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DESIGN FOR THE CUSTOMER EXPERIENCE

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ABBREVIATIONS

CX	Customer experience
G-D logic	Goods-Dominant logic
HIP	Human Information Processing paradigm
S-D logic	Service-Dominant logic
WAAD	Work Activity Affinity Diagram

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ABSTRACT:

In the challenging competitive environment success of the companies is determined by strong product or service differentiation, establishing customer relationships, and ability to provide value to the customers. The companies can gain competitive advantage by creating customer experience. Although the importance of customer experience and its positive influence on customer retention and loyalty have theoretical recognition, the rate of adoption into practice is rather low. The purpose of this research is to explore how customer experience can be enhanced using both company's and customers' inputs. The first research question investigates whether the perception of a company's current and desired service performance differs in between operation's perspective and customer's perspective. The second research question aims to find solutions for enhancing customer experience. The Wheel lifecycle template is used as a method for designing experience and is applied to a hotel selected as a case company. This method enables the researcher to identify challenges the company faces and develop actions for customer experience improvement. The study results in practical suggestions for enhancing customer experience. It makes valuable contribution to customer-company relationships, which leads to customer loyalty, retention, and enhancement of the company's performance.

KEYWORDS: customer experience, customer value, experience design, Wheel lifecycle template

1. INTRODUCTION

This chapter provides background information of the study. It states the research problem and research questions which are followed by explanation of the research structure.

1.1. Background of the study

In the challenging competitive environment success of the companies is determined by strong product or service differentiation, establishing customer relationships, and ability to provide value to the customers. Since traditional marketing with its focus on the single or few transactions between companies and their customers no longer creates a competitive advantage, the company's attention should be transferred to establishing long-term relationships with its clients. The source of competition in the modern business environment lies in creating customer experience.

The customer experience (CX) is a “set of interactions between a customer and a company” (LaSalle & Britton 2003), which is based on “an individual interpretation of events” (Pine II & Gilmore 1999). It originates from concrete elements – the touch points, which occur between the customer and the company, or the company's offer (Addis & Holbrook 2001). In the context of design-thinking paradigm, an emerging mind-set, products and services are designed not to be sold, but experienced (Hartson & Pyla 2012: 258). Placing the CX at the center of the service offering enables the service company to differentiate its offerings by delivering experience-centric services (Voss, Roth, & Chase 2008). The experience-centric services are characterized by their ability to engage customers, so that they can be connected with the service in an individual, memorable way (Pullman & Gross 2004). Customer engagement can also be achieved through interaction between service employees and customers. The interaction provides the feeling of care and friendliness, affects service quality, and increases customer satisfaction (De Ruyter & Wetzels 2000).

The positive contribution of design on new product or service performance has been recognised by many researches (Veryzer & de Mozota 2005; Moultrie,

Clarkson & Probert 2007; Menguc, Auh & Yannopoulos 2014). Design enables the company to gain competitive advantage by differentiating its products or services from competitors, improve customer/ user experience, as well as enhance sales growth and overall company's performance (Gemser & Leenders 2001; Veryzer & de Mozota 2005; Moultrie & al. 2007). In order to improve a product/service performance many companies involve customers in the product/ service design. Customers' involvement in design implies providing feedback, information, and knowledge to the company about how to enhance design (Menguc et al. 2014). In other words, it represents customer vision of a service, service quality and value; and results in customer's experience of a service. Nevertheless, company's vision of value delivered to customers cannot be neglected. Both customers' and company's perspectives of value provided and a service experienced is a valuable source of information and an input for CX design.

1.2. Research questions

Although the importance of CX and its positive influence on customer retention and loyalty have theoretical recognition, the rate of adoption into practice is rather low (Zomerdijk & Voss 2010: 68). The reasons for such a slow adoption rate are the lack of theory on this topic and the lack of structured managerial approaches. The purpose of this research, therefore, is to explore how CX can be enhanced using both company's and customers' inputs. Applying the Wheel lifecycle template proposed by Hartson & Pyla (2012) as a method for designing experience enables the researcher to identify challenges the company faces and find solutions for enhancing CX. The case study method was selected that allows analysing a research problem in-depth and applying the results to the particular company. As a case company the hotel has been chosen.

In the literature the concepts of service and customer value have mostly been examined from either the customer's perspective or the provider's perspective. The current research makes an attempt to fill this gap by integrating both operation's perspective of value provided and customer's perspective of a service experienced in a single study. This study makes valuable contribution to

improvement of customer-company interaction, which leads to customer loyalty and retention, as well as enhancement the company's performance.

This study is aimed to answer the following research questions:

1. How the vision of the company's current and desired service performance differs in between operation's perspective and customer's perspective?
2. What actions should be taken due to improve customer experience?

In order to answer the research questions 12 interviews were conducted in total with both the company's personnel and the customers either face-to-face or by phone. A scope of this research is mainly focused on the service concept, customer value, customer experience, and experience design. Consequently, this paper is based on a single case study of the hotel located in Finland, in Ostrobothnia region, on Kvarken archipelago – the unique nature heritage in Finland protected by UNESCO.

1.3. Research structure

This research consists of six chapters. Chapter one is focused on the introduction of the study, it highlights the research problem and research questions. Chapter two describes main theories relevant to service concept, customer value, customer experience, and experience design. Chapter three is focused on methodology used to conduct the research. It outlines the research design of the study, introduces the case company, and explains the data collection and data analysis techniques, which is followed by conceptual design. The validity and reliability of this study are described at the end of the chapter. The results of the study are summarised and presented in chapter four. Chapter five discusses findings of the study with reference to the theoretical background. It provides theoretical and practical implications of the study as well as limitations. In chapter six conclusions of the study are presented.

2. LITERATURE REVIEW

In this chapter main theories regarding the concepts of service, customer value, customer experience, and experience design will be reviewed.

2.1. Service-Dominant logic

Over the last few decades the marketing theory has undergone significant changes. The emergence of service-dominant (S-D) logic as a new study trend is contrasted with traditional goods-dominant (G-D) logic in follow aspects. First, in S-D logic a fundamental unit of exchange is a service rather than good. Second, S-D logic is focused on collaboration between the firm and the customer and establishing long-term relationships instead of simple transactions. Third, the embedded value in G-D logic is replaced by co-creation of value in S-D logic. Moreover, in S-D logic the customer is seen as a “collaborative partner who co-creates value with the firm” (Vargo & Lusch 2004).

