al. (2010, 2013), Helkkula et al. (2012) that customer experiences and value is not formed in a vacuum nor are they defined by the service provider but the customer defines the value and the experience. It also is in line with the previous research on employee engagement and how that affects the value and experience as deduced from the theory in figure 9. Therefore the formation of the conceptual model was needed as it was identified that the way that the case company can have an assist in value and experience formation is the result of a multifaceted process and because of this, an equally multifaceted solution was needed.

The formation of the experience proposition was done by viewing the theory and research and identifying elements what make the experience formation possible. The elements identified were employee engagement leadership, customer life cycle, Service-logic business model canvas and the branded customer experience. The branded customer experience is consistent, intentional, differentiated and therefore valuable (Smith and Wheeler 2002). As these four elements are the basis, the formation needed to be viewed through them. The consistent

and intentional customer experience can be seen to derive from the priority in the organization and that the employees understand the meaning of experiences to the company. (Meyer & Schwager 2007.)

The understanding is not enough as it needs to be also enabled through leadership behavior. This leadership should include training the employees and for rewarding the right actions as well as giving freedom to the employees to solve customer problems (Smith & Wheeler 2002; Heskett et al. 2003). The employee insights showed that when the employees felt they were on the same level with upper management when it came to providing the customer's experience they felt that everyone was doing the same thing and it was not something that was ordered to be done. The hotel that provided this insight has the highest NPS-score of the studied hotels.

For the experience to be differentiated the service provider needs to understand the needs of the customer. For gaining this understanding, the Service-Logic Business Model Canvas was chosen as a tool. The canvas forces the service provider to examine the offering not just from the company's point-of-view but also from the customer's point-of-view, and deep insight and holistic understanding is needed for the use of the business model canvas. Through this understanding, the company can then find out what the customer needs are and how to answer them. (Ojasalo & Ojasalo 2015.) In the research, needs for the good morning experience were identified. These needs are the empathetic and solution driven employees, customization of services, the breakfast and the hotel room. From these, the role of employees and customization of services can be seen as the immediate source of differentiation.

Customer experiences are delivered in an omni-channel setting, and they encompass the total experience (Verhoef et al. 2009). That notion was the basis for the formation of the conceptual model of anteceding elements of an Experience Proposition. This conceptual model takes into consideration different areas that have an effect on both value and experience. Heinonen et al. (2010) identified that customer experiences are the sum of observations and choices by the customer and they happen in both direct and indirect interactions, and this was supported by the research done for the case project as the experience of a good morning does not derive solely from sleep or even the totality of the previous evening. That is why the experience proposition needs anteceding elements that need to be implemented before the experience proposition can be formed to answer the questions in table 11.

6.1   Synthesis of the case project and theory

The original vague plan was to describe the way the Hyvä Huomen case project was run and how that possibly had changed the case organization. The addition of the experience proposition shifted the thesis to a new direction, and it gave a clear direction for the reframing of the project results.

As the experience proposition is still a conceptual model and has not been properly tested in real life settings, it is impossible to determine the final value it has. Conceptual models are representations of systems and made of composition of concepts (Dictionary 2017). Therefore it can be stated that the model represented in chapter 5.3 is a conceptual model of an experience proposition. The difficulty of the conceptual model is that although it illustrates the connections between the different concepts, it needs to be further studied and prototyped in order to be refined and made into a functional model. The problem with model is that it is a robust model with multiple different concepts and it needs more work to be formed into a process model that drives the creation of an experience proposition so that it functions in a business setting. It also still does not provide information on how the final experience proposition is composed from all the connecting concepts as the service-logic value proposition is merely a part of it and therefore the model only touches on the viability. On the other hand, it needs to be explored in the future what kind of value can be formed through this conceptual model. From several points, this conceptual model is a good starting point for future research, and in the scope of this thesis, the experience proposition has been identified and worked in to a clear model.

