

**UNIVERSITY OF VAASA**

**FACULTY OF BUSINESS STUDIES**

**DEPARTMENT OF MANAGEMENT**

Teemu Raitaluoto

**NETWORK COORDINATION OF CUSTOMER EXPERIENCE  
THROUGH CUSTOMER AND SUPPLIER INVOLVEMENT**

Master's Thesis in  
Strategic Business Development

**VAASA 2017**



## **FOREWORD**

I consider it as one of my best decisions to complement my electrical engineering (Aalto University 2015) with business studies (University of Vaasa 2017). I have always been interested in business, yet I was drawn to engineering since high school which led to my initial path. Today, I can combine the best of both worlds to create something unique.

I want to thank my classmates and educators for providing the great experience I had during my degree studies. I also want to thank my family and friends for providing me support whenever needed. I also want to give special thanks to my thesis instructor Jukka Partanen, who inspired me since the first course in service development and challenged me during the writing of this thesis.

This thesis brings five years' worth of full-time education to an end, but learning does not end here.

Vaasa 23.9.2017

Teemu Raitaluoto



## TABLE OF CONTENTS

<b>FOREWORD .....</b>	<b>1</b>
<b>LIST OF FIGURES.....</b>	<b>7</b>
<b>LIST OF TABLES.....</b>	<b>7</b>
<b>ABSTRACT .....</b>	<b>9</b>
<b>TIIVISTELMÄ.....</b>	<b>11</b>
<b>1. INTRODUCTION .....</b>	<b>13</b>
1.1. Background.....	13
1.2. Aim and research questions.....	14
1.3. Structure of the thesis .....	16
<b>2. CUSTOMER EXPERIENCE.....</b>	<b>17</b>
2.1. Customer experience and CEM.....	17
2.1.1. Dimensions of customer experience.....	18
2.1.2. Customer experience management and CRM .....	19
2.2. Customer journey .....	21
2.2.1. Customer journey as a process .....	22
2.2.2. Touch points .....	23
<b>3. CUSTOMER AND SUPPLIER INVOLVEMENT IN PRODUCT AND SERVICE DEVELOPMENT.....</b>	<b>26</b>
3.1. Customer involvement.....	26
3.1.1. Objectives and stages.....	27
3.1.2. Intensity and modes .....	27
3.2. Supplier involvement.....	28
3.2.1. Depth of involvement .....	29
3.2.2. Continuity of involvement.....	30
3.2.3. Different degrees of involvement and continuity.....	31
3.3. Research framework .....	33



3.3.1. Managing customer experience in networks .....	33
3.3.2. Proposed framework.....	35
<b>4. RESEARCH METHODOLOGY .....</b>	<b>37</b>
4.1. Research method.....	37
4.2. Case: OP-Pohjola health services .....	38
4.3. Analysis of findings.....	39
4.4. Limitations and trustworthiness.....	40
<b>5. EMPIRICAL FINDINGS .....</b>	<b>42</b>
5.1. Customer experience .....	42
5.2. Customer experience management.....	43
5.2.1. Motivations of CEM.....	44
5.2.2. Customer journey .....	45
5.3. Customer involvement.....	48
5.3.1. Objectives and stages.....	49
5.3.2. Intensity and modes .....	50
5.4. Supplier involvement.....	51
5.4.1. Expert medical staff.....	52
5.4.2. Other hospital staff .....	55
5.4.3. External suppliers .....	55
5.5. SDN type and CE coordination .....	56
<b>6. CONCLUSIONS AND DISCUSSION.....</b>	<b>60</b>
6.1. Conclusions .....	60
6.2. Theoretical and managerial implications.....	61
6.3. Further research .....	63
<b>LIST OF REFERENCES.....</b>	<b>65</b>



## **LIST OF FIGURES**

<b>Figure 1.</b> Strategic choice of focusing on developing existing services.	<b>15</b>
<b>Figure 2.</b> Differences between CEM and CRM.	<b>20</b>
<b>Figure 3.</b> Process model for customer experience.	<b>22</b>
<b>Figure 4.</b> Customer experience data collection from different patterns.	<b>25</b>
<b>Figure 5.</b> The proposed research framework for customer experience coordination.	<b>35</b>
<b>Figure 6.</b> Customer decision-making journey.	<b>45</b>
<b>Figure 7.</b> Customer journey and touch points.	<b>46</b>
<b>Figure 8.</b> Supplier involvement during the customer journey.	<b>53</b>
<b>Figure 9.</b> SDN and customer experience coordination.	<b>57</b>

## **LIST OF TABLES**

<b>Table 1.</b> Involvement and continuity of supplier relationships.	<b>31</b>
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**UNIVERSITY OF VAASA****Faculty of Business Studies****Author:**

M.Sc. (Tech) Teemu Ritaluoto

**Topic of the Thesis:****Name of the Supervisor:**

Ph.D. (BA and Econ) Jukka Partanen

**Degree:**Master of Science in Economics and Business  
Administration**Master's Programme:**

Strategic Business Development

**Year of Entering the University:**

2015

**Year of Completing the Thesis:**

2017

**Pages: 72**

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**ABSTRACT**

Customer experience has risen on top of marketing and management research. According to recent research, the industry expects to compete mainly through customer experience management. Benefits of a good customer experience include decreased customer churn, increased recommendation, and increased customer loyalty. These behaviors affect the revenue and costs of the company. Simultaneously, service delivery has become more fragmented than ever as companies outsource parts of the service to specialized organizations. Service delivery fragmentation leads to dispersed customer experience where control over the experience is low and uncertainty high.

This research studies customer experience coordination in networks through customer and supplier involvement. Customer experience is coordinated as information about the experience is gathered from customers through service development involvement. Similarly, suppliers are involved to gather essential insights about partner-owned touch points. This information is shared with the network suppliers to create better and unified customer experience.

The research was conducted as a single case study using qualitative methods such as semi-structured interviews. The case company is a large Finnish financial group operating in the healthcare sector. The findings indicate that customer experience can be coordinated through a combination of network types, while customers and suppliers are involved through pilot studies, surveys, and interviews. The coordination task can be given to an administrative organization, which coordinates the experience on behalf of the network, while participating in development initiatives with other network members.

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**KEYWORDS:** Customer experience, CEM, customer involvement, supplier involvement, customer journey, network management



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**VAASAN YLIOPISTO****Kauppatieteellinen tiedekunta**

<b>Tekijä(t):</b>	DI Teemu Raitaluoto	
<b>Tutkielman nimi:</b>		
<b>Ohjaaja:</b>	KTT Jukka Partanen	
<b>Tutkinto:</b>	Kauppatieteiden maisteri	
<b>Koulutusohjelma:</b>	Strategic Business Development	
<b>Aloitusvuosi:</b>	2015	
<b>Valmistumisvuosi:</b>	2017	<b>Sivumäärä: 72</b>

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**TIIVISTELMÄ**

Asiakaskokemus on noussut markkinointi- ja johtamistutkimuksen huipulle. Tuoreen tutkimustiedon mukaan, teollisuus tulee jatkossa kilpailemaan etenkin asiakaskokemuksen hallinnan avulla. Hyvän asiakaskokemuksen hyödyt ovat vähentynyt asiakaspoistuma, kasvanut suosittelu, ja kasvanut asiakasuskollisuus. Nämä käyttäytymismallit vaikuttavat sekä yhtiön liikevaihtoon että kustannuksiin. Samanaikaisesti palvelut muuttuvat entistä sirpaloituneemmiksi kun yhtiöt ulkoistavat palvelun osia erikoistuneille toimijoille. Palvelutuotannon hajaantuminen johtaa myös asiakaskokemuksen hajaantumiseen eri toimijoiden kesken, jolloin kontrolli kokemuksesta on matala ja epävarmuus korkea.

Tämä tutkimus tutkii asiakaskokemuksen koordinoitua verkostoissa, joissa asiakkaita ja toimittajia osallistetaan kehitykseen. Asiakaskokemusta koordinoidaan kun tietoa kokemuksesta kerätään asiakkailta palvelukehityksessä. Samalla tavalla toimittajia osallistetaan syvän ymmärryksen saamiseksi toimittajien hallinnoimista kosketuspisteistä. Tämä tieto jaetaan verkostokumppaneille paremman ja yhtenäisemmän asiakaskokemuksen luomiseksi.

Tutkimus toteutettiin case-tutkimuksena kvalitatiivisilla metodeilla, kuten semi-strukturoiduilla haastatteluilla. Case-yhtiö on suuri suomalainen finanssiyhtiö, joka toimii terveydenhuollon sektorilla. Tutkimustulokset osoittavat, että asiakaskokemusta voidaan koordinoilla eri verkostotyyppisiä yhdistelemällä, kun taas asiakkaita ja toimittajia osallistetaan pilottikokeilujen, kyselyiden, ja haastatteluiden kautta. Koordinaatiotehtävä voidaan antaa hallinnoivalle organisaatiolle, joka koordinoi asiakaskokemusta verkoston puolesta, samalla osallistuen kehitysalotteisiin muiden verkostokumppanien kanssa.

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**AVAINSANAT:** Asiakaskokemus, asiakasosallistaminen, toimittajaosallistaminen, asiakaspolku, verkostohallinta



# 1. INTRODUCTION

## 1.1. Background

Recently, the research in branches of marketing and management sciences, which study customer-orientation of service firms, has led to the study of customer experiences. Customer experience means the way a customer feels emotionally about a service, whether delighted or disappointed. Positive customer experiences have been argued to increase revenue, customer loyalty, and customer retention (Rawson, Duncan & Jones 2013; Homburg, Jozić & Kuehnl 2017). Experiences also increase word of mouth marketing, which is uncontrolled and can be positive or negative (Lemon & Verhoef 2016).

The importance of customer experience for company performance has increased in today's business. It has become one of the key differentiators and competitive advantages among companies. (Jones 2016) Hence, creation of a strong and positive customer experience has been gaining attention as a top managerial priority in recent years. It stems from the customer interaction with multiple touch points through different channels and medias, resulting in a complex multichannel experience that is difficult to manage. Nowadays, customer experiences (CE) are also more social in nature because of social media platforms where customer-to-customer interaction takes place. Simultaneously, the control over the experiences has decreased. (Lemon & Verhoef 2016) Multiple marketing and interaction channels and customer segments increases the complexity of managing the whole customer experience (Lemon & Verhoef 2016). The complexity could increase if network partners are responsible for touch points, which are located in different channels than the main channels of the focal company. However, the differences in the benefits and costs of different channels are decreasing because of technological advancements and channel diffusion (Lemon & Verhoef 2016).

In addition to multichannel interaction, control over CEs has decreased due to service delivery fragmentation (Tax, McCutcheon & Wilkinson 2013) as more and more tasks are given to specialized organizations. The importance of network in service delivery, and thus also in customer experience, is evident as companies rely more and more on partners and external service providers when delivering value propositions (Chandler & Lusch 2015).

This reliance is partly due to increasing fragmentation of service delivery, i.e. outsourcing of service elements (Tax et al. 2013).

According to Tax et al. (2013), customer experience is a dynamic process, and thus it needs constant updating. Companies should build the experiences on top of their existing capabilities as well as partnerships, due to the necessity to design the experience across multiple touch points in the customer journey (Homburg et al. 2017). Renewing CEs can also be seen as a firm capability, creating competitive advantage (Homburg et al. 2017).

CE also depends on the context and channels (Lemon & Verhoef 2016), while it also contains multi-dimensional elements defined by De Keyser, Lemon, Keiningham, and Klaus (2015) such as cognitive, emotional, physical, sensorial, spiritual, and social elements. Additionally, the speed change of technology and customer behavior, and increasing complexity of customer journeys, which affect customer experience as well, might require new flexible organization models (Lemon & Verhoef 2016). Thus, companies need to constantly learn about the experiences their customers are looking for and what kind of experience the company is currently providing while coordinating the contribution of suppliers/service providers to the customer experience (Lemon & Verhoef 2016). To learn about the experiences customers value and expect, user involvement is needed in the development phase of new services and products (Alam 2002), while it is also important to involve suppliers in order to coordinate the customer experience through partner and network management practices (Tax et al 2013).