The interpretation of well-known marketing mix concept with the core model of “Four P’s” (product, price, place, promotion) has been modified under S-D logic too. Therefore, ‘products’ are replaced by service flows, ‘price’ is changed with a value proposition created by both parties of the exchange process, ‘place’ is substituted by value networks and processes, and ‘promotion’ is refocused toward communication with the customer. (Lusch & Vargo 2006.)

In the context of the S-D logic the driver of sustainable competitive advantage is knowledge that makes the service possible. Competitive advantage of the firm can be increased through collaboration with customers and value-network partners, innovation, and enhanced customer experience. Collaboration comprises of two components: co-production and co-creation of value. The co-production implies involvement of customers and other value-network partners in the offering creation through sharing their inventiveness, co-design, or production. The co-creation, however, requires focusing on relationship formation and consumption behaviour. Both co-creation and co-production are closely related to the emerging concept of CX (Lusch, Vargo & O’Brien 2007).

Competition through innovation can be achieved by understanding how an individual customer integrates and experiences service-related resources. Lusch, Vargo & Brunswick (1992) identified six factors defining to what extent the customer takes part in the co-production activity: expertise, control, physical capital, risk taking, psychic benefits, and economic benefits. As a source of customer contacts, these factors form the basis of managing CX. In addition, they can be applied by firms in the development of innovative service strategies. Finally, customer involvement in service co-production activities on the desired level increases competitive advantage through enhanced CX. By co-creating the value proposition among value-network partners, the chances of a win-win situation are raised. (Lusch & al 1992.)

According to S-D logic the concepts of service, value and experience are closely related, that often cause overlaps in the literature regarding their definitions. In order to avoid confusion, all of those concepts will be highlighted separately.

2.1.1. Definition and characteristics of a service

A service is defined as a process or an activity in which the customer is involved by taking part in the productive activity (Johnston & Kong 2011: 7). Therefore, a “service” goes beyond the interaction between a company and a customer. A service has three distinctive characteristics that make it differ from a product: intangibility, heterogeneity, and simultaneity.

First, unlike products, services are intangible by nature. Services can be defined as processes rather than physical entities. Services are difficult to test in concept; however, they can be easily modified in contrast to physical products. Therefore, changes can be made quickly in services by individual service employees without management involvement and service quality declension. Another difficulty caused by intangibility is that the ideas can be easily copied by rivals. Since service development is not protected by patent, copying is difficult to prevent. (Reinoso, Lersviriyajitt, Khan, Choonthian & Laosiripornwattana 2009.)

Second, services are characterized by heterogeneity. It means the rarity with which service delivery can be duplicated. Since service creation and

consumption is based on interaction between employees and customers, the service experience varies every time (Reinoso et al. 2009). The variation depends on the degree of standardization of the service and technology applied at the customer interaction. Since services are lack of physical features, it creates a risk for customers while purchasing. Therefore, the emphasis on training of employees is required.

Finally, services are produced and consumed simultaneously. Most services are perishable, thus, cannot be held in stock. The perishability factor eliminates an inventory of services (Johne & Storey 1998).

2.1.2. Service perspectives

In the literature there exist two perspectives on service: the service provided from operation's perspective and the service received from the customer's perspective (Johnston & Clark 2008; Ding, Hu, Verma & Wardell 2010). The service occurs where the operation and the customer meet as it is shown in the Figure 1.

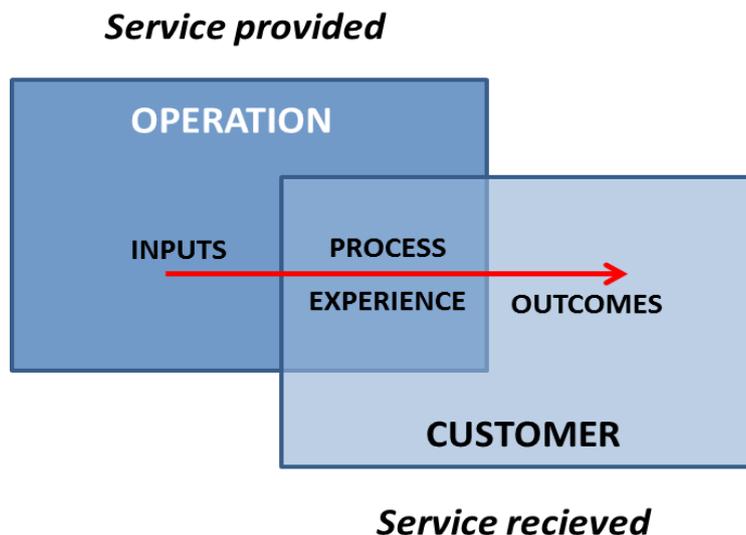


Figure 1. The operation's and customer's perspectives on service. (Adapted from Johnston & Clark 2008)

The inputs of the operation, for instance, technologies, employees, information, materials, and customers are used to design, create and enact the service along with the customer (Johnston & Kong 2011: 7). As a result, services are “co-created” or “co-produced” during the interaction with the customer. In terms of a company, the value is created from the sale of the service for which the customer pays. Such a value is called value-in-exchange (Lusch et al. 2007). In terms of customer’s perspective, however, value is created in the service the customer receives, the customer’s experience of the service and service outcomes. Such a value is called value-in-use (Carbone 2004; Lusch et al. 2007). Outcomes of the service involve the benefits that the customers get from experiencing the service, which results in emotions the customer feels (Edvardsson & Olsson, 1996; Meyer 2007; Pullman & Gross 2004). These benefits show how well their needs and requirements have been met by a service company (Johnston & Kong 2011: 8). Therefore, a service always comes with an experience (Carbone & Haeckel 1994) and provides an opportunity for emotional engagement (Berry & Carbone 2007; Voss & Zomerdiik 2007).

For the company the value is a product or an offer to be provided to customers, however, for the customer it is a service to be experienced. The CX is the individual interpretation of the service process, existing only in the customer’s mind (Pine II & Gilmore 1998). It implies customer involvement during the customer journey through a series of touch points. Experiencing a service makes the customer feel emotions that can be positive, such as surprise, happiness, pleasure, love, as well as negative, including sadness, shame, discomfort and anger. The outcomes of experiencing the service by the customer are formed based on treatment with them, meeting their needs and result in the customer perception of the service provided (Johnston & Kong 2011: 8).

The service quality can be defined from two perspectives too, viz. operational service quality and customer perceived quality. Operational service quality is evaluated by the service provider and shows how well the service was delivered. In contrast, customer perceived quality, is evaluated by the customers and correspond to their experiences and the perceived benefits compare to their expectations (Pinto & Johnston 2004). In hospitality industry service quality can be broken down on several dimensions. (Dortyol, Varinli &

Kitapci 2013) The dimensions and their characteristics are summarized in the Table 1.