The thesis uses the customer-dominant logic as part of the theoretical framework. This was the purpose also in the original project outline, to provide the focal organization with a view into CDL and how that could shift the thinking that drives the innovation and development process. As the customer-dominant logic was the underlying theme of the case project and the framework for the Hyvä Huomen project was adapted from the IDEO Human Centered Design process, the goal of keeping the customer in focus was achieved. Although CDL was introduced in several project meetings and the customer kept in the focus of every discussion and workshop, it was done in a subtle way. This means that it was the essence of design but was not pushed on the participants. There is an empirical observation that the view has shifted towards true customer centricity, but this is not the result of only this project as there were altogether three different projects overlapping each other during the same time period that helped in this shift. The fact that a single development team begins to use service design and design thinking in their projects through three projects in any company is quite remarkable and noteworthy. However, this shift in thinking is still in its beginning stages, and it needs to be nurtured for it to turn into an advocacy towards the other teams of the business unit. The focal companys development team for hotel business has concluded that a takeaway from the

project is a different and more customer-oriented view on the topics of the case project so therefore it can be concluded that the CDL and human-centered approach has been according to the thesis goals. Only time will eventually tell if the shift towards true customer centricity actually happens or not. The unfortunate part is that this shift can only be stated as an empirical observation as there was no survey done to map their mindset at the beginning of the process that could be surveyed and the results compared now at the end of the project. This means that it is difficult to determine how far the shift in thinking goes and how deep the understanding is as there is always the contradiction between what people say and what they do.

The case projects goal was to find out what is Hyvä Huomen, what kind of value does it have and how the hotels can do to enable the experience to be formed. As presented in chapter 5.1, there is value formed for both the customer and service provider. The value is multifaceted, and as could be expected based on the formed customer journey, it is related to the human interaction at most part. There are several managerial implications identified in chapter 5.1, and the value can be transformed into business cases, and therefore it can drive business and enable the formation of the desired experience. This is, however, a hypothesis as the prototyping of the solutions was not part of the thesis scope, and therefore it has not been validated. The feedback from the case company's development team has been varied as there was some difficulty moving from the abstract to concrete solutions. The concrete outputs that were produced and delivered have not received a rigorous inspection by the development team, but the improvement ideas that were provided have clarified the solutions. The reason that the prototypable outputs have also been difficult entering the prototyping phase is due to the fact there were two other projects running overlappingly at the same time and covered partially the same things. The prototypable outputs that were presented in Chapter 5.2 have been chosen so that they don't overlap the other projects solutions but compliment them and view the overall hotel customer journey from another angle.

The overall assessment of the success of the thesis is that it has served its purpose and reached its objectives. Through the thesis an understanding into the Hyvä Huomen has been developed and it has also investigated the concept of an experience proposition and formed a conceptual model based on the done project work. It has failed to identify concretely how the experience proposition can be used in a business setting.

6.2   Critical examination of the thesis process and refinements to the process

The thesis process was the underlying theme for the Hyvä Huomen project. There are several takeaways from both the thesis process and project process, both positive and constructive.

The main takeaway that should have been done better was clearly the communication between me and the supervising professor. The project had almost concluded when the first meeting was held to discuss the project and the thesis. Therefore these two are not in perfect cohesion and it has been a small struggle at some points to use data provided earlier to form something new. These difficulties were, however, overcome in the end.

Another clear opportunity for improvement in the future is the communication with the client, in this case the members of the focal company's development team. As described there were scheduled meetings with the concept manager that was the supervising member of the case organization, but the other three members of the team were partially poorly included in the communication. This clearly led to misunderstandings during the project, and the results were hard to communicate in a clear way when the whole team did not have clear understanding on what was happening and where the project was heading. It also partially slowed the project as there had to be backpedaling at some points to form an understanding. Also communication to the participants of the different workshops should have been done in a more frequent manner that this would have driven understanding in a more larger audience. All in all, the communication could have enabled better results in the overall project and eased the understanding of the outputs.

During the project, there was significant growth as a designer, and during the writing of this thesis the understanding grew on several key concepts in service research, and the iterations on the actual experience proposition creation provided a solid conceptual model. Through the trial and error approach of this case project I have identified the abilities I have as a service designer and as a facilitator. This can be argued through the fact that as the project had a very vague starting point in that, I was to investigate what is Hyvä Huomen and is there anyway it can be used in business cases. The project then took a very experimental nature through the process that was formed at the beginning of the process. Although I'm a fairly inexperienced service designer, I already had several projects done and therefore had my usual toolbox of methods and tools to use. I could have chosen to stay in the comfort zone and use only those, but as there was a chance and culture for experimenting with the project, I used that as an authorization to try out several diffenrent methods described in chapters 4.2.1 and 4.2.2. This gave a lot of insight into the usability of these tools. The way that I could notice my fortes as a facilitator was that even though using new tools I had the confidence to facilitate their use and project a confident and professional look that relaxed the participants into using the methods. Also while facilitating, I felt I could manage the time well and that skill improved during the project. The aspect in facilitation that needs work in the future is the wrapping up of the workshops and giving the participants assurance that the workshop was productive and give insight into where it shall lead.