## 1.2. Aim and research questions

According to Lemon and Verhoef (2016), the complexity of customer journeys and changes in technology and customer behavior might require new flexible organization models. In fragmented service delivery, the whole network needs to organize effectively to deliver and control customer experience, as pointed out previously. Thus, purpose of this thesis is to determine how network participants organize to coordinate customer experience, simultaneously addressing the research call from Lemon and Verhoef (2016): “Marketing scholars should investigate how firms organize to successfully manage the customer experience.” Here, customers are considered as part of the network as they might be able to

contribute to the development of the customer experience. Previous research has also called for more research on the role of networks in services (Gittell 2002; Lusch and Vargo 2006; Gummesson 2008; Baron and Harris 2009; Ostrom, Bitner, Brown, Burkhard, Goul, Smith-Daniels, Demirkan, and Rabinovich 2010; Scott and Laws 2010), which is also partially covered here. The importance of partners and networks on customer experience has already been pointed out by Tax et al (2013), increasing the motivation for this study.

The scope of this thesis is limited in the B2C context where the context of customer experience might be different than in B2B context as decision-makers might have different motives and drivers. Additionally, the scope excludes the development of new products and services, because the network participants need to have been organized in order to study how they organize to coordinate CE. The scope is presented in Ansoff's (1965) modified framework in Figure 1. It is necessary to consider the full customer journey including pre-purchase, purchase and post-purchase stages which are only present in existing services that have already been launched. Additionally, supplier involvement might also be less present in the start-up phase of new products and services if suppliers are not yet chosen, thus making it difficult to understand the coordination of CEs in that context.

	CURRENT CUSTOMERS	NEW CUSTOMERS
EXISTING SERVICES	Developing existing services for the existing customers	Developing existing services for new customer segment
NEW SERVICES	Developing new services for existing customers	Developing new services for new customer segment

**Figure 1.** Strategic choice of focusing on developing existing services (Ansoff 1965, modified).

The relevant research questions are outlined as the following: 1) how (mode and intensity), what and why (objective) information of CE is gathered from customers and suppliers through involvement? 2) how, what and why is CE information shared with service providers in the network to coordinate the customer experience? Such questions effectively focus on the nature of the customer experience information flow from the customer to the rest of the network, and how that information is used in order to coordinate customer experience with suppliers. To understand the nature of the information flow, it is necessary to understand the context behind it through case interviews with customer experience managers or service developers. This thesis offers new insight into the complexity of customer experience

concept and the practices behind customer experience management. The originality of this thesis comes from the integration of the customer and network involvement perspectives, which are linked to the customer experience context. In this thesis, the terms “user”, “customer”, and “consumer” are all referred to a single term “customer” even though in some cases the end-user and paying customer can be separate entities. Correspondingly, terms “supplier” and “service provider” are used interchangeably.

### 1.3. Structure of the thesis

This thesis studies customer experience and information about it from customer to network level. First, the thesis starts with a literature view of customer experience, and customer and supplier involvement in product and service development. Then a framework and research methodology are proposed to be used for conducting the research. The limitations, validity, and feasibility of the study are discussed as well. The fifth chapter presents the findings of the study and discusses the implications of the results. Finally, the thesis ends with conclusions that answer the research questions, as well as presents theoretical and managerial implications of the study in addition to presenting further research topics.

## **2. CUSTOMER EXPERIENCE**

There are several different approaches to customer experience, creating a complex entity. While the general approach is marketing-oriented (Lemon & Verhoef 2016), for this thesis, the approach is customer experience as a process in which information about the expected experience is gathered from customers and shared with network participants. Finally, the experience can be coordinated across fragments of the service delivery to be create a consistent experience.

This chapter includes different views and definitions of customer experience as a concept and relies heavily on works of Tax et al. (2013), Meyer and Schwager (2007), Lemon and Verhoef (2016), covering topics of service delivery networks, customer experience, and customer journey, respectively. The concept of customer experience is important for managers to understand because of the nature of customer experience, which can then be used to create a management framework called Customer Experience Management. After introducing the concepts, customer journey and touch points are discussed to further elaborate on how the customer experience process works.

### **2.1. Customer experience and CEM**

This section discusses the customer experience as a multidimensional concept and how it is managed via Customer Experience Management (CEM) management framework. The CEM framework is compared to the earlier prevailing management framework called Customer Relationship Management (CRM) to understand the need for CEM and differences between the two frameworks. After discussing CEM, customer experience is discussed from a process perspective called customer journey, which customers go through. This process includes touch points –points of interaction that are meaningful for the overall experience – which are discussed lastly.

### 2.1.1. Dimensions of customer experience

Customer experience has many different definitions varying from aspects of the offering to a process description. Customer experience can also be described by the behaviors that are connected to it, while other definitions discuss the intention to experience a certain experience. Finally, customer experience can also be defined holistically through upper-level abstraction. The different definitions are complementary rather than contradicting definitions. Each definition is discussed next to create an understanding of the multiple dimensions of customer experience.

Customer experience includes all the aspects of a company's offering: the quality of customer care, advertising, packaging, product and service features, ease of use, and reliability, etc (Meyer & Schwager 2007). The offering includes tangible and intangible aspects of the product and the company (Meyer & Schwager 2007).

According to Lemon and Verhoef (2016), earlier research on the customer decision-making process models has laid a foundation for customer experience to be considered *as a process* that customers go through, i.e. "a customer decision journey" or "a customer purchase journey". The process includes stages and touch points that create the overall experience, which are discussed more in section 2.2 as this is the definition used in the study.

Customer experience can also be described by the customer behaviors connected to it. Customer commitment, i.e. how connected is the customer to a company, could be a consequence of customer experience. Trust, i.e. assessment of a firm's reliability, can influence experience in reducing cognitive effort through a reduced need to monitor the relationship. Customer engagement means that the customer contacts the company and aims to interact with it, which increases due to delightful experiences. (Lemon & Verhoef 2016) Customer satisfaction is the net result of good and bad experiences customers have related to previous expectations of the experience (Meyer & Schwager 2007).

By another definition of Meyer and Schwager (2007): "Customer experience is the internal and subjective response customers have to any direct or indirect contact with a company." Direct contact meaning purchase, use, and service, which are usually initiated by the customer. Unplanned encounters with the company's products, services, and brands through advertisement, news, reviews, recommendations or criticism are a part of the indirect contact

that contributes to CE. In summary, customer experience is the total of all the customer's responses to any direct or indirect contact with the company (Meyer & Schwager 2007). This definition makes the distinction between intended and unintentional experiences.

Customer experience can also be defined more holistically. Schmitt (1999) defines experience multi-dimensionally: sensory (sense), affective (feel), cognitive (think), physical (act), and social-identity (relate). In retail context, Verhoef et al. (2009) have defined customer experience as a holistic multidimensional construct including cognitive, affective, emotional, social, and psychological responses. Also in retail context, Grewal, Levy, and Kumar (2009) propose that CEs can be categorized by retail-specific marketing mix such as price and promotion experiences, as well as product and placement experiences. De Keyser et al. (2015) suggest a very comprehensive definition of customer experience, including cognitive, emotional, physical, sensorial, spiritual, and social elements, which form in the direct and indirect interaction with a company, creating the overall experience together. In technology context, McCarthy and Wright (2004) identify technology experience as comprised of sensual, emotional, compositional, and spatiotemporal aspects, i.e. "We don't just use technology, they point out; we live with it." Brakus, Schmitt, and Zarantonello (2009) define customer experience in brand context as subjective, internal customer responses (such as sensations, feelings, and cognitions), and behavioral responses, which are provoked by stimulus from the brand. The experiences are partially of the brand's own design. From the variety of definitions, it is evident that the definition is dependent on the underlying context.

### 2.1.2. Customer experience management and CRM

CEM has been appraised as some of the most promising customer-oriented marketing approaches by industry practitioners (Homburg et al. 2017). Thus, efforts to improve customer experience through systematic management practices are evidently needed. However, efforts to coordinate the customer experience across different contexts are generally insufficient although companies often claim their experience to be superior (Meyer & Schwager 2007). According to Meyer and Schwager (2007), companies are often surprised to find that a minority of customers describe the experience as superior, exposing a gap between the assumed and actual level of customer experience and efforts to manage it.

CEM is a management framework of customer experience. According to Schmitt's (2003:17) definition, CEM is the process of holistically managing the customer experience that relates to a product or a company. Schmitt (2003) further divides CEM into five steps, which are 1) analyzing the spectrum of customers' experiences, 2) shaping the experiential platform, 3) designing brand experience, 4) constructing the customer experience from different aspects of the product or company, 5) engaging in continued innovation.

Competing practices in customer management have also been developed, the most notable being the CRM approach (Meyer & Schwager 2007). There are several differences between CRM and CEM, which are presented in Figure 2. CRM is about knowing its customers, particularly their history of interaction with the company. It tracks customers' actions after they have taken place. CEM tries to collect customers' subjective thoughts about the company and the immediate response to an encounter with the company (Meyer & Schwager 2007).

### CEM Versus CRM

Customer experience management and customer relationship management differ in their subject matter, timing, monitoring, audience, and purpose.

	What	When	How Monitored	Who Uses the Information	Relevance to Future Performance
<b>Customer Experience Management (CEM)</b>	Captures and distributes what a customer thinks about a company	At points of customer interaction: "touch points"	Surveys, targeted studies, observational studies, "voice of customer" research	Business or functional leaders, in order to create fulfillable expectations and better experiences with products and services	Leading: Locates places to add offerings in the gaps between expectations and experience
<b>Customer Relationship Management (CRM)</b>	Captures and distributes what a company knows about a customer	After there is a record of a customer interaction	Point-of-sales data, market research, Web site click-through, automated tracking of sales	Customer-facing groups such as sales, marketing, field service, and customer service, in order to drive more efficient and effective execution	Lagging: Drives cross selling by bundling products in demand with ones that aren't

**Figure 2.** Differences between CEM and CRM (Meyer & Schwager 2007).

CEM can also be considered as advanced CRM. CRM is related to CEM in how specific elements of CE relate to one another and to business success, e.g. optimizing customer

acquisition, retention, and lifetime value (Lemon & Verhoef 2016). According to Homburg et al. (2017), CRM focuses more on value extraction, while CEM emphasizes value creation.

According to Homburg et al. (2017), CEM has the target of achieving and sustaining customer loyalty in the long-term. Rawson et al. (2013) claim that companies that manage their entire customer experience fare better than their competitors in terms of increased customer satisfaction, reduced customer churn, increased revenue, and increased employee satisfaction, and more effective cross-functional collaboration. Thus, already 89% of companies expect to compete mainly through customer experience management in 2016 compared to 36% in 2010 (Gartner 2014).

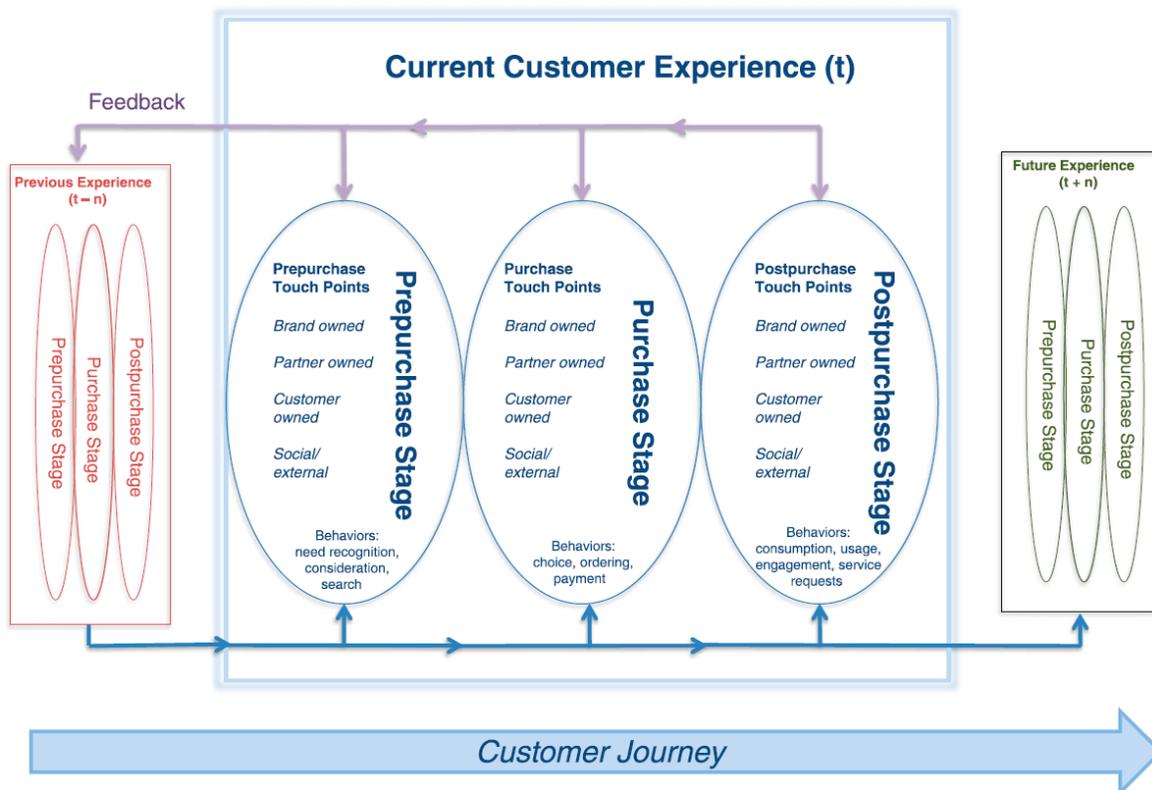
Despite the multiple benefits and positive managerial perceptions of CEM, its adoption is still lacking (Meyer & Schwager 2007). One reason for this is that companies have already invested heavily on CRM. Managers want to know how does CEM differ from CRM and what is the added value of CEM. Another reason for neglecting CEM is the lack of understanding customer needs. In companies that have orientation in finance, engineering, or manufacturing, customer experience is often regarded as the responsibility of sales, marketing, or customer service department. A third reason hindering CEM adoption is that companies fear what the data may reveal. Managers tend to look elsewhere when there is a gap with the stated orientation of the company and the reality. Companies trust in customer action more than data about the customer experience (Meyer & Schwager 2007).