Table 1. Dimensions of service quality.

Dimensions	Characteristics
Friendly and helpful employees	<ul style="list-style-type: none"> - High performance of their duties - Ability to solve problems and complaints - Informing about facilities - Neat and tidy appearance of the hotel staff - Individualized attention to every guest - Compensation for the inconvenience
Room amenities	Quiet, clean, comfortable and well furnished rooms with good view; room facilities should function properly
Food quality	<ul style="list-style-type: none"> - High quality and wide variety of hotel meals - Hygiene in the restaurant and the kitchen
Interaction with local culture	Ability to learn more about local culture through communication with local people and sites visiting
Entertainment opportunities	Variety of activities nearby
Tangibles	The quality of hotel facilities, e.g. green spaces, the capacity of the hotel service unit
Level of prices	Price level in the restaurants, bars
Transportation	<ul style="list-style-type: none"> - Airport's modernity - Quality of in-flight service - Access to the hotel's areas, e.g. car parking
Climate and hygiene	Cleanliness of the place and good weather
Security	Safety and security of the place

2.2. The concept of customer value

The concept of value is applied in various research fields such as economics, finance, social science, product management, information systems, marketing and tourism (Nasution & Mavondo 2008). This research is focused on customer value. Although in the literature there are many definitions of customer value, only two of them will be outlined. The first definition refers to benefits/costs ratio models, whereas the second definition originates from means-end models (Khalifa 2004).

In benefits/costs ratio models the customer value is viewed from the cognitive perspective with the core concept of perceived value. To Zeithaml (1988: 14) the perceived customer value is a “consumer's overall assessment of the utility of a product based on perceptions of what is received and what is given”. The value is related to price and is defined as a trade-off between “get” and “give” components. As it is illustrated in the Figure 2 the “get” components involve overall benefits that customers receive, such as function, quality, and convenience.

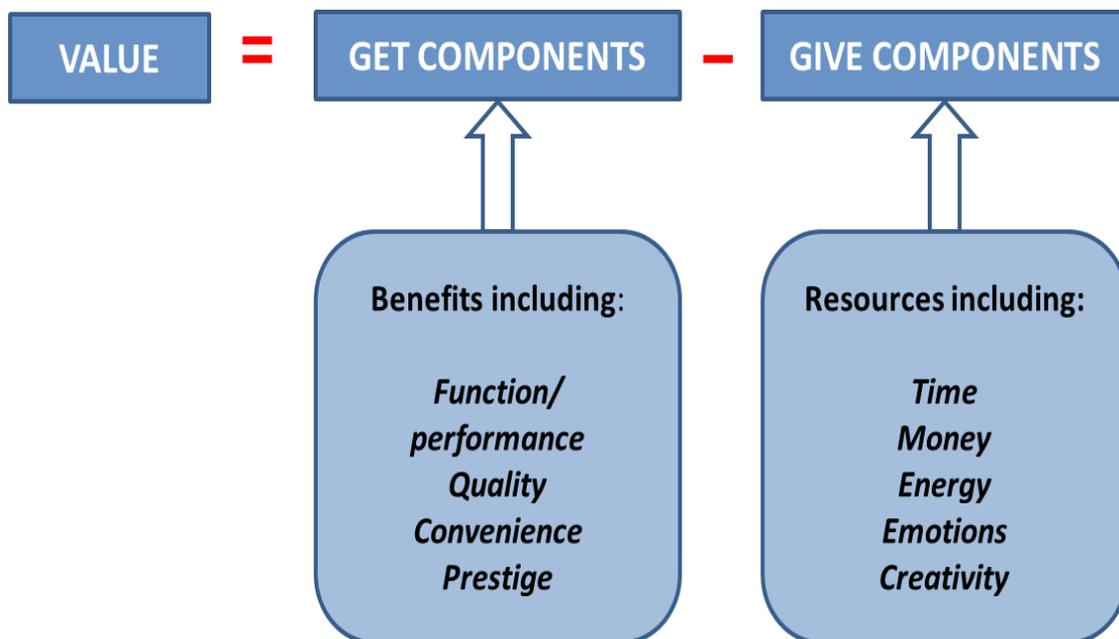


Figure 2. A value equation. (Adapted from Babin & Kevin 2010)

Moreover, emotions, including feelings of prestige, excitement, nostalgia, together with perceptions of scarcity contribute to value too (Babin & Kevin 2010). The “give” means overall sacrifices, such as financial resources, time, energy, know-how, and sometimes creativity that customers invest in the co-creation process. In addition, on the high level of involvement customers can invest their emotions and image. These aspects exemplify the S-D logic view of co-creation.

The customer value also involves behavioural elements presented in means-end models, which claim that customers buy and use products or services in order to accomplish their favourable ends. Means are goods or services, and ends are personal values that are important to consumers. At the base of decision-making processes there is coherence among product attributes, consequences produced through consumption, and personal values of consumers (Hurber 2001). The most essential value is the value in the customer experience. The customer’s resulting experience “includes one or a series of related physical or mental events that lead to an end-result” (Lanning 1998). According to Woodruff (1997) the value derives from customers’ learned perceptions, preferences, and evaluations. As it is shown in the Figure 3, the customer value hierarchy model explains both desired and received value. The lowest layer during the process of value achievement is the layer of attributes, where customers describe a product with desired attributes. The layer of outcome is placed in the middle of customer value hierarchy. In this layer customers express their opinion after using the product. The information got on this layer enables the company to satisfy customer’s needs. The layer of final aim illustrates the core value of a customer. For companies it shows the final goal achieved by the means of a product or service.