6.3   Usability of the thesis in future business and research

The conceptual model that this thesis has provided is yet to be tested and contested outside of this thesis. The conceptual model provides a new and robust kind of view into experiences in a business setting. The model is a generic one and can in the author's view be adapted to other business areas outside the hospitality sector as it views the experience and experience proposition holistically. This is important because as the theoretical framework and the research of this thesis has proved, experiences are formed in an omnichannel setting. The conceptual model takes this into consideration and views the desired experience to be formed through different concepts to enable the managed formation of the experience and its value.

The conceptual model opens avenues for further academic study into the holistic nature of experiences. Although there is plenty of research on the different aspects of customer experiences in a customer-dominant setting and into customer-dominant value formation, there is not yet sufficient research into the holistic viewpoint of enabling the managerial use of them. The conceptual model could be a starting point for future service research that could provide more tangible framework for its implementation. The managerial implications turned into actions would be a valuable path to follow so that the conceptual model can be helpful for managers in applicable business areas. These viewpoints, to name a few, are supporting the formation of experiences, the role of self-service technologies in supporting value and experience formation, implications of digitalization and robotization of services in human labor intensive business sectors and the further study into the customer lifecycle as part of the customer experiences as a way for differentiation.

6.4   Reflection on the lessons learned through the thesis

The thesis project has been a time consuming process that has concluded the lessons learned while studying at Laurea University of applied sciences. The theoretical framework for this thesis provided the holistic understanding into the complex world of value formation and the current discourse of different dominant business logics. It also gave an understanding how to view a company's maturity for the change needed in today's fast-paced business world. The case project gave the opportunity to apply the service design methods and tools in an experimental way and find out what the strengths, weaknesses, and opportunities the author has for working with service and business design processes.

Although a great deal of time could be allocated for this thesis the used time still was not sufficient as the thesis did not provide as concrete solutions as the case company or author had aimed for, but the other lessons learned were valuable and act as drivers for future projects. Therefore the author can be very satisfied with the overall outcome of the thesis and can

continue to deepen the knowledge of the researched areas. The thesis project also gave excellent tools for research methods that can be applied in the future in the day to day work.

The project began with a very fuzzy front-end but managed to provide a very comprehendible conceptual model for understanding what an experience proposition could be. The process was allowed to flow to provide the final solutions. Therefore one quote from J. R. R. Tolkien comes to mind that concludes this thesis perfectly:

Not all those who wander are lost.

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Figures

Tables

Appendices

Appendix 1: Interview guide, customers (translated from Finnish to English)

Background information:
Name
Age
Marital status
Children (Yes/No)

How many nights do you spend using paid accomodation?

What is the most common reason?
(Work, Leisure, Incentive, other)

In what kind of accomodation services do you stay?

What is the most prefered?

(related to the last one) Why?

In which cases do you choose to stay in a hotel?

What do you appreciate in accomodation services, starting from the booking?
(help topics: Room, general areas, the room amenities, bathroom, breakfast, service, employees)

What do you think when you hear: Hyvä Huomen?

What forms a well slept night?

What happens right before you fall asleep (what is important to you)?

Is there a certain moment or thing that defines the day ahead for you?

Is there anything else you would like to add to the previous answers or discuss in general that we haven't covered yet?

Appendix 2: Interview guide, employees (translated from Finnish to English)

Background information:
Name
Age
Hotel where works, position
How long has worked in the hospitality industry

How often do you yourself stay in hotels

What is the most prefered?

(related to the last one) Why?

In which cases do you choose to stay in a hotel?

What do you appreciate in accomodation services, starting from the booking?
(help topics: Room, general areas, the room amenities, bathroom, breakfast, service, employees)

What do you think when you hear: Hyvä Huomen?

What forms a well slept night?

What is your role in the formation of Hyvä Huomen

What are issues that are a pain or create anxiety in your job

What gives you a boost of energy at work

What is missing from your work that you would need that would help in the formation of Hyvä Huomen

Appendix 3: Observation guide

Date

Hotel Observed

What was observed:

- How do the employees behave
    - When alone
    - When with customers
- What was the customers response when interacting with staff
- Did the customers seem happy / satisfied with the received service
- What did the receptionists do after the service encounter
- Did they attempt to fill the process in a linear fashion according to the guidelines set by the brand or did they express personality in the process