## 2.2. Customer journey

This section discusses the customer journey framework. It includes the expectations customers have towards the journey and points of interaction during the journey called touch points. The journey itself is explained in detail, splitting into three different stages called pre-purchase, purchase, and post-purchase stage. Touch points are an important concept in order to understand who controls the experience at each stage.

### 2.2.1. Customer journey as a process

Customer experience is based on three stages: pre-purchase, purchase, and post-purchase, which are presented in Figure 3 (Lemon & Verhoef 2016). In each of the stages, expectations are created by the previous experiences with the company's offerings (Meyer & Schwager 2007). The first stage includes the customer's interaction with the brand, product category, and environment. In marketing terms, the stage includes: need recognition, search, and consideration. The purchase stage includes all interaction during the purchase, and it includes the customer behavior and preference related to choosing, ordering, and paying. The last stage includes all the interaction with the brand and environment after the purchase, including usage and consumption, post-purchase engagement, and service requests. Expectations are automatically compared with the new experience and a decision to proceed is made, after which new expectations are created. Market conditions, competition, and personal situation can all shape the customer's expectations as well (Meyer & Schwager 2007). Previous research on the post-purchase stage has focused on the consumption experience, service recovery, product return decisions, repurchase, seeking variety, and other



**Figure 3.** Process model for customer experience (Lemon & Verhoef 2016).

nonpurchase behaviors such as engagement and promoting, which are important for new expectations (Lemon & Verhoef 2016).

The customer journey is a relevant concept when studying the customer experience. The analysis of the customer journey focuses on customer interaction with touch points, starting from consideration and moving through search, purchase, post-purchase, consumption, after-engagement, and repurchase (Lemon & Verhoef 2016). The analysis describes the journey and tries to understand the customer's options and choices for touch points in all the stages of purchase (Verhoef, Kooge & Walk 2016). The developments in digital technologies, competition, and customer behavior have increased the importance of understanding the customer journey (Lemon & Verhoef 2016).

As mentioned previously, current experience can be influenced by past experiences through formation of expectations and stickiness in experience evaluations (Lervik-Olsen, Van Oest & Verhoef 2015). This influences customer satisfaction, which again influences future purchase and consumption (Lemon & Verhoef 2016). Customers may also change due to the experiences they have, e.g. some brands become part of the customer's identity through a relationship (Fournier 1998; Bhattacharya & Sen 2003). Extraordinary customer experiences can have effects that last over a long period of time (Arnould & Price 1993). However, often the customer's basic decisions become routinized over time and it is difficult to create such extraordinary experiences (Sheth & Parvatiyar 1995).

### 2.2.2. Touch points

Touch points are the instances of direct contact in which data is collected about the customer's experience. However, not all touch points are equal in value, e.g. if the core offering is a service, service encounters are more meaningful. Additionally, touch points that lead to a more valuable interaction, such as purchase decision, are even more meaningful. The difference between customer expectations and experience at the touch point either create customer delight or dissatisfaction (Meyer & Schwager 2007). A collection of touch points can also be regarded as the overall experience, and it can be segmented into phases, e.g. the decision process phase or journey (Pucinelli 2009; Verhoef et al 2009). Schmitt (2003:68) defines the key reasons to track and measure CE through touch points as: "the key objective of tracking the experience at customer touch points is to develop an understanding of how

an experience can be enriched for the customer throughout what marketers call the ‘customer decision-making process.’”

According to Lemon and Verhoef (2016), several different customer touch points can be identified that are relevant to the customer purchase journey. The four touch point categories are brand-owned, partner-owned, customer-owned, and social/external/independent. Brand-owned touch points are typically designed, managed, and controlled by the company, i.e. all company issued media and marketing mix. Partner-owned touch points are jointly designed, managed, and controlled by a company and its partners, leading to a decreased ability to influence the touch point from the focal company’s point of view. Partner-made changes to the product or service may require the focal company to make changes to the touch point so that the level of customer experienced is maintained. All customer preferences of the product in the pre-purchase stage are related to the customer-owned touch points. In the post-purchase stage, touch points related to consumption and usage are the most critical in this category. Value co-creation has influenced customer-owned touch points in a major way, partly because of new business models and partly because of customers who use products in ways not intended by the company. Social/external touch points include the role of other customers to the customer’s experience. This can include other customers, third-party information sources, social media, peer influence, and environment. The influence of peers may in some cases be comparable or larger than the company’s advertising (Lemon & Verhoef 2016).

Each touch point and touch point category may differ in importance depending on the customer’s journey or the product/service category. The critical touch points can be identified through attribution models. They are mainly used in online environments where multiple touch points and purchase stages are included (Lemon & Verhoef 2016).

To create superior customer experiences, relevant data should be gathered for the exact purpose, which is illustrated in Figure 4. CE data should be gathered at regular intervals because the scope of the questions is rather broad. The data is commonly collected via surveys, interviews, subject-specific studies or a combination of the former three methods. The company can observe past patterns, present patterns, and/or potential patterns depending on the precise information a company wants to obtain. A specific method of generating and analyzing data is needed for each pattern as they provide different insights on CE. For observing the past and present patterns, surveys are a preferable method of gathering data as they are low cost and easy to modify. However, a company needs to avoid making the survey

a part of the bad customer experience, such as in the case of long surveys (Meyer & Schwager 2007).

Pattern and Purpose	Owner	Data Collection Frequency and Scope	Collection and Analysis Methodology	Discussion and Action Forums
<p><b>Past Patterns:</b> Captures a recent experience.</p> <ul style="list-style-type: none"> <li>&gt; Intended to improve transactional experiences</li> <li>&gt; Tracks experience goals and trends</li> <li>&gt; Assesses impact of new initiatives</li> <li>&gt; Identifies emerging issues</li> </ul> <p>Examples: Post-installation or customer service follow-up, new-product-purchase follow-up</p>	Central group or functions	<p><b>Persistent:</b></p> <ul style="list-style-type: none"> <li>&gt; Electronic surveys linked to high-volume transactions or an ongoing feedback system</li> <li>&gt; Automatically triggered by the completion of a transaction</li> <li>&gt; Focused, short-cycle, timed data collection</li> <li>&gt; Feedback volunteered by users in online forums</li> </ul>	<ul style="list-style-type: none"> <li>&gt; Web-based, in-person, or phone surveys</li> <li>&gt; User forums and blogs</li> </ul>	<ul style="list-style-type: none"> <li>&gt; Analyzed within functions, central survey groups, or both</li> <li>&gt; Cross-functional issues directed to general managers</li> <li>&gt; Strategic analysis and actions directed by general managers</li> </ul>
<p><b>Present Patterns:</b> Tracks current relationships and experience issues with an eye toward identifying future opportunities.</p> <ul style="list-style-type: none"> <li>&gt; Keeps a consistent yet deeper watch on state of relationship and other factors</li> <li>&gt; Looks forward as well as backward</li> <li>&gt; Used with more critical populations and issues</li> </ul> <p>Examples: Biannual account reviews, "follow them home" user studies</p>	Central group, business units, or functions	<p><b>Periodic:</b></p> <ul style="list-style-type: none"> <li>&gt; Quarterly account reviews</li> <li>&gt; Relationship studies</li> <li>&gt; User experience studies</li> <li>&gt; User-group polling</li> </ul>	<ul style="list-style-type: none"> <li>&gt; Web-based surveys preceded by preparation in person</li> <li>&gt; Direct contact in person or by phone</li> <li>&gt; Moderated user forums</li> <li>&gt; Focus groups and other regularly scheduled formats</li> </ul>	<ul style="list-style-type: none"> <li>&gt; Initial analysis by sponsoring group</li> <li>&gt; Broader trends and issues forwarded to general managers' strategic and operating forums</li> <li>&gt; Deeper analysis of emerging issues at the corporate, business unit, or local level</li> </ul>
<p><b>Potential Patterns:</b> Targets inquiries to unveil and test future opportunities.</p> <p>Examples: Ethnographic design studies, special-purpose market studies, focus groups</p>	General management or functions	<p><b>Pulsed:</b></p> <ul style="list-style-type: none"> <li>&gt; One-off, special-purpose driven</li> <li>&gt; Interim readings of trends</li> </ul>	<ul style="list-style-type: none"> <li>&gt; Driven by specific customers or unique problems</li> <li>&gt; Very focused</li> <li>&gt; Incorporates existing knowledge of customer relationship</li> </ul>	<ul style="list-style-type: none"> <li>&gt; Centered within sponsoring group, with coordination by and support from central group</li> </ul>

**Figure 4.** Customer experience data collection from different patterns (Meyer and Schwager 2007).

Customer experience can be measured from several touch points in the customer journey, and there are several metrics and key performance indicators (KPIs) that are used to assess the quality of customer experience. However, current research and practice on measuring the customer experience are still fragmented and the focus is on overall experience rather than on touch point experience. While the field is still in its infancy, the customer experience scales and metrics are being reviewed and evaluated for validity and are not covered here (Lemon & Verhoef 2016).

### **3. CUSTOMER AND SUPPLIER INVOLVEMENT IN PRODUCT AND SERVICE DEVELOPMENT**

This chapter discusses the involvement of customers and suppliers as a part of service development process. Both topics are discussed in terms of their roles, objectives, and modes, which are relevant to understand before their contribution towards better coordination of customer experience can be understood.

#### **3.1. Customer involvement**

Structural changes in the service sector have led to a recognized need to constantly develop new services that are brought to the markets at the right time and are responsive to user needs. The user's involvement has been recognized as a great source for input on such problems (Alam 2002). Attempts at innovation may fail if the innovation does not serve the current or foreseeable demands of current customers. Innovations that lack initially in the required price/performance are found to be competitive only in emerging market segments and thus can lead to misallocation of resources (Christensen & Bower 1996). On the other hand, customer involvement can in some cases cause even incumbents to fail. According to Christensen and Bower (1996), some industry leading companies fail at markets, because they listen to their customers too carefully, and place limitations on the strategies the company can and cannot adopt. However, numerous studies on market orientation, new product/service development, and relationship marketing and network literature suggest that customer orientation, interaction, and information exchange and collaboration increase new product/service success and enhance development (von Hippel 1978; Deshpandé, Farley & Webster 1993; Jaworski & Kohli 1993; Slater & Narvar 1994; Achrol 1997; Comer & Zirger 1997; Gatignon & Xuareb 1997; Gruner & Homburg 2000). This offers the foundation to study customer involvement in customer experience management.

Next, a framework by Alam (2002) on the four key elements of user involvement: objectives, stages, intensity, and modes are discussed. They answer the questions: why are user involved, at what stages of the development process are the users involved, how intensely are the users involved at different stages, and how is the input and information gathered from

the users? The focus here is design *with* customer as opposed to design *for* or design *by* customer, as described by Kaulio (1998).