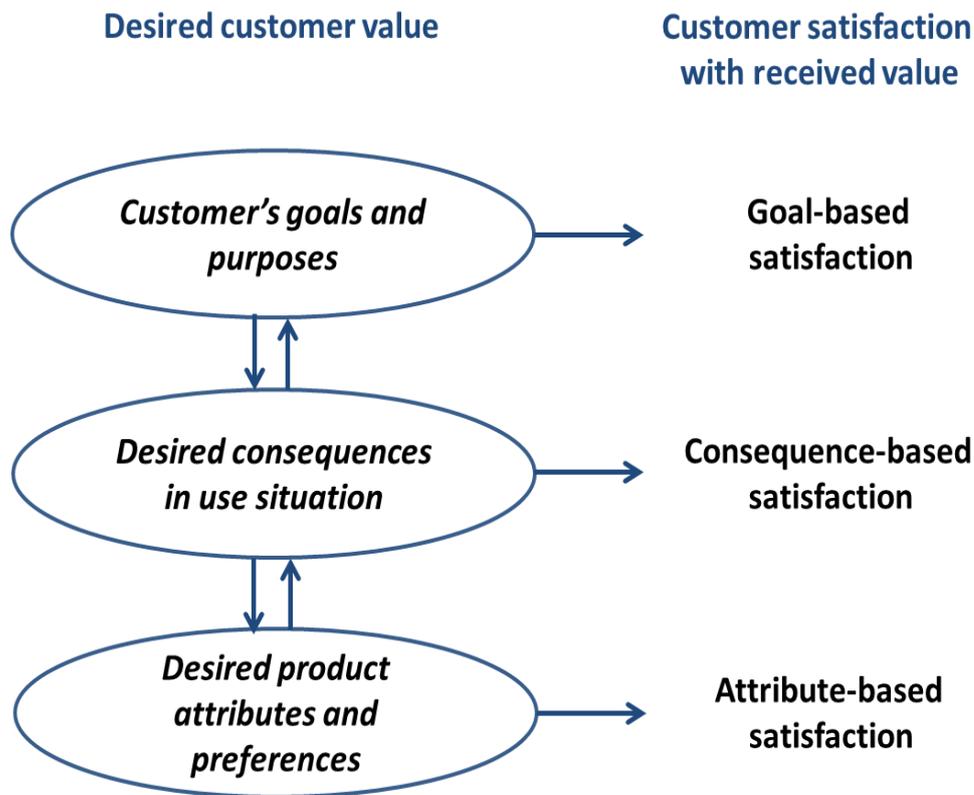


Figure 3. Customer value hierarchy model. (Adapted from Woodruff 1997)

2.2.1. Value co-creation

In order to better understand the value co-creation, Saarijärvi, Kannan & Kuusela (2013) broke it into three components: the “value”, the “co-”, and the “creation”. First, it is essential to clarify what kind of value is co-created and for whom. The value can be classified as customer value, firm value, utilitarian or hedonic. Utilitarian value occurs when a consumer has achieved a desired end result after consumption. Factors such as product usefulness, convenience, efficiency, and simplicity increase utilitarian value, whereas, delays, distractions, surprises decrease it. Hedonic value, however, originates from interaction between a consumer and marketing environment or experience. Such a value is accompanied by emotions experienced by the consumer including feelings of prestige, nostalgia, relaxation, and pride. Since the value is co-created through interaction between the customer and the firm, understanding the value by each party has to be considered. Second, the “co-”

component refers to the actors involved in the value co-creation process and defines resources put together to enhance customer value. These resources can be deployed through interaction between the customer and the firm, networks, or service systems involving people, technology, and value propositions. Therefore, it is important to know who and what kind of resources is integrated in co-creation such as B2B, B2C, C2B, C2C. Third, the “creation” means the mechanism through which the resources can be deployed into value creation processes. Examples of such mechanisms are co-production, co-design, and co-development (Sheth & Usley 2007; Frow, Payne & Storbacka 2010).

Table 2. Analytical framework of value co-creation. (Saarijärvi & al. 2013)

Parties	“Value” What kind of value for whom?	“Co” By what kind of resources?	“Creation” Through what kind of mechanism?
Customer	What is the customer benefit? How is the customer’s value creation supported?	What firm resources are integrated into the customer’s value-creating processes?	What is the mechanism through which firm resources are integrated into the customer’s processes?
Firm	What is the firm value? How is the firm’s value creation supported?	What customer resources are integrated into the customer’s value-creating processes?	What is the mechanism through which customer resources are integrated into the firm’s processes?

Three elements mentioned above provide a basis for the development of the business-oriented analytical framework (Table 2). The framework helps to analyse the value co-creation from two sides, namely, customer’s and firm’s perspectives. Moreover, mutual incentives are needed to make changes in the traditional resource integration process. The incentives include either monetary rewards or intrinsic benefits. (Saarijärvi et al. 2013.)

The analytical framework has a number of practical implementations. First, it shows how customer resources may be deployed in the new product development process. For example, customers can share their ideas about the firm's products and contribute by their creativity to the firm's value-creating processes. Second, being involved in value co-creation, customers have got a sense of belonging to the company. At the same time company gets access to customer resources, viz. customer's ideas and thoughts about company's products or services. Therefore, co-creation is one of the mechanisms through which customer resources are involved into the company's value creation. (Saarijärvi et al. 2013.)

2.2.2. Value axioms

Babin & Kevin (2010) highlighted core theoretical and practical aspects of value concluded to value axioms:

- Value is derived by the activities that comprise service (Vargo & Lusch 2004).
- Value is a result of interaction between the firm and the consumer and is derived by both parties (Babin & Harris 2009; Vargo & Lusch 2008b).
- Value is not a zero-sum game and it can be obtained from all parties involved in a service exchange (Babin & Kevin 2010).
- Value occurs only after the purchase (Babin & Kevin 2010).
- Value can be negative when the “give” exceeds the “get” components (Gronroos 2008).
- Utilitarian value and hedonic value are not mutually exclusive. Indeed, successful firms provide high amounts of utilitarian and hedonic value (Babin & Kevin 2010).
- Value is not entirely distinct from one's personal values, since the personal values represent desirable end states (Rokeach 1972).

- Consumption is the process that creates value from service (Babin & Kevin 2010).
- Each meaningful marketing activity is aimed at value creation (Babin & Kevin 2010).

2.3. Customer experience

CX emerged in the mid-1980s as a separate construct. It originates from consumer behaviour studies where the experiential aspects of consumption were determined. Therefore, “the role of emotions in behaviour; the fact that consumers are feelers, thinkers and doers; the roles of consumers beyond the act of purchase, in product usage, and brand choice” was reconsidered (Addis & Holbrook 2001) The concept of CX has been developed later, in the 1990s, with Pine and Gilmore’s book on the Experience Economy (1999). The “experiences” were seen as a new economic offering, emerging as the next step after commodities, goods, and services. In the following years the CX was seen as a new lever of value creation for both the company and the customer. The reason for this was a reconsideration of the concept of consumption. A customer is a person who interacts with the company at different levels (LaSalle & Britton 2003). The customer value is created by enabling the customer to live all the moments of the relationship with a company (LaSalle & Britton 2003) or co-create own unique experience with the company (Prahalad & Ramaswamy 2004).

The CX is defined as “an evolution of the concept of relationship between the company and the customer” (Gentile, Spiller & Noci 2007). It originates “from a set of interactions between a customer and a product, a company, or part of its organization, which provoke a reaction” (LaSalle & Britton 2003). Placing the customer experience in the centre of the service offering enables the service company to differentiate its service offerings by delivering experience-centric services (Voss et al. 2008). The experience-centric services are characterized by their ability to engage customers, so that they can be connected with the service in an individual, memorable way (Pullman & Gross 2004). Such an engagement takes place on physical, emotional, spiritual, and intellectual levels and can be

reached depending on customer involvement and the emotional connection with the environment. In addition, the engagement increases purchases and positive word of mouth (Zomerdijk & Voss 2010: 70). Customer engagement can also be achieved through interaction between service employees and customers. The interaction provides the feeling of care and friendliness; it affects the quality and increases customer satisfaction (De Ruyter & Wetzels 2000).

Schmitt (1999) proposed a modular conceptualization of the concept of CX. He identified five strategic experiential modules: sensory experiences (sense); affective experiences (feel); creative cognitive experiences (think); physical experiences, behaviours and lifestyle (act); and social-identity experiences that result from relating to a reference group or culture (relate). Gentile et al. (2007) developed conceptual framework of CX which has some components in common with the model proposed by Schmitt (1999). Therefore, CX composes of following components: sensorial, emotional cognitive, pragmatic, lifestyle, and rational (Gentile et al. 2007).

CX has the following characteristics:

- CX is strictly personal and unique; it is based on an individual's interpretation of events (Pine & Gilmore 1999).
- CX has temporal dimension (Vargo & Lusch 2004).
- CX involves customer at different levels: rational, emotional, sensorial, physical, and spiritual levels (LaSalle & Britton 2003).
- CX originates from the set of touch points between the customer and the company, or the company's offer (Addis & Holbrook 2001).
- CX is related to co-creation of value outlined in S-D logic. (Vargo & Lusch 2004).
- CX can increase competitive advantage of the firm by customer involvement (Lusch & Vargo 2006).

- The emotional and personal nature of experiences can be applied in the development process (Zomerdijk & Voss 2011).

2.3.1. Customer experience creation

In order to create CX the company has to anticipate and fulfil customer needs better than competitors. It can be achieved through understanding the specific needs and desires of the target group and fulfilling them in a unique way. The emphasis should be done on providing emotional experience that goes beyond physical attributes such as quality, price, safety, privacy, and security; and provide customers with the feeling of belongingness, friendliness, entertainment, and engagement (Shaw & Ivens 2005).

The problem recognition and finding opportunities for improvement is the first step towards delivering CX. Previous studies of CX shown that organisations tend to overestimate the experience they deliver to the customers. Most companies believe that they deliver superior CX, however, only few customers agree with that (Meyer & Schwager 2007; Nasution & Mavondo 2008). Therefore, detailed research by customer segment is needed in order to investigate customer's perceptions of the service experienced and find areas for improvement of CX. Such a research can increase customer loyalty and improve the financial statement of a company (Frow & Payne 2006).

As a next step, opportunities for co-creation have to be identified. Both the company and the customers are engaged in value co-creation; therefore, their roles in achieving CX have to be determined. For instance, customers can share their needs, requirements and expectations, which enables the company to better understand customer's behavior and uses its resources more effective (Frow & Payne 2006). Moreover, identification of the mechanism through which co-creation can be realized is of importance. Examples of such mechanisms are co-development, co-design, and co-production (Saarijärvi et al. 2013). Such collaboration between two parties leads to co-creating mutual value and CX improvement.

In addition, metrics for measurement of CX have to be introduced. Since CX emerges from concrete elements – touch points, it can be measured at each

touch point. They occur during the interaction between the company and the customers. The interaction can be realized through feedback, sharing ideas and opinions about the service or product. Focusing on customer satisfaction as well as customer dissatisfaction helps the company to find new areas for enhancing the CX. (Frow & Payne 2006.)

Finally, employee motivation is one of the key issues towards superior customer service and enhancing CX. Employees are seen not only as the service company's core resource, but also as a part of the service. A contact with the company's personnel makes the intangible service tangible for the customer. The role of service employees in providing CX can be increased through employee satisfaction; therefore, their needs, wishes and demands should be considered (Frow & Payne 2006). Factors such as motivation and enjoyment affect the performance of employees and can be achieved through work content, relations with co-workers and relations to customers. Furthermore, staff training/education and a reward system can improve company's performance in general (Edvardsson & Olsson 1996).

2.3.2. Customer experience hierarchy model

CX hierarchy model is based on customer value hierarchy model described earlier. According to this model, customer value is achieved during purchasing product or service and composes of three layers: product attributes, outcome, and the final aim (Woodruff & Gardial 2002). Creation of experience is focused not only on outcome but also on a process, controlling the whole customer buying process. Thus, the company can improve customer value by creating experience in all touch points. Experience has a vertical structure and on different layer customer can get different experience (Guo Hong-li 2008:2).

In the same manner as the theory of customer value hierarchy, the concept of experience can be divided into three layers too, viz. CX attributes CX themes and CX effects. CX attributes provide necessary resources for achieving CX effects and transfer experience in the layer of CX attributes to customers. CX themes connect effects and attributes and transfer experience in the layer of CX themes. CX effects show a certain level of emotion, physical force, intelligence and spirit achieved by a customer during the interaction with a company. It

transfers experience to the highest layer of CX to customers. The relationship between three layers of CX hierarchy model is shown in the Figure 4. The lowest layer in this model is more specific and refers to the company, while the highest layer is more abstract and closer with the customers. (Guo Hong-li 2008:3-4.)