### 3.1.1. Objectives and stages

With growing emphasis on the design methodologies of marketing, production, R&D teams and their interaction, such designs can be greatly improved by directing more attention on understanding customer needs and behavior. This is especially true in the early stages of product development. An effectively designed product provides the customers with what they ask for. However, customers have not always formulated in their minds the products and services they want, which can lead to product failure more often if suppliers think they know what customers want. Additionally, customers are influenced by the products available on the market, leaving unattended needs unsatisfied. To remedy this, product developers try to make customers more aware of their wants and uncover the wants as accurately as possible (Ciccantelli & Magidson 1993).

It can also be argued, that users' opinions should not be ignored because they might have valuable insights concerning the development of new products (McKenna 1995; Wind & Mahajan 1997). Several studies point out that successful new products and services came from extensive understanding of user needs, which requires user involvement (Craig & Hart 1992; de Brentani & Cooper 1992; Edgett 1994; Montoya-Weiss & Calantone 1994; de Brentani 1995; Brown & Eidenhardt 1995).

### 3.1.2. Intensity and modes

The intensity of user involvement is dependent on the intended purpose of the involvement, i.e. the objective. The intensity is also dependent on the mode of involvement, i.e. the way customers are involved in the development. The mode can be passive or active and passive involvement is less intense than active involvement. In the passive mode, information is gathered from the customer passively through purchase behavior. The more active modes of involvement include providing information and feedback on certain issues, participating in in-depth interviews, focus groups, and brainstorming, and participating in real-time observation such as pilot tests and visits to development facilities (Leonard & Rayport 1997; Alam 2002; Matthing, Sandén & Edvardsson 2004; Kindström & Kowalkowski 2009). The

most active mode of involvement is co-development in which customer is asked to join the development team and participate in design and other stages instead of just providing ideas. The purpose is to gain deep insight into the customer's problems and hindrances (Neale & Corkindale 1998; Kaulio 1998; Magnusson, Matthing & Kristensson 2003; Matthing et al. 2004). Ciccantelli and Magidson (1993) propose that to get the most out of customer-involved development activities customers should be involved early and in each stage of development, and encouraged to think beyond possible designs. Selecting the mode also has influence on what type of data can be gathered, i.e. whether the research needs quantitative or qualitative methodology (Hirsjärvi, Remes & Sajavaara 2002).

### 3.2. Supplier involvement

This section discusses high and low level of involvement in supplier relationships. Also, inter-organizational relationships of different types are discussed in terms of supplier involvement and continuity, which influence the context in which knowledge can be shared and customer experience commonly coordinated. This section relies heavily on work of Ford, Gadde, Håkansson, and Snehota (2003).

Supplier relationships are formed when a firm interacts with other organizations with the object of acquiring external resources from them. These resources are needed to deliver value to the customer of the firm. Supplier relationships include the past and future context of behavior between the organizations (Ford et al. (2003: 99 – 108). The relationship develops through the processes of interaction, activity coordination, and adaptation (Ford et al. (2003: 99 – 108), which simultaneously facilitate inter-organizational learning together with dialogue (MacDonald & Crossan 2010; Mozzato & Bitencourt 2014). These processes define the nature of the relationship including its degree of involvement and continuity. They also cause costs for both sides of the relationship and limit the possibilities to interact with other entities (Ford et al. 2003: 99 – 108).

### 3.2.1. Depth of involvement

Supplier relationship involvement is related to three distinct layers: activity links, resource ties, and actor bonds (Håkansson & Snehota 1995). They dictate how the relationship affects the two organizations. The relationship links two organizations' activities together. The relationship might tie resources of the organizations together to be used and controlled by the organizations. As the relationship evolves, bonds are developed between the actors of both organizations. These bonds are both personal and professional, and they affect how the actors perceive, evaluate, and treat each other. These bonds form easily if the actors share common interests outside of work and start trusting each other, leading to an informal relationship (Håkansson & Snehota 1995).

Relationships can be categorized into high and low involvement relationships. Consequently, the high and low involvement relationship types are also related to the behavior styles of "cooperative behavior" and "market behavior", respectively, described by Vesalainen, Rajala, and Wincent (2016). Similarly, the concept of high and low involvement has a connection to the strong and weak ties framework proposed by Batonda and Perry (2003), who emphasize that strong ties are developed over time and that weak ties allow for more connections that enable competitive behavior.

The high involvement supplier relationships are more strategic in nature. This relationship type requires higher level of adaptations, coordination, and interaction than the low involvement type. Typically, the focus in these relationships is not in the price, which is a short-term benefit, but instead, it focuses on creating mutual benefits over a longer time period. In this relationship type, the supplier may be directly involved in the product development or other important functions of the firm that are related to the supplier's business. This relationship type is only beneficial when the relationship benefits outweigh the higher costs of investment (Ford et al. 2003: 99 – 108).

According to Ford et al. (2003: 64 – 72), a high involvement relationship can have several benefits and drawbacks. The benefits include effective communication and information flow, increased predictability, reduced problems of misunderstandings, increased ability to cope with uncertainty, enhanced operational efficiency of combined activities, and increased distinction of roles. Some of the drawbacks include considerable investment of time and

resources, risk of not achieving the potential of the relationship, constrained actions, and a reduced ability to change suppliers or customers (Ford et al. 2003: 64 – 72).

However, not all the relationships of a company can be high involvement type due to the high amount of resources they require. In these instances, low involvement relationship between the organizations must be considered. The benefits of these relationships include the possibility for the supplier to standardize its offering, minimization of the adaptation costs, and limited amount of investment in the relationship (Ford et al. 2003: 64 – 72). Other benefits include low transaction costs or “relationship-handling” costs, higher delivery fulfillment (if several suppliers are used at the same time), increased flexibility reducing supplier lock-in, and increased supplier competition leading to lower prices and improved offering (Ford et al. 2003: 99 – 108).

Correspondingly, the drawbacks of low involvement relationship type are higher unpredictability and less information exchange (Ford et al. 2003: 64 – 72). In a low involvement supplier relationship, the activity links, resource ties, and actor bonds are minimized in terms of coordination, adaptation, and interaction in order to avoid too much investment in the relationship. This way an organization can better focus on other strategic relationships (Ford et al. 2003: 99 – 108). A typical example of low involvement relationship type would be a one in which office supplies are bought. Office supplies are non-complex, bulk type of product, while there are many suppliers in this industry that can be tendered against each other. Since the value-added is very low, the only achievable object would be to minimize the relationship costs through low involvement.

### 3.2.2. Continuity of involvement

Continuity of a supplier relationship refers to the length of the time period during which two organizations of the relationship engage in interaction and exchange Ford et al. (2003: 99 – 108). Ford et al. (2003: 99 – 108) consider one to four years’ relationship as a short-term relationship, i.e. low continuity. The motivation behind high continuity relationships results from the expected long-term benefits that outweigh the benefits of changing suppliers more often. On some occasions, changing the suppliers often is beneficial in order to gain the lowest price or best terms. In some cases, the relationship requires a long time to develop if it is highly dependent on trust, common history, and commitment. An example of such a

relationship would be cooperation in R&D, which is regarded as an activity that should be kept confidential inside a small group (Ford et al. 2003: 99 – 108).

High continuity in supplier relationships is related to increased inter-organizational knowledge sharing and learning, which benefit both organizations in the long-term. Keeping a supplier at “arm’s length” does not allow for much learning or accumulation of joint knowledge as sufficient common processes do not exist (Håkansson & Snehota 1995:140).

### 3.2.3. Different degrees of involvement and continuity

To assess the importance and role of supplier relationships, Ford et al. (2013: 99 – 108) propose a framework presented in Table 1. The relationships can be divided into four different relationship types according to degrees of involvement and continuity. Involvement describes the depth of the connection and level of collaboration with the supplier, while continuity describes the time duration of the relationship (Ford et al. 2013: 99 – 108).

**Table 1.** Involvement and continuity of supplier relationships (Ford et al. 2013: 99 – 108).

	LOW INVOLVEMENT	HIGH INVOLVEMENT
HIGH CONTINUITY	<p><b>1. Long-term, arm’s length relationships</b></p> <p>Continuity allows routinization. Low involvement makes change of supplier easy.</p>	<p><b>2. Long-term, intense relationships</b></p> <p>Efficiency improvement through adaptations leads to cost and revenue benefits over time.</p>
LOW CONTINUITY	<p><b>3. Short-term, arm’s length relationship</b></p> <p>Increasing efficiency from price pressure, requiring low continuity and low involvement.</p>	<p><b>4. Short-term, intense relationships</b></p> <p>Appropriate for buying complex systems and equipment bought infrequently.</p>

The first quadrant (low involvement, high continuity) includes relationships that minimize the transaction costs caused by interacting with suppliers and searching new suppliers. A key aspect of the relationship is routinization, which decreases the transaction costs and can increase efficiency. They can also be described as “arm’s length” relationships, allowing an easy exit from the relationship, because there are no high-level investments that would require divesting (Ford et al. 2013: 99 – 108). These types of suppliers should try to increase

the barrier for the customer to change suppliers by trying to convince the customer to invest in the relationship, e.g. through a common IT system.

The second quadrant (high involvement, high continuity) included relationships that are beneficial only if their duration is long and the level of collaboration and interaction in the relationship is high. Due to the high involvement and continuity of this relationship type, the cost of changing suppliers is tremendously high as well. The strong relationship might be a result of the supplier obtaining rare resources that are strategically critical to the customer. Another reason for this type of relationship would be that the synergy of the relationship is very high, while the other suppliers do not provide any differentiated value (Ford et al. 2013: 99 – 108). A good example supplier of this type is an IT supplier, whose products and services require high maintenance and are mission critical to the customer's operations. Software such as Enterprise Resource Planning (ERP) software falls into this category because companies are highly dependent on it running constantly. The software or business processes also need to change according to new needs, both of which require consulting from the supplier, leading to a relationship type that is difficult to change.

The third quadrant (low involvement, low continuity) relationships are typically characterized by relationships that involve exchange in low quantities (in quantities that would have any strategic relevance at least, including non-strategic one-off buys) and undifferentiated products. These products are subject to high price pressure, meaning that the customer can easily select the lowest cost provider without high supplier switching costs. Tendering procedures are very typical in this type of relationship. Another characteristic of this relationship type is a need to buy irregularly from the supplier (Ford et al. 2013: 99 – 108).

The fourth quadrant (high involvement, low continuity) relationships include those that are formed only to serve some special and complex need or purpose, that is also rare and/or irregular. This relationship type includes all projects due to their one-off nature, often complex structure, and a need for high collaboration to stay on time and on budget. Switching suppliers in the middle of the relationship would be highly costly (Ford et al. 2013: 99 – 108). Examples of this relationship type include major projects that require building such as ships, buildings, plants, and energy farms. They are designed according to specific requirements that are unique to the customer. Usually, the customer wants to oversee the project, and needs might change during the long building period, which requires high

involvement from the customer. After the project, the relationship with the supplier is dissolved.

The degree of supplier involvement and continuity should influence 1) what CE information is shared with network partners, 2) reasons why the CE information is shared, e.g. strategic reasons, and 3) how the CE information is shared, e.g. in formal weekly meetings or less formally with irregular intervals.

### 3.3. Research framework

This section includes business network theory needed to understand the research framework presented in section 3.3.2. The service delivery network theory is presented from customer experience management perspective.

#### 3.3.1. Managing customer experience in networks

Tax et al. (2013) define the concept of fragmented service delivery as service delivery network (SDN), which is composed of two or more organizations that are together responsible for delivering the service experience and are held accountable by customers as a single acting unit, e.g. a payment service provided by a third party and an e-commerce site can be considered and evaluated as one service. The SDN also includes connections, where inter-provider interaction affects the customer. The SDN view differs from the previously held view, in which the customer and service provider interacted in a dyadic relationship (Tax et al. 2013). The dyadic view was criticized for excluding external factors that contribute to customer experience and ignoring the importance of coordinating service providers across the network. Coordination of the network becomes important when the network contributes to customer experience (Gittel 2002; Gummesson 2008; Verhoef et al. 2009).