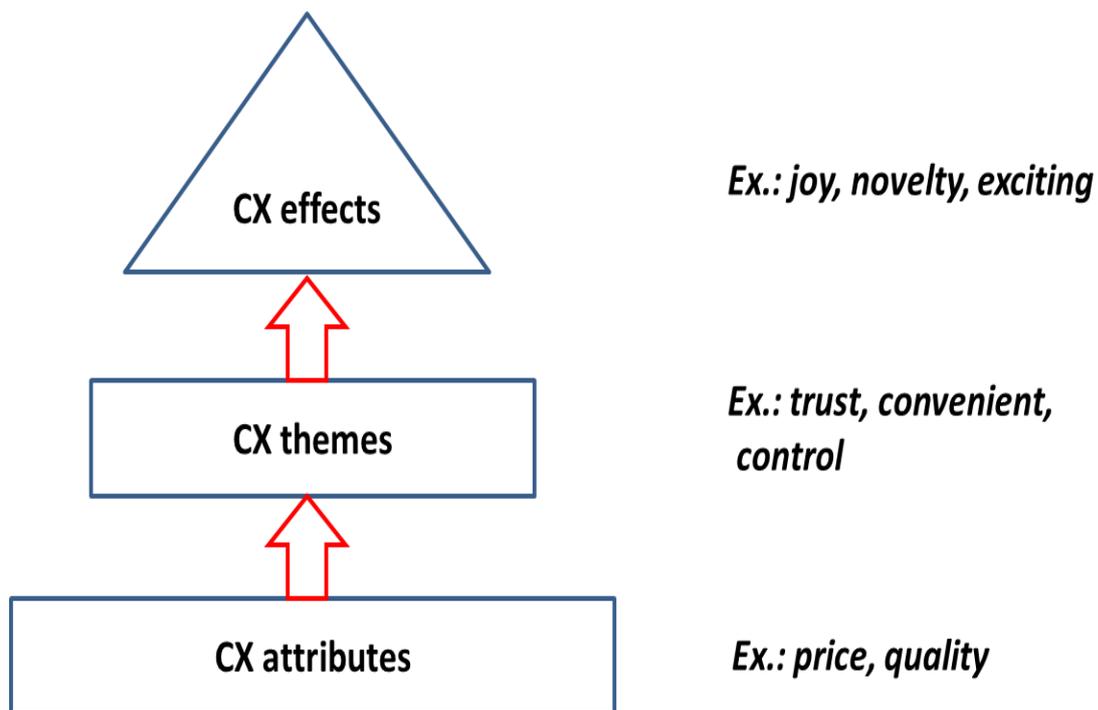


Figure 4. CX hierarchy model. (Adapted from Guo Hong-li 2008)

The layer of CX attributes is the lowest layer in CX hierarchy model. In order to create and transfer experience to customers, the company has to focus on experience design elements that can be both tangible and intangible. In terms of a service operations design, factors such as location, facility layout, product design, scheduling, worker skills, quality control and measures, time standards, demand and capacity planning, customer contact level, front line personnel discretion, sales opportunity, and customer involvement affect the experience design (Metters, King-Metters & Pullman 2003).

According to Gupta & Vajic (1999) experience design elements are divided on physical and relational. Physical elements refer to the tangible aspects of service design and include product, service and context (LaSalle & Britton 2003). Customers' evaluations of physical context play an important role in customers' evaluation of loyalty and length of stay in service settings (Bitner 1990, 1992; Wakefield & Blodgett 1996). Relational context applies to two types of interaction: interaction between the guest and service provider and interaction between the guest and the other guests (Pullman & Gross 2004). First, employees contribute to CX creation by responding to the customer needs or service delivery failures and providing customer satisfaction and emotional experience (Bitter 1990). Second, the brand itself symbolizes customers' value and lifestyle that provides interaction between the customer and the other customers (Mael & Ashforth 1992). In addition, the creation of experience requires customers' involvement. Kellogg, Youngdahl, & Bowen (1997) assert that the higher the customer's involvement in the experience creation, the higher the level of satisfaction with customers services. Encouragement of customer participation provides a higher level of interaction and transfer higher experience to customer.

CX themes derive from CX attributes. They serve as a bridge between CX design context, or existing resources, and CX effect, or final object. McKain (2002) asserts that seven elements must be considered to improve CX, such as communication, appetency, trustiness, customization, upgrade, abandon, entertainment, and remarkable. CX can be broken down into six dimensions, such as trust, efficiency, knowledge, control, choice and commitment (Guo Hong-li 2008:4). LaSalle & Britton (2003) divided value experience into four layers in terms of consumption decision. Physiological value experience is focused on basic and instinctive needs such as joy, convenience and safety. Emotional value experience is related to the customer's subjective feeling to the company, society and the relation to others, such as cognition, care, social class, and respect. Intellective value experience matches with the customer's rational judgments, for example, knowledge, control, stabilization and efficiency. Finally, spiritual value experience corresponds to customer's belief, the aesthetic faculties, awareness, satisfaction, freedom, trust, and social responsibility.

CX effects refer to customer's mental feeling, when they achieve certain emotional level, physical force, intelligence and spirit during the interaction with companies. This feeling goes beyond satisfaction and brings a pleasant surprise to customers. Customer loyalty can be enhanced by providing positive emotions. The study of Barksy & Nash (2002) shows that emotions as comfort, content, practical, relaxed, respected, secure, sophisticated, and welcome affects the customers' decision making process.

2.4. The concept of design

The positive contribution of design on new product or service performance has been recognised by many researches (Veryzer & de Mozota 2005; Moultrie et al. 2007; Menguc et al. 2014). Design enables the company to gain competitive advantage by differentiating its products or services from competitors' offerings that affects the customer retention (Gemser & Leenders 2001). Furthermore, superior design helps to improve the customer/ user experience and service or product quality that adds value to the offering. Design has a positive influence on sales growth and company performance (Moultrie et al. 2007).

The term "design" has several meanings. In a broad sense it refers to the whole area of system development, including control over the entire lifecycle process. In the narrow sense design is a human activity including synthesis of new ideas and putting them together to form interaction design. Such a design is one of the process activities in the lifecycle template along with analysis and evaluation, which will be described later (Hartson & Pyla 2012: 252).

2.4.1. Design paradigms

Design originates from human-computer interaction and, therefore, can be described in three paradigms: engineering paradigm, human information processing paradigm (HIP), and design-thinking paradigm. The main characteristics of these paradigms with their main focus are summarised in the Table 3.

Table 3. Design paradigms.

Design paradigm	Key characteristics	Key focus
Engineering paradigm	<ul style="list-style-type: none"> - Originating from software engineering, it is based on usability engineering approach. - It describes how to plan, analyse, build, evaluate, and optimise resources in order to build quality interaction design. - Study human factors to increase productivity and eliminate user errors 	<ul style="list-style-type: none"> - User performance improvement - Work efficiency - Errors eliminating
HIP paradigm	<ul style="list-style-type: none"> - Originating from philosophy and cognitive theory, it describes how the information can be accessed and transformed in the human mind. - Product design matches human parameters 	Modelling human sensing, memory, decision making, and physical performance
Design-thinking paradigm	<ul style="list-style-type: none"> - Form a vision of the desired user experience - It involves social and cultural aspects of interaction - It is about designing for the user experience 	Emotional impact of design, as joy of use and aesthetics in the user experience

The application of these paradigms can be exemplified in the concept of a new car design. In the first paradigm, the car is seen as a mean of transport and it should be built so that all parts fit together well. The performance is also important, which can be measured in horsepower, fuel mileage, and handling. The key focus of the second paradigm in this example would be on designing concepts of control, such as seating and steering control, as well as security.