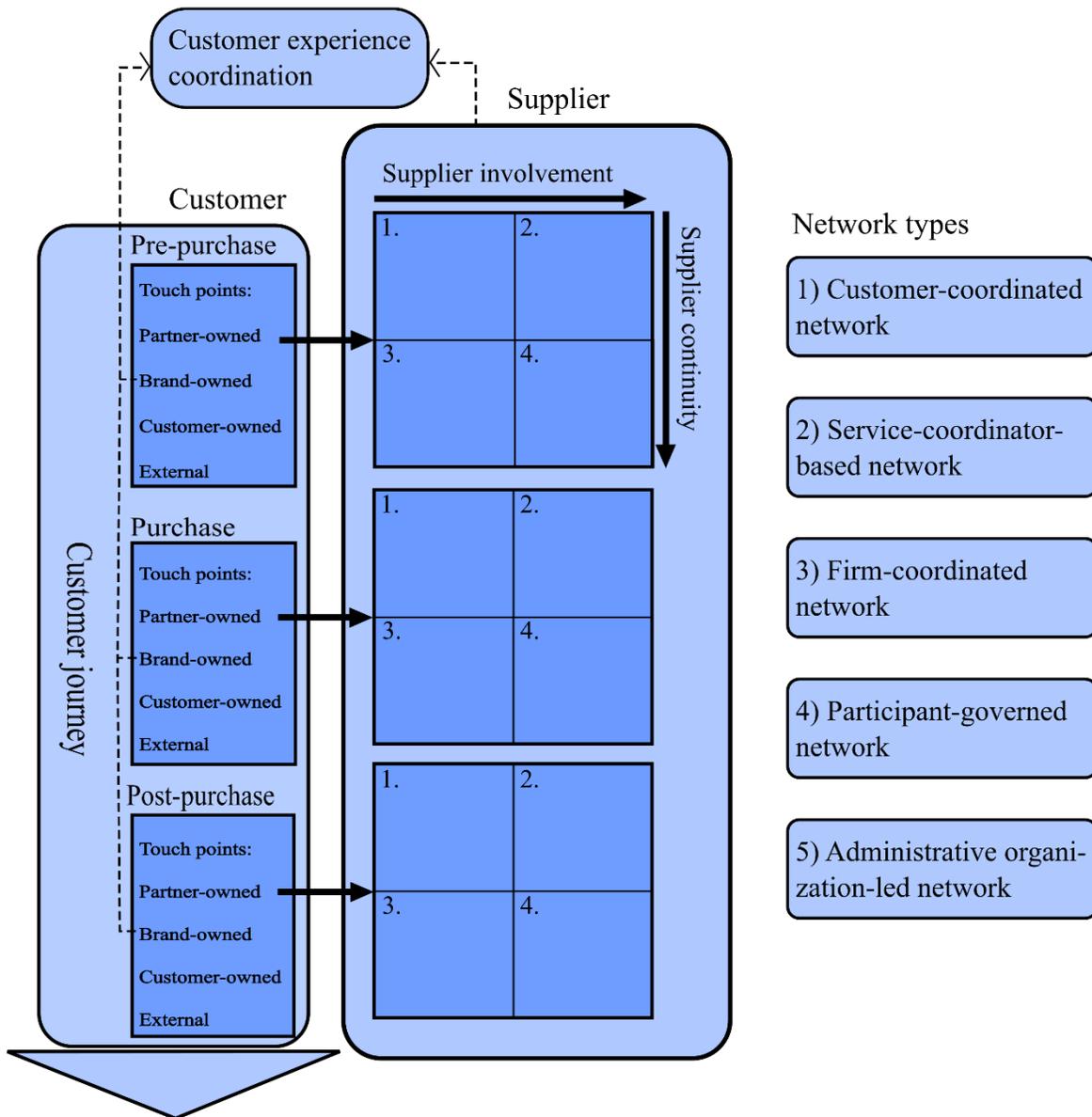
Multiple service providers deliver a “customer journey” together thus contributing to the service experience of customers (Zomerdijk & Voss 2010; Patrício, Fisk, & Constantine 2011). The need for multi-service provider view is clear as service processes often include

several entities that fulfill the customer's needs (Sampson 2012). Other providers contributing to a service are likely to significantly impact the customer's service interaction. A supplier's role might be leading or complementing in the service interaction (Tax et al. 2013). If the service delivery is not coordinated, a customer may have to use interrelated services to complete his or her intended tasks (Lusch & Vargo 2006). The multi-provider view calls for an understanding of services from the point of view of the customers' holistic requirements and goals (Tax et al. 2013).

The SDN can be coordinated in many different ways to achieve different results in customer experience. According to Tax et al. (2013), the extended service delivery network – the network which includes all other services – has three possible types through which it can influence customer experience: 1) customer-coordinated network, 2) service-coordinator-based network, and 3) firm-coordinated network. In the first type, the customer is responsible and in control of the external activities that influence the experience. In this type, the company has low control over the experience, while the uncertainty is higher compared to other network types. In the second network type, there is a mediator which coordinates the needed services together, e.g. a travel agency. The control over the experience is low and uncertainty high because coordination is restricted to the participants in the network. In the third network type, the focal company is in charge of connecting and coordinating the aspects of the customer experience in the network. In this last type, the control over is high and uncertainty low (Tax et al. 2013). Provan and Kenis (2007) have identified three other network types for managing customer experience: 4) participant-governed network, and 5) administrative organization-led network. Additionally, there is lead-organization-governed network, which is the same as network type 3 described by Tax et al. (2013) and it is thus omitted. In the administrative organization-led network type, an organization outside the network is appointed for administration, while in network number 4) the network is governed by its participants. Piccoli, Brohman, Watson, and Parasuraman (2009) differentiate between service strategies in which 1) organizations partner through an alliance and build interconnected systems (networks 2-5), and 2) organizations that allow customers to choose their own co-providers of service through systems that promote agility (network 1). The service strategies might have direct influence on the service network type chosen.

### 3.3.2. Proposed framework

In the proposed research framework presented in Figure 5, two companies acting in a customer-supplier relationship or common partnership are together responsible for designing and managing the customer experience. This is done to avoid inconsistencies in the offered experience. The two companies and the customer form a triad where nodes influence each other.



**Figure 5.** The proposed research framework for customer experience coordination.

In general, the customer experience is defined as a process according to Lemon and Verhoef (2016); as a process that the customers go through. In the proposed framework, customer involvement is present on the customer side of the framework. The involvement is taking place in different stages (3 stages) of the customer journey, including pre-purchase, purchase, and post-purchase stages. Customers can generally be involved by asking for feedback or arranging other forms of collaboration. The development efforts that are based on customer involvement can be geared towards developing brand-owned touch points and partner-owned touch points. The customer journey describes the events preceding, during, succeeding the whole service experience, i.e. from pre-purchase, to purchase and post-purchase stages, while customers are involved in each stage in order to develop the experience.

Supplier involvement takes place on the supplier side of the proposed framework. Information about the customer experience is gathered in partner-owned touch points through feedback and other forms of collaboration. Suppliers are then categorized according to high and low involvement and continuity into four quadrants for each stage of the customer journey.

Finally, the information gathered through customer and supplier involvement are collectively managed between the focal company and rest of the supplier network to coordinate and create better experience. The network type (on the right) is also identified and discussed how it affects customer experience and coordination activities. Other aspects of the framework are linked to the relevant network type later in the findings.

## 4. RESEARCH METHODOLOGY

This chapter describes the research methodology used to answer the research questions. The chapter includes used research method, case company description, analysis framework for findings, and assessment of the limitations and trustworthiness of the study.

### 4.1. Research method

The relevant objectives of the study are to understand the forms and context of interaction and collaboration: 1) when information of customer experience is sourced from customers and suppliers, and 2) when networks coordinate customer experience together. To answer the research questions, managers that are responsible for designing the customer experience are interviewed in single-case study using qualitative method and semi-structured interviews. These managers are also responsible for coordinating the experience on the network level as well because the experience is evaluated as one by the customer.

A case study method of research is used because of the unique and context-dependent nature of customer experience and its management. Additionally, the network view on the customer experience is also context-dependent and complex. Case study is a preferred method when asking "how" and "why" questions, and when the phenomenon has real-life context linked to it. Often, the phenomenon needs to be studied in the specific context (Yin 2003). Case study research is also appropriate when there is limited knowledge about a phenomenon (Ghauri 2004). A single case study gathers deeper insight, while multiple case study analyses several cases in parallel; the former offers a more holistic view. Multiple cases are needed to find more generalizable results and to compare phenomena (Creswell 1998; Yin 2003).

To reach the objectives and gather essential insights, a qualitative study is used instead of a quantitative study because of the framing of the research questions, which require deeper understanding of the underlying context of the phenomena. Different organizations have different ways of organizing their customer experience management processes and thus a quantitative study would not give sufficient insight into the methods of interaction and collaboration.

And lastly, semi-structured interviews are used, because the study researches the processes of customer experience management, which need to be elaborated further in many cases. It is difficult to anticipate the type of question structure and sequence needed to answer the research questions in a meaningful way, although the overall theme is known. The emphasis of the interviews is on the themes rather than on specific questions. This method allows the interviewee to act more naturally and the interview feels more similar to a conversation, which creates trust. Semi-structured interviews allow the interviewer to study experiences, thoughts, beliefs, and feelings of the individual interviewee (Hirsjärvi & Hurme 2001; Hirsjärvi et al. 2002).

The base structure of the interviews is formed from the following questions:

1. How do you define customer experience?
2. How do you manage the customer experience process?
3. How would you describe the entire service delivery?
4. How are your customers involved in the development and what information do they provide?
5. What parts of the service delivery are outsourced?
6. How are your suppliers involved in the development and what information do they provide?
7. How do you interact and collaborate with the network to coordinate unified customer experience?

Discussion and follow up questions are needed after each question.

#### 4.2. Case: OP-Pohjola health services

OP Financial Group is currently one of the largest financial services groups in Finland, offering extensive services in banking, investment, and insurance sectors. The Group includes circa 180 independent member banks and OP Cooperative. OP Cooperative is an extension of OP's mission to provide sustainable prosperity, safety, and well-being for its customers and owner-members by offering services in a wide variety of separate businesses including Mobility Services, Housing Services, and Health Services. This study focuses on

the Health Services sector of OP-Pohjola, more specifically the orthopedic services, which is the largest operational unit at OP-Pohjola's Health Services. The orthopedic services belong to Pohjola Terveys Oy (former Omasairaala) subsidiary, while the name of the hospital with orthopedic services is called Pohjola Sairaala (Nieminen 2017, OP-Pohjola 2017).

The orthopedic services, in general, are full of external service providers, while many of the touch points in the service are critical to the customer experience. The orthopedic services of Pohjola Sairaala are under the OP-Pohjola brand, while most of the service delivery is outsourced. However, the customer attributes the experience to OP-Pohjola, which is why the development of service delivery with suppliers is important (Nieminen 2017).

#### 4.3. Analysis of findings

The case company might use some other framework to describe what is here referred to as "customer journey". The findings are presented so that they complement the customer journey framework whenever possible. Differences between the used frameworks are discussed.

The analysis of the findings regarding customer experience touch points concerns mainly the partner-owned touch points as they relate directly to supplier involvement. Customer-owned and external touch points are excluded as they cannot be influenced through supplier involvement. This includes touch points such as traveling and the device the customer uses to search information. Limited discussion is reserved for brand-owned touch points such as marketing as they might not include supplier involvement directly, but might include customer involvement. Touch points common to all three stages of customer journey are discussed before discussion of each stage.

Findings on customer involvement practices and context are discussed using the objectives, stages, intensity, and modes framework. This discussion is sufficient to uncover motivations and methods of gathering customer experience information through customer involvement, and to understand the context of sharing information with suppliers.

Categorization between high and low supplier involvement is assessed by whether the relationship aims to build mutual long-term benefits rather than achieve the lowest cost of delivering the service. Additionally, activity ties, resource ties, and actor bonds indicate higher involvement in the relationship. Interviews are regarded as a higher form of involvement compared to surveys because people are not meeting in person and actor bonds are more difficult to create. Similarly, supplier continuity is assessed based on whether the past and future intended collaboration has continued over (high) or under (low) continuity.

The SDN type is identified and its implications on customer experience are discussed as well. Coordination of customer experience is discussed in the context of the network type and its control and uncertainty properties.

#### 4.4. Limitations and trustworthiness

The results of the study are limited to the case example described – a private healthcare service of a major corporation in Finland – because of the unique nature and context dependency of services, customer experience, and networks. This means that a similar service delivery arranged using different suppliers and different customers might result in differences in customer experience coordination. Customer experience is unique to every service, also limiting the suitability for comparison among healthcare service providers.

The definition of customer experience – which defines customer experience as a process (Lemon & Verhoef 2016) – used in the study forms base of the research framework. Thus, it also limits the results of the study to a process perspective. Assuming another perspective would enable studying customer experience from, for example, emotional perspective. However, the process perspective is selected here to understand the managerial practices behind customer experience management.

A major affecting factor in the healthcare industry is the corporate clients who are required to take a health insurance for their employees. This health insurance changes the original patient's customer journey as the customer and user of the service are two separate entities. Corporate clients' needs focus on pre-emptive healthcare which can reduce treatment and insurance costs. However, this study is limited to private customers who start their customer

journey (or seek treatment) themselves. The difference in customer journeys of an insured and non-insured customer would be the payment (purchase) event, which is not very extensively discussed here.

The results of the study are influenced by the current development phase of the service and the limited observation period. The importance of different touch points and development activities that include supplier involvement may be dynamic in nature, while this study is limited to a static view of the service that is in a growth phase of the product lifecycle. Results on supplier involvement might be different during a more mature phase of the product/service lifecycle.

The results should be replicable in the same case company during an unknown period of time while the service is still in growth and development phase. Additionally, results may also be valid while the strategy of the company persists (product leadership vs cost leadership).

The study was also limited by interviews with mainly the focal company instead of all the network members. Limited access to interview the suppliers caused this limitation.

## 5. EMPIRICAL FINDINGS

This chapter describes the findings from the interviews with the case company and how the findings relate to existing theoretical frameworks. The findings are analyzed further to create the necessary insights for answering the research questions. The findings are based on extensive semi-structured interviews with Nieminen (2017) and Säkkinen (2017). The quotes and analysis in the text are based on these interviews.

The chapter is divided into four different sections including findings on the customer experience and the process framework around it, customer involvement, supplier involvement, and service delivery network and customer experience coordination.

### 5.1. Customer experience

Customer experience includes all the aspects of a company's offering (Meyer & Schwager 2007). Values are a part of the offering because they are associated with the brand and its products. OP-Pohjola's values adhere to:

*“We value our Finnish roots, Member-ownership, and Quality in everything we do. We try to offer comprehensive offerings to our customers.”*

OP-Pohjola's stated values are responsibility, people-first approach, and prospering together, while the mission is to promote Sustainable prosperity, Safety, and Well-being (OP-Pohjola 2017). These form the value base of OP-Pohjola's customer experience. Additionally, suppliers are preferred according to the values, e.g. preference on domestic suppliers. OP-Pohjola also bases its decision-making on what is good for its member-owners in the long-term.

According to Lemon and Verhoef (2016), trust as a behavior is dependent on customer experiences. Trust is described as an assessment of a firm's reliability. In healthcare services, trust needs to be high to succeed in the service delivery, this is especially true of trust towards

doctors and physicians. Trust as a factor of customer experience is discussed more in section 5.5. regarding service delivery network.

According to Meyer and Schwager (2007), customer experience can also be divided into direct and indirect contact with the company. Direct contact takes place when a patient seeks and receives treatment. Indirect contact would include encounters with the OP-Pohjola brand. For a customer, there is a lot of indirect contact with OP-Pohjola due to the vast amount of activities they participate in:

*“OP-Pohjola is pretty much everywhere nowadays. We have services in automobility, housing, finances, insurance, and now we want to leverage our good brand reputation in healthcare.”*

The more holistic definitions of customer experience include: sensory (sense), affective (feel), cognitive (think), physical (act), and social-identity (relate) (Schmitt 1999). This sort of holistic approach on defining customer experience is not very extensive at OP-Pohjola and they admit to only including the affective dimension of the experience when asked how they define customer experience:

*“How the customer experiences and feels during the service.”*

However, OP-Pohjola’s values address the social-identity aspect of the experience as customers can relate to these values.

The service delivery in orthopedics sometimes includes prosthetics such as artificial limbs and joints. This affects the customer experience from a different perspective than other factors McCarthy and Wright (2004). call this the technology experience, which can be defined as sensual, emotional, compositional, and spatiotemporal.

## 5.2. Customer experience management

This section includes the motivations of managing customer experience. Additionally, the customer journey is discussed in relation to the case study company.

### 5.2.1. Motivations of CEM

According to Rawson et al. (2013) companies that manage their entire customer experience outperform competitors in terms of customer satisfaction, customer churn, revenue, employee satisfaction, and effective cross-functional collaboration. Behavior such as customer commitment, trust, and engagement can be attributed to customer experiences (Lemon & Verhoef 2016). Customer satisfaction results from net positive experiences customers have related to previous expectations of the experience (Meyer & Schwager 2007). The sought behaviors at OP-Pohjola are:

*“The aim of the development initiatives is to drive better customer experience and higher customer satisfaction, which lead to behaviors such as decreased customer churn, increased recommendation, and increased customer loyalty. Loyalty leads to increased repurchase behavior which ignores comparison of products.”*

Each desired behavior leads to increased revenue and decreased costs, which are the end-goals of improving customer experience. It can also be argued that the behaviors are related to each other: a loyal customer does not quit using the service. The distinction here is that loyal customers do not change service providers based on price alone. A customer that does not churn does not mean loyalty; it could mean the absence of better alternatives. Customer loyalty reduces customer acquisition costs.

Recommendation behavior is desirable due to the high influence of peer recommendation on friends and colleagues. Simultaneously, this reduces the need to invest in promoting the service. The level of recommendation behavior can be tracked through Net Promoter Score:

*“Our Net Promoter Score is well above averages across industries. It is currently standing at 97.1/100, meaning that our customers are very likely to recommend our services. It also indicates high customer satisfaction.”*

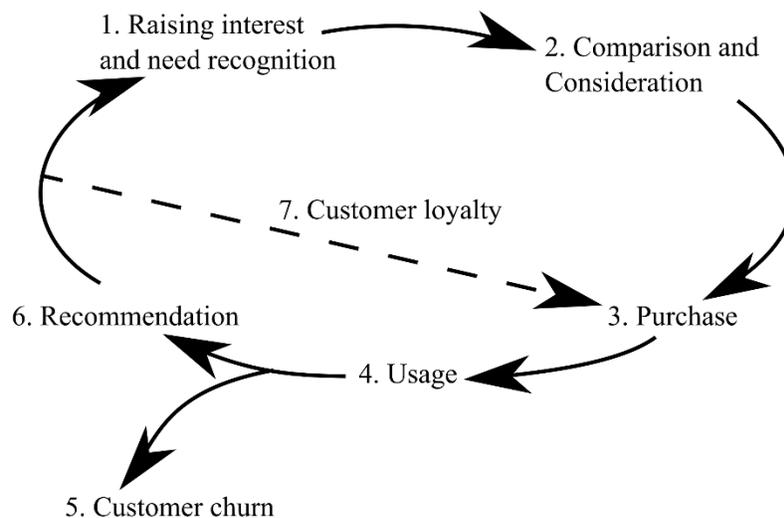
The currently used methods of service development seem to work relative well as a result of 97.1 represents a higher number than many industry averages.

### 5.2.2. Customer journey

While Lemon and Verhoef (2016) suggest a three-stage a framework describing a customer journey, it can be also be described using a more elaborated model of the journey:

*“We use a bit more detailed model [than the 3 stage model] called customer decision journey, which includes 7 steps. The steps are raising interest and need recognition, comparison and consideration, purchase, usage, customer churn, recommendation, and customer loyalty.”*

The more detailed model includes steps from 1 to 7, presented in Figure 6.

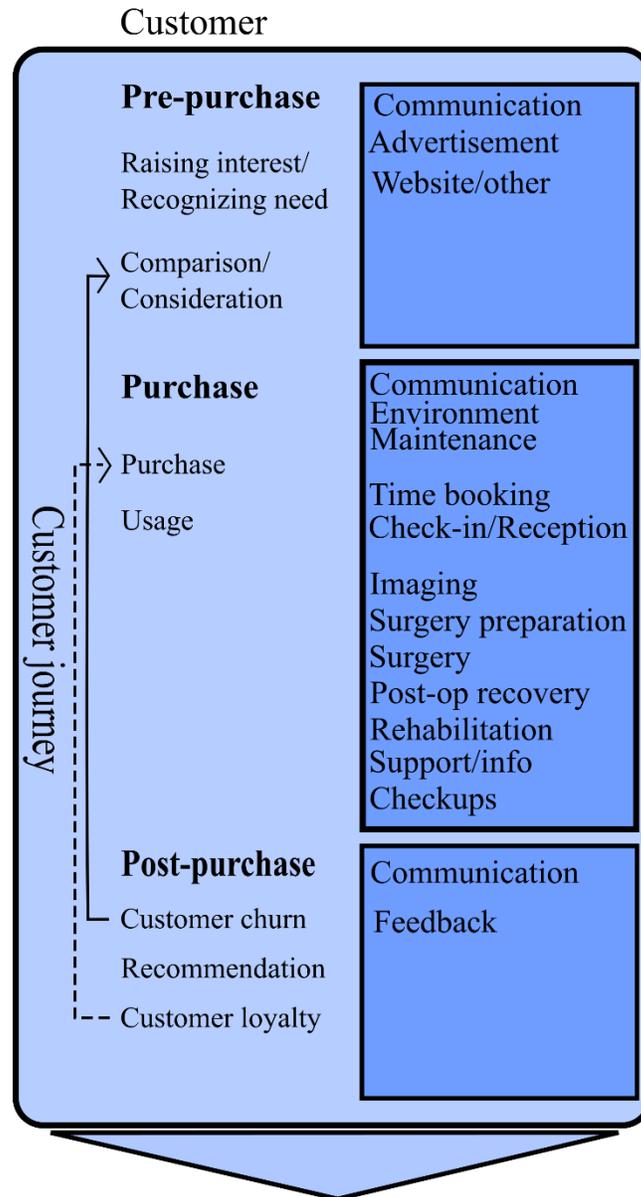


**Figure 6.** Customer decision-making journey.

According to Lemon and Verhoef (2016), the customer decision-making process model laid a foundation for customer experience to be considered as a process that customers go through. The used framework also differs from the CEM framework and 5-step process described earlier by Schmitt (2003:17).

The stages in the detailed customer decision model can be categorized according to the customer journey stages of Lemon and Verhoef (2016) into pre-purchase, purchase, and post-purchase stages. There are brand-owned, partner-owned, customer-owned, and external touch points in all the stages of the customer journey (Lemon & Verhoef 2016). Next, the customer journey is described in the context of the customer decision journey framework. All of the touch points (in bold) in the service delivery are partner-owned except for

marketing and branding, and real estate ownership. The entire customer journey and touch points are presented in Figure 7.



**Figure 7.** Customer journey and touch points.

1) Pre-purchase:

The pre-purchase stage includes steps 1 raising interest and needs recognition, and 2 comparison and consideration. The first step includes all the marketing efforts of the brand to **raise customer interest** in the brand and to **recognize an existing need**. In step 2 the

customer **compares** and **considers** different brands from “top of the mind” and other alternatives as indicated by the following quote:

*“We try to raise interest and awareness through our marketing efforts. The customer compares and considers service providers based on “top of the mind” and search result alternatives.”*

## 2) Purchase:

Unlike products, services cannot be stored and thus the step 3 purchase is linked to step 4 usage, i.e. service is produced and consumed at the same time. In this case, the purchase includes choosing the service provider followed by service usage. The following quotes roughly describe the service in the orthopedic services:

*“Our customers **book a time** either through our website or by phone, which is then followed by the actual medical treatment.”*

*“The medical treatment includes phases such as: **check-in and reception**, in which a patient arrives at the hospital and checks in at the reception, after the basic personal information and insurance is checked the patient can **wait** until the care master (Hoivamestari) comes and fetches the patient as soon as the staff is ready.”*

*“Orthopedic treatment starts with **imaging** [the treated area] after which the patient is **prepared for surgery** . . . and **operated** [if needed]. The patient is brought to **post-operation recovery**.”*

*“The medical staff provides the patient with **rehabilitation** instructions on how to **exercise** properly at home. The patient can call the staff for additional **support and instructions** if needed. Some cases require **check-ups**, which can be done at the hospital with a therapist.”*

According to Lemon and Verhoef (2016), **payment** is part of the customer experience in the purchase stage. However, in medical treatment payment takes place via insurance in most cases. Coverage of the insurance might influence the customer experience to certain extent depending on whether the customer had previous expectations about the coverage and the sum to be paid.