Finally, the design-thinking paradigm emphasises emotional impact of the ride, the joy of driving, and pride of ownership of the car. (Hartson & Pyla 2012: 258.)

The third paradigm is about designing for the experience. Therefore, products and services are designed not to be sold, but experienced. Design thinking is an emerging mind-set with dominant role of the product concept and design for emotional impact and experience. Design thinking is market oriented, since it requires a deep understanding of the market, market trends, technology, and competition. It focuses on the product, presentation, packaging, and customer support. (Hartson & Pyla 2012: 258–260.)

The design-thinking paradigm can be applied to services too. Such services are called experience-centric services and they were described earlier. In order to deliver experience-centric services the design of CX through planning of tangible and intangible components of the service in the service delivery system is required (Pullman & Gross 2004). The design of tangible components of experience-centric services is related to five senses, namely sight, sound, smell, taste, and touch. All senses affect the customers' emotions, which consistently result in memorable CX (Pine & Gilmore 1998).

2.4.2. Methods for designing experience

Customer involvement in new product/ service design influences positively on new product/ service performance. Customers provide the company with valuable input, including knowledge, feedback and information. Moreover, the customers share their ideas about design which enables the company to improve its design (Menguc et al. 2014).

Although experience design has received a lack of attention in the literature, several tools have been developed to support customer/ user experience design (Pullman & Gross 2004). Among these tools are creating experience clues (Berry & Carbone 2007), CX analysis (Johnston & Clark 2008), customer journey mapping (Shaw & Ivens 2002; Zomerdijk & Voss 2010), and the Wheel lifecycle template (Hartson & Pyla 2012). The last two methods will be described below.

Customer journey is the “sequence of events that customers go through to learn about, purchase and interact with company offerings including commodities, goods, services or experiences” (Norton & Pine II 2013). The customer journey mapping consists of activities and events related to the service delivery and it is used to analyze and visualize an experience from customer’s perspective, identify the moments of truth and find opportunities for improvement. The moments of truth are the most essential points of interaction between the customer and the company. Applying the customer journey mapping enables the company to incorporate both design and innovation into service provided. (Yeh & Chuang 2012). It has a form of diagram that shows the steps the customers go through in interacting with the service. Owing to this practice customer experiences can be transformed from touch points to controllable elements. The customer journey model is based on customer behaviour. The company’s business strategy has to be aligned with the experiences that add most value for customers.

The study of Parandker (2012) investigates customer journey in retail stores. Customers experience the service at each touch point during their journey. Such an experience tells a lot about customers’ behaviour and explains why customers want to use the service and how they choose it. Customer journey has three dimensions: customer mining, customer experiencing the service, and capturing customer’s experience. During the mining stage the service provider can influence on the customer decision of coming to the store. During the next stage the customer is experiencing the service and forming a firm perception at each touch points. Finally, when the customer is about to leave the service, the service provider can capture customer's experience about the service having a short conversation with the customer.

Another method for designing experience - the Wheel lifecycle template - was proposed by Hartson and Pyla (2012) and described in-depth in the “UX book”. As the name of the book indicates, the template is applied to user experience. Product design was used as an example throughout the book. However, the authors point out that the template reflects “a basic abstract picture of activities for almost any kind of design” (Hartson & Pyla 2012: 53). Therefore, this method can be applied for designing CX too. This “abstract picture” represents a cycle with four fundamental activities, namely, analysis, design,

implementation, and evaluation and is illustrated in the Figure 5. The lifecycle template enables the company to create and refine a design, leading to a quality user/ customer experience.

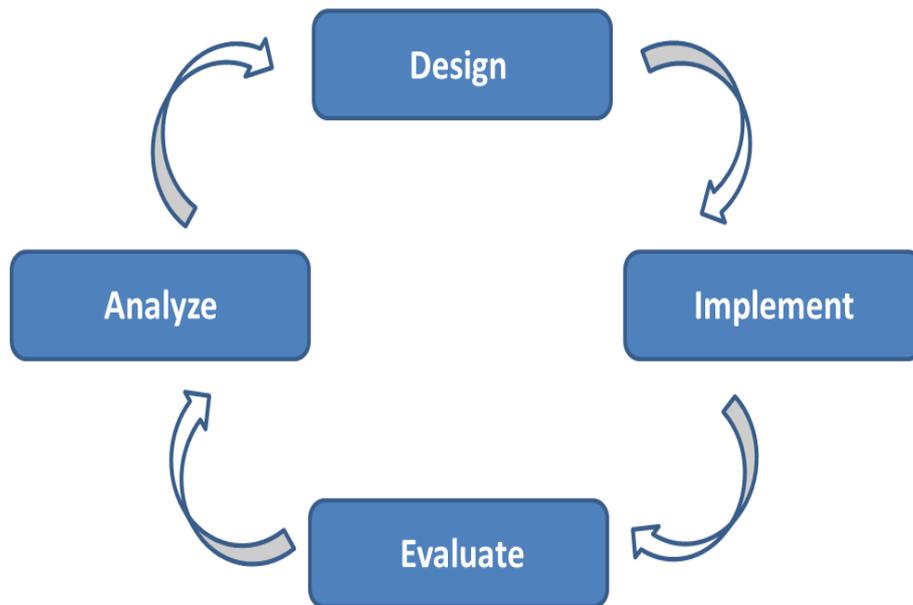


Figure 5. Universal abstract activity cycle. (Adapted from Hartson & Pyla 2012: 53)

2.5. The Wheel lifecycle template

The Wheel lifecycle template is based on an abstract cycle presented above. In the wheel “Analysis” refers to understanding user work and needs. “Design” involves the creation of conceptual design and defines interaction behavior and look and feel. “Implementation” equates to prototyping. “Evaluation” verifies whether the design meets user requirements or not. (Hartson & Pyla 2012: 57–58). The Wheel lifecycle template is presented in the Figure 6. Each of those activities with sub-activities will be described in separate sub-paragraphs in detail.