During periods of waiting, the surrounding **environment** affects customer experience and it is thus relevant to consider as well. The service delivery takes place at the Pohjola Sairaala, a real estate owned by OP-Pohjola. However, cleaning and property maintenance are carried out by an external service provider. The following describes how the service environment has been taken into account:

*“We have tried to make the hospital feel like home with a pleasant atmosphere and colorful interior decoration. We have also considered the acoustics of the place, for example, soothing music is played in the bathrooms and lobby.”*

The janitorial and maintenance work is outsourced. These touch points do not require so much development so the suppliers are not involved.

### 3) Post-purchase:

Post-purchase behavior includes steps 5-7, which are **customer churn**, **recommendation**, and **customer loyalty**. Customer churn means service abandonment if the customer is not pleased with the experience after the service event. Delighted customers recommend the service to others and become loyal customers, which can increase the likelihood of repurchases (Rawson et al. 2013). This is well understood at OP-Pohjola:

*“Dissatisfied customers stop using the service and are not likely to recommend to others. Delighted customers however recommend and become loyal customers that will use the service again in the future.”*

Discussion related to the post-purchase behavior were presented earlier in section 5.2.1.

### 5.3. Customer involvement

As studies on market orientation, new product/service development, relationship marketing, and network literature have suggested, customer orientation, interaction, information exchange, and collaboration with the customer increase product and service success, and enhance development (von Hippel 1978; Deshpandé, Farley & Webster 1993; Jaworski & Kohli 1993; Slater & Narvar 1994; Achrol 1997; Comer & Zirger 1997; Gatignon & Xuareb

1997; Gruner & Homburg 2000). It is clear why customers should be involved in the development of products and services and thus OP-Pohjola has chosen this approach:

*“We want to develop our services together with the customer as much as possible. Only they can tell us what works and what does not.”*

This quote also indicates good customer focused approach in developing services.

Customer involvement has four key elements: objectives, stages, intensity, and modes. Objectives answer the question why customers are involved. The stage element includes the stages/phases of the development process that the customers are involved in. Intensity describes how much involvement is there, while modes describe the methods how feedback is gathered (Alam 2002).

The existing objectives and used modes indicate that the management framework used is in accordance with the CEM framework proposed by Meyer and Schwager (2007) rather than the CRM framework. The difference between the two is that CEM is more future-oriented than CRM (Meyer & Schwager 2007).

### 5.3.1. Objectives and stages

Objectives were covered during the discussion about the motivations of customer experience management (See section 5.2.1). The discussion about price vs quality of experience is important to understand the motivations behind development:

*“We involve customers to improve our customer experience, which leads to decreased churn, increased recommendation, and increased customer loyalty. We are not competing on price so we must provide the best possible experience to our customers.”*

Preferring quality over price is a good indicator of high customer and supplier involvement in general.

Ciccantelli and Magidson (1993) propose that customers should be involved as early as possible in the development and in all stages to get the most out of customer involved development activities. Customers are involved throughout the service delivery indicating

high involvement. Some customers do not want to be involved as much and it can negatively affect customer experience:

*“We listen to our customers and try to involve them early and in every step [stage] of the service development. Generally, we ask feedback all the time. For some customers, it is too much and becomes annoying.”*

McKenna (1995), and Wind and Mahajan (1997) favor this approach by stating that the customer’s opinions should not be ignored, because they might have valuable insights.

Next, the modes of customer involvement, i.e. how OP-Pohjola listens to their customers and gathers feedback, are discussed. Additionally, the intensity of the involvement is discussed, revealing how much involvement there is. The intensity and modes are connected to each other as some modes are more intensive and some less as mentioned earlier.

### 5.3.2. Intensity and modes

The intensity of involvement depends on the objectives and modes of the development. Involving customers through pilots and interviews is very active and intensive. However, surveying is more passive mode of involvement (Leonard & Rayport 1997; Alam 2002; Matthing et al. 2004; Kindström & Kowalkowski 2009). Both high and low intensities are used at OP-Pohjola:

*“When developing something new, after ideation phase we organize a test group that participates in a pilot. After the pilot, an extended pilot follows for a larger group, and after that we bring it to everyone [going into production] if each of the stages were successful. Success of the initiative is assessed based on extensive interviews and surveys with customers participating in the test groups. . . There is a customer panel on a Group level, called Paja. Surveys can be sent and in a few minutes answers will start dropping in about the more general topics.”*

These phases are carried out for each development initiative in each stage of the customer journey where improvements are needed.

Some customers can be involved more intensely. These collaborators have personality traits or skills that make them good collaborators:

*“We have identified a few key collaborators who are easy to work with and who can give thorough and insightful answers to interviews.”*

However, involvement modes can be limited due to regulation or other factors:

*“Observation studies would be nice, but the challenge is the confidentiality of medical data.”*

This can sometimes create obstacles for necessary involvement. Excluding observational studies, all other forms of customer involvement identified by previous research (Leonard & Rayport 1997; Alam 2002; Matthing et al. 2004; Kindström & Kowalkowski 2009) are being utilized. The intensity varies from high (pilots and interviews) to low (surveys) among mode choices. This creates a good foundation to understand the customer’s needs.

#### 5.4. Supplier involvement

Cooperation with supplier facilitates inter-organizational learning where organizations are learning from experiences of other organizations (MacDonald & Crossan 2010; Mozzato & Bitencourt 2014). It is the individuals and the social processes and practices, such as dialogue, through which organizations develop shared understanding (Mozzato & Bitencourt 2014). The following quote describes the supplier involvement at OP-Pohjola:

*“Success of the [development] initiative is assessed based on interviews and surveys ... with the internal customers [the suppliers] who’s responsibility area [customer experience] the initiative concerns.”*

Such dialogue is present during pilots and interviews, and indirectly through surveys. Thus, it can be concluded that inter-organizational learning is taking place in the cooperation.

Majority of the partner-owned touch points in the service delivery studied here relate to high-involvement relationships. During development initiative pilots, suppliers are involved in various ways such as new processes, which are performed on the pilot customers. Interviewing and surveying the suppliers is more passive involvement than participating in the pilot.

High supplier involvement in development activities typically aims to create mutual long-term benefits instead of focusing on price, which is mainly associated with a low involvement. In a high involvement relationship, adaptation, coordination, and interaction are expected from suppliers. Additionally, high involvement relationships are also strategic choices of the company (Ford et al. 2003: 99 – 108):

*“We are not competing on price so we must provide the best possible experience to our customers.”*

Supplier involvement might also have other benefits such as reduced change resistance:

*“Partners commit more to the change when they can take part in the development initiative and command certain aspects of it instead of just being told what to do or how to change.”*

However, these benefits are not the main objectives of supplier involvement and are less discussed in relevant literature.

Next, supplier involvement of different suppliers is presented. The groups are divided into expert medical staff, non-expert medical staff, non-medical staff, and other suppliers. The results are presented in Figure 8.

#### 5.4.1. Expert medical staff

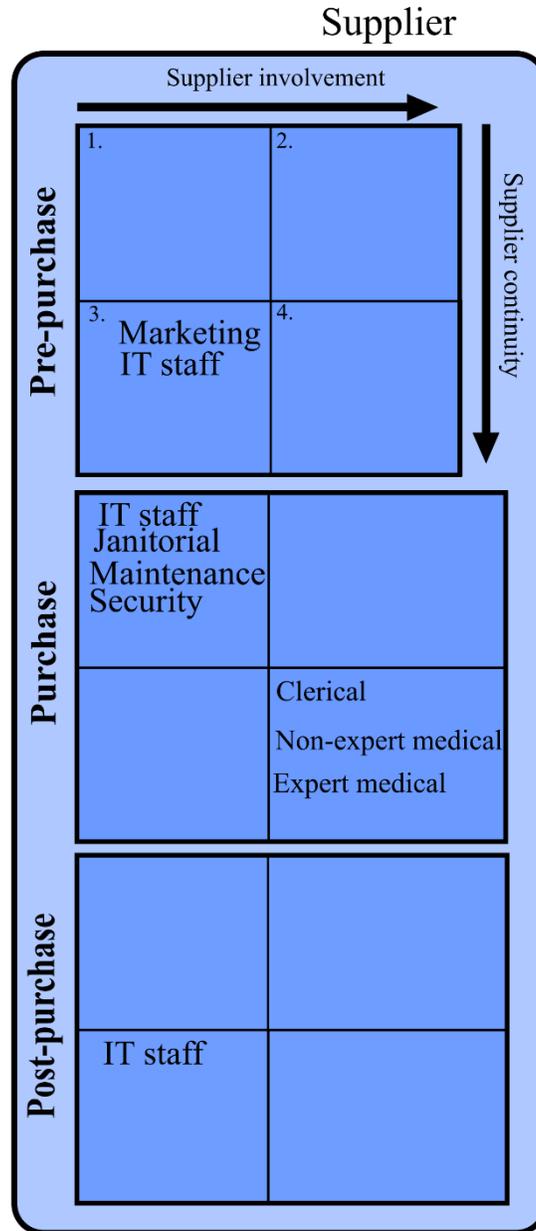
Doctors and physicians (later “doctors”) are experts in their relevant field in the healthcare services sector. They have a very central role in the success of the service delivery and overall customer experience due to the high influence on whether customer needs can be met or not. Thus, it is important to involve these experts in customer experience development. However, an experts’ time is very valuable due to high earnings rate. Doctors are mostly private practitioners and are not paid a fixed salary by the hour:

*“Doctors are mostly private practitioners who may work at several other clinics.”*

*“Separate extra time is not allocated to common development activities. All the development that takes place during working time is away from actual paid work*

*[practicing medicine]. There should be more time to collaborate and have brainstormed common coffee and lunch breaks.”*

Thus, it might be challenging to get high involvement from them.



**Figure 8.** Supplier involvement during the customer journey.

However, participating in development during non-working hours is also about the personality of the expert and whether they want to develop their own work methods or not:

*“Some doctors have their own methods very deep-rooted, but some are very enthusiastic about development. Engaging the enthusiastic suppliers is important,*

*because they do not get paid for extra development. The best doctors have their schedules full.”*

This was similarly true for recruiting enthusiastic customers for customer involvement.

To unify customer experience across the network of experts who are unwilling to get involved in development, other measures can be taken such as:

*“We have shared a Service Principals guide for our doctors so that we can offer similar customer experience.”*

Service Principals guide or Code of Conduct describes the preferred way of delivering a service. These instructions may vary from how to address the customer to how often to smile during service delivery.

Experts have more influence in the network as suitable experts are difficult to recruit. To increase satisfaction of these experts, work satisfaction must become one of the top priorities. Satisfaction can be facilitated with the following method used at OP-Pohjola:

*“The doctors from Oulu hospital had used different equipment than the ones we bought them, so eventually we had to replace them with the tool set that they had grown used to using.”*

In summary, it is important to find individuals who want to develop their work if that is the aim. In order to get high involvement, extra time needs to be allocated for it. Additionally, changing contract type of experts might influence the willingness to get involved, while work satisfaction should be kept high. Satisfaction might increase due to being involved in development.

Medical expert staff is placed in high involvement and high continuity quadrant of supplier involvement. High involvement results from preferring mutual long-term benefits over the price of the expert, while they are also involved in pilots, interviewed, and surveyed. Although experts in medical services are private practitioners working in several clinics, most of them do work over a year in the clinics because of the customer base they have established there, resulting in high continuity.

#### 5.4.2. Other hospital staff

Non-expert medical staff include 1) nurses, 2) therapists, and 3) technicians. Together they are in charge of the imaging, surgery preparation, post-operation recovery, starting rehabilitation, providing support and instructions, and doing check-ups on patients. The following quote describes the practices to involve them in development:

*“We have extensively interviewed staff [including medical and non-medical], e.g. physiotherapists, who participate in the pilots.”*

Non-medical staff at the hospital includes 4) environment design, 5) local IT, 6) janitorial, 7) maintenance, 8) security, and 9) clerical staff. All except environment and IT are staff who have low involvement relationships with the focal firm, because these tasks are highly standardized and only affect the customer experience indirectly. Environment design staff affects how the spaces customers are visiting and waiting in are designed, which can increase satisfaction if they are done well. Staff through 1-5 are considered as high involvement and 6-9 are low involvement. All are high continuity as suppliers do not change very often. However, there is a possibility that staff 6-9 are tendered on a regular basis after contract periods end; typical contract length being 1-5 years.