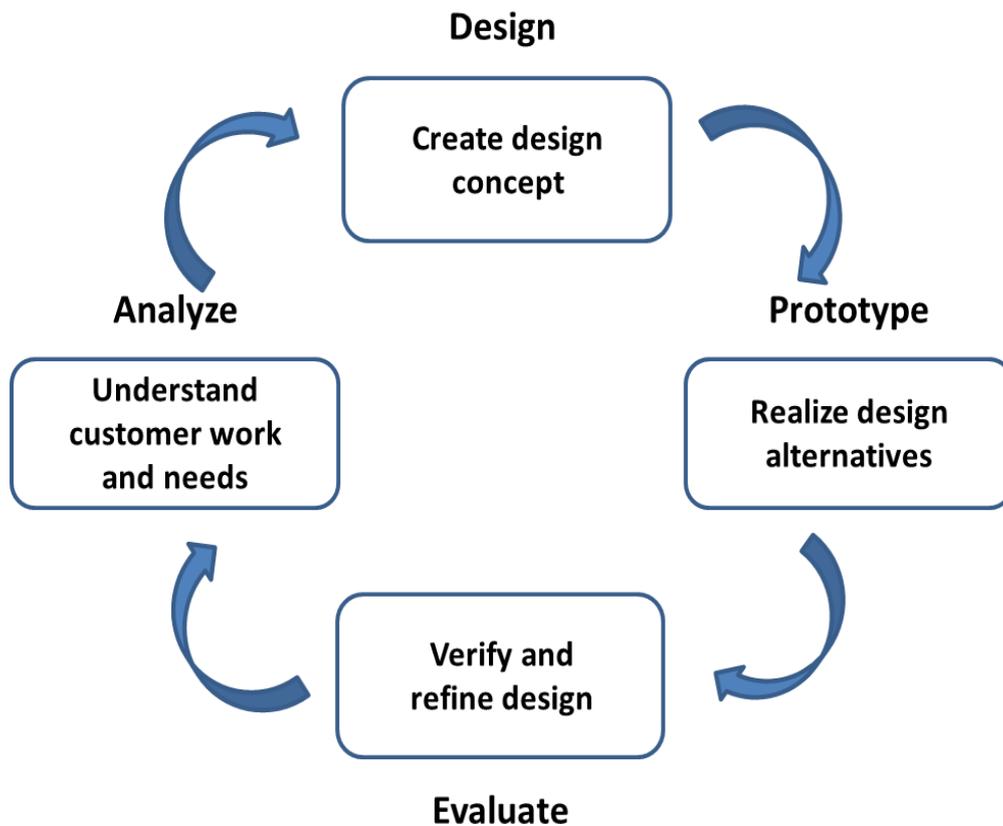


Figure 6. The Wheel lifecycle template. (Adapted from Hartson & Pyla 2012: 54)

2.5.1. Analyse

The analysis process activity involves four sub-activities: contextual inquiry, contextual analysis, requirements extraction, and contextual data modelling. Both contextual inquiry and contextual analysis are called user/ customer research (Hartson & Pyla 2012: 88).

Contextual inquiry refers to the empirical process which enables the researcher to collect information about customer or user work practice in detail in order to better understand their work activities. It is aimed to enhance user's/ customer's work practice and work effectiveness as well as build or improve system design to support it. Contextual inquiry involves customer's interviews and observation of work practice that take place in real-time context. Work practice is a sequence of actions, approaches and routines in the particular job, which helps to manage the operations of a company. It involves all activities,

procedures, protocols associated with work and shows how people do their work. (Hartson & Pyla 2012: 89–93.)

Contextual inquiry is followed by contextual analysis. On this stage the data obtained through interviews and observation is interpreted, consolidated, and communicated. The interpretation of raw data is realised through building a flow model, which shows the whole picture of the work activity, its components and the information flow. The flow model represents how the system fits into the company's workflow and shows relationships among key work roles, their responsibilities and communication. (Hartson & Pyla 2012: 130–136.)

Another way of data interpretation is creating work activity notes. The work activity note is a piece of paper which summarises a single point about a single topic or issue obtained from raw data. The work activity notes are, then, translated into a Work Activity Affinity Diagram (WAAD). This stage is called data consolidation. Indeed, the practice of building WAAD is applied in customer journey mapping too. Affinity diagram is a technique that helps to organise and group the issues hierarchically across all respondents and show it in a display. It helps to generalise the data obtained from work activity notes by merging them into common themes and clusters. Therefore, the data from individuals can be transformed into common patterns. (Hartson & Pyla 2012: 137–146.)

Contextual inquiry and analysis are used to understand a work practice and a context; however, they do not provide information needed in design. Moreover, a gap between analysis-oriented thinking and design-oriented thinking arises. Therefore, requirements extraction and contextual data modelling have to be done to fill this gap. In the UX context, requirements describe what is required in order to support customer work activity needs. At this stage user/ customer needs have to be translated into design requirement statements. The typical requirement statements can begin with the phrase: “Users shall be able to...” and is followed by explanation of one's need. (Hartson & Pyla 2012: 162–169.)

Design-informing models together with requirements serve to fill a gap between analysis and design. Design-informing models summarise contextual

data and transfer it into design ideas. Depending on the purpose, models such as social model, flow model, and physical model can be applied. For example, social model helps to increase communication. Flow and physical models make flows more efficient. Modelling of contextual data is not a separate activity and can be accomplished with requirement extraction simultaneously. (Hartson & Pyla 2012: 182–184.)

2.5.2. Design

In this sub-chapter the term “design” is used in narrow sense to refer to process activity in the lifecycle. Design can be viewed from three different perspectives which are summarised in the Table 4 (Hartson & Pyla 2012: 261).

Table 4. Design perspectives.

Design perspectives	Key characteristics
Ecological perspective	<ul style="list-style-type: none"> - It describes how the system or product is used and interacts within its external environment. - System infrastructure makes the designer think of user activities. - “A product is actually a service”. (Norman 2009)
Interaction perspective	<ul style="list-style-type: none"> - It explains how users operate the system or product. - It provides interaction between a user and a system.
Emotional perspective	<ul style="list-style-type: none"> - The main focus is on emotional impact and value-oriented aspects of design. - It has social and cultural implications, involves aesthetics and joy of use. - “Product is not just a product; it is an experience”. (Buxton 2007)

The main activities that take place on design stage are ideation and sketching. Ideation is “applied design thinking” and is used for forming ideas for design. It involves exploration and gives a start for conceptual design. Ideation is inseparable from sketching. Sketching is a creation of drawings expressing main ideas and concepts. It is a visual representation of ideas generated through ideation. (Hartson & Pyla 2012: 274.)

Starting from ideation, conceptual design puts together two different visions of how a system works in terms of designer from one side and a user/ customer from the other side. The designer vision of the system results in a designer’s mental model. This model is created from the data obtained from contextual inquiry and analysis and is translated into design by ideation and sketching. The user/ customer view resides in a user's mental model. This model is a result of different inputs, such as knowledge in the head and knowledge in the world. Knowledge in the head is formed by the influence of mental models of other systems and previous experience. Knowledge in the world, however, comes from other user/ customer, work context and the conceptual design