Development can also be done on aspects that are not clearly visible to customers (patients), but which are important to get right. These are for example the internal processes of the suppliers, such as:

*“We have also developed the internal customers’ [suppliers’] work flow and processes, for example getting rid of Excel-based work.”*

#### 5.4.3. External suppliers

Supporting aspects of service delivery are also important to account for. These are for example digitalization and communication across the service delivery, exemplified by this quote:

*“We have recognized a need to develop digital services and communication to keep up with our competitors. We want to improve communication across the service*

*delivery and are currently working with many startups in this field. Some of the initiatives in this field include a mobile app that you can use to check-in on your way to the hospital, reducing clerical tasks and speeding up receiving treatment.”*

Development is carried out in ecosystems where information and knowledge are shared. However, this is mostly out of scope of this thesis as they do not directly relate to the customer journey.

### 5.5. SDN type and CE coordination

Healthcare services are a good example of a highly fragmented service delivery network. The more the SDN fragments, the more important coordinating the customer experience with suppliers becomes as they each contribute to the experience (Zomerdijk & Voss 2010; Patrício, Fisk, & Constantine 2011). In some cases, the coordination is lacking as indicated by this quote:

*“The customer experience coordination of the whole service is not so systematic. Besides the surveys and interviews, there is not much else.”*

This implies that there are no systematic coordination practices set up. This is typical of others as well, because according to Meyer and Schwager (2007) the efforts to coordinate the customer experience are generally insufficient. However, there is coordination and information sharing taking place despite the absence of coordination process. Next, the effect of SDN on the coordination and the current customer experience coordination practices are discussed. Figure 9 presents how customer journey and SDN relate to supplier involvement, and how the customer experience is coordinated on an upper-level.

The SDN structure influences the customer experience and the way it is managed (Tax et al. 2013). As mentioned earlier, according to Tax et al. (2013), there are three network types are 1) customer-coordinated network, 2) service-coordinator-based network, and 3) firm-coordinated network, while Provan and Kenis (2007) have identified three other types: 4) participant-governed network, 5) administrative organization-led network, and a third type



relationship with an expert, which includes trust and other forms of social capital. Being able to influence the selection of the expert in the service delivery may highly influence the overall customer experience. Letting the customer to coordinate a part of the service delivery network can be very easy:

*“When a patient is booking a treatment, they can request for [choose] a specific doctor that they know or who have treated them before.”*

This gives the customer more control over the experience, while uncertainty about the quality of the customer experience increases (Tax et al. 2013). For this part of the service delivery, the customer is responsible for coordinating the experience and co-creating part of the value (Lemon & Verhoef 2016).

#### B) Firm-coordinated network

Being able to influence on the non-expertise parts of the service delivery may affect the customer experience less than influencing the expertise part. Thus, the focal company is responsible for coordinating the suppliers together. This increases the control over the experience and decreases uncertainty (Tax et al. 2013). The firm selects the suppliers based on certain criteria.

Customer experience is affected by the level of service delivery fragmentation the coordinating firm achieves when outsourcing parts of the service delivery. Most service processes include several organizations to fulfill a customer need (Sampson 2012). External service providers are likely to significantly affect the customer’s service interaction and thus the customer experience (Tax et al. 2013). However, typically the healthcare services are highly fragmented:

*“Healthcare services are full of different actors.”*

Thus, service delivery fragmentation may also be partly industry dependent.

The coordinating firm can affect the customer experience by choosing suppliers who are willing to develop the customer experience as discussed earlier. Here, the focal firm has decided to be very open with suppliers and choose long-term suppliers:

*“Pretty much everything is shared with partners. We have tried to be as open as possible about our methods.”*

### C) Administrative organization-led network

Running the service delivery can be tasked to an administrative organization (here Pohjola Terveys Oy) after the initial set up of the service. Here, the hospital management takes care of the day-to-day operation at the hospital; more accurately the Director of Operations is in charge of running the day-to-day operations. It is important to collaborate with the administrative organization to carry out development initiatives as they have gathered extensive insights about the operations. The following describes one way of collaborating with the administration:

*“Much of the development work is carried out with the Director of Operations of the hospital. He can give important input on how to influence the service delivery and who to contact and work with.”*

The operative management can act on behalf of the focal firm to coordinate customer experience with the rest of the supplier network. However, to increase collaboration and better coordinate the customer experience, the operative management works with the focal company and suppliers.

## 6. CONCLUSIONS AND DISCUSSION

### 6.1. Conclusions

The purpose of the study was to determine how customer experience can be coordinated in networks when information is gathered from customers and suppliers. Studying the coordination of customer experience in networks becomes important when the service delivery network is highly fragmented as parts of the service delivery are outsourced.

The research questions of the study were 1) how, what, and why information is gathered through customer involvement, and 2) how, what, and why information is shared with service providers in the network. The why is similar for both questions: information is gathered to improve the service and the experiences customers have. The effect of customer orientation on product/service success was already researched in multiple studies (von Hippel 1978; Deshpandé, Farley & Webster 1993; Jaworski & Kohli 1993; Slater & Narvar 1994; Achrol 1997; Comer & Zirger 1997; Gatignon & Xuareb 1997; Gruner & Homburg 2000), however, not from the customer experience perspective. Improving customer experience was expected to result in decreased customer churn, increased recommendation behavior of customers, and increased customer loyalty, which agrees with the research by Rawson et al. (2013). This affects the top-line growth of the company, although costs might be inevitably higher. For a company choosing the product-leadership strategy, customer experience is the main competitive advantage and not the price. Choosing this strategy is in line with the Gartner (2014) research, which indicated that a majority of companies expect to compete with customer experience management in the near future.

Customers and suppliers were involved in the development through pilots and test groups, followed by extensive surveying and interviewing to collect information and insights about the customer experience and its context. This can lead to effective coordination of the experience. Information about the service experience and recommendation behavior (NPS) were readily collected from customers as well. However, not all modes identified by (Leonard & Rayport 1997; Alam 2002; Matthing et al. 2004; Kindström & Kowalkowski 2009) could be used in customer involvement, e.g. observational studies, as the nature of the patient information and current legislation prohibits that. Regarding the stage and intensity

of involvement, customers should be involved as early, as often, and as much as possible as suggested by Ciccantelli and Magidson (1993).

The interaction and dialogue between organizations during supplier-involved development initiatives creates inter-organizational learning (MacDonald & Crossan 2010; Mozzato & Bitencourt 2014), mainly during pilots, interviews, and meetings. Suppliers participating in customer experience development included medical experts, medical non-experts, and non-medical members of the hospital staff, effectively covering the whole “purchase and usage” stage, i.e. treatment chain, of the customer journey. Development has been done since 2012 when the hospital started, which indicated that relationships with suppliers were mainly high continuity (Ford et al. 2003). Involvement was less present in the pre- and post-purchase stages, which do not include as many suppliers as the purchase stage, which covers most of the experience in this service context. Additionally, superior supplier commitment may result from high involvement in customer experience development, although it needs to be further studied for validation. Furthermore, the involvement of suppliers may depend on the job’s type and degree of standardization, and the individual’s willingness to get involved without compensation.

The study found that customer experience coordination can involve different kinds of networks types; here mainly a mixed type of customer-coordinated, firm-coordinated, and administrative organization-led network. The mix of different types disagrees with the types identified by Provan and Kenis (2007), and Tax et al. (2013). The type has influence on the customer experience if the customer has strong preference over choosing parts of the service delivery, especially in service delivery that includes professional skills. Suppliers and customers alike can be communicated the same information in order to openly discuss the experience, this seems to have led to an excellent NPS score of 97.1 at OP-Pohjola.

## 6.2. Theoretical and managerial implications

This study contributes to the existing literature of customer experience, service development and service delivery networks in several ways. First, for customer experience and service delivery literature (Tax et al 2013; Lemon & Verhoef 2016), it can be argued, that it is important to study customer experience in the confines of the network as fragmented service

delivery can have high influence on the experience. The more the service delivery has fragmented, the more fragmented the control of the experience is. Ignoring the network perspective does not yield as insightful results.

Second, service delivery networks can have mixed types where part of the service delivery is customer-coordinated, part firm-coordinated, and part administration organization-coordinated. This also has implications on the customer experience, especially in services where high expertise knowledge is part of the service delivery, and where administration can be handed to an organization with related core competencies (Tax et al. 2013).

Third, customer and supplier involvement can be studied from a network perspective (Tax et al. 2013) because they both have influence on the service development. Collaboration with customers and suppliers is an important factor of customer experience management as customer experience is complex and contextual to the service. The research contributes on the existing literature on customer involvement (von Hippel 1978; Deshpandé, Farley & Webster 1993; Jaworski & Kohli 1993; Slater & Narvar 1994; Achrol 1997; Comer & Zirger 1997; Gatignon & Xuareb 1997; Gruner & Homburg 2000; Alam 2002) and supplier involvement (Håkansson & Snehota 1995; Ford et al. 2003) to include involvement in customer experience context.

From a managerial perspective, the study offers several new insights on customer experience coordination in networks. First, for a company, is good to start with a well-defined description of what is excellent customer experience in the context of your own service. In healthcare services, quick treatment (short treatment chain and low bureaucracy) can increase the quality of experience tremendously, while being highly profitable for a business (quick throughput increases total capacity). Improving some aspects of the service delivery can create win-win situations. Great experience does not have to mean higher price for the customer. There are cases in which quotes such as “We are not competing on price so we must provide the best possible experience to our customers” do not apply. It depends on the kind of experience the customer values and what are the implications of that.

Second, supplier involvement is a highly strategic choice. If the strategy necessitates improving customer experience, suppliers should be involved in the development as increasing service delivery fragmentation means that control over the experience is also fragmented across multiple service providers. An additional benefit of supplier involvement is higher commitment to changes, i.e. decreased change resistance, which might be the

caused by being able to influence the change. Furthermore, supplier involvement might lead to higher standardization of experiences across service delivery network, which has strategic implications.

Third, involvement may be inhibited by supplier contract type and personality traits if development is not taking place during paid hours. It is vital to identify individuals who are willing to improve their own performance and work environment to achieve mutual benefits. If participation is to be expected, incentives to take action should be created.

Fourth, appropriate supplier involvement might depend on the phase of the product lifecycle, i.e. involvement is greater in growth phase than during maturity of the product. While there could be limitations to benefits achieved during later phase involvement, there might also be limitations to increases in experience if the experience is already best one available to customers.

Fifth, communicating information about customer experience to suppliers might lead to better collaboration and development of the experience as suppliers learn through the focal company what kind of experience customers are looking for. Experience should be managed and coordinated systematically.

Finally, the service delivery network can include different types of coordinating structures. For example, in matters where customer choice can increase customer experience a lot, the coordination should be handed to the customer. These might be aspects that are critical to the customer's choice of service provider, e.g. expert services have unique nature where customers might have an existing relationship or trust towards a specific expert. In general, even highly outsourced service delivery can be well-coordinated to create deliver superior customer experience.

### 6.3. Further research

This thesis excluded the development of new products and services, focusing only on existing ones. However, it is necessary to understand the roles of partners when developing new products and services so that partner-owned customer journey touch points can be influenced earlier. Addressing partner touch points only later in the development might incur significant costs related to switching partners or making other changes.

Further research is also needed to understand whether the results of this thesis are similar in other industries and cultural contexts. In other industries and cultures, collaborating with customers and suppliers through involvement might be less prevalent. Additionally, the degree of service delivery fragmentation differs among industries as well and might thus influence the amount and quality of partner owned touch points.

Further studies on the subject can include the pre-emptive healthcare aspect that is mainly present with corporate clients. This might change the customer journey and experience to some extent. Additionally, the change of the supplier involvement could be studied in a longitudinal study as a service transitions from a growth phase into a mature phase. Quite possibly, the supplier involvement is less present as development activities decline during the maturity of a service unless growth is to be revived.

Furthermore, future research could assess the effect of supplier involvement on company success, using several cases of low and high supplier involvement specific to the development of customer experience. This would add to the earlier research focusing on supplier involvement by including the customer experience context.

Lastly, regarding the service delivery network, it is worth looking into if customer experience is affected by the customer's ability to influence parts of the service delivery, e.g. parts that require high expertise and social capital, in a mixed type of customer-firm-coordinated network, and whether there are exceptions to that.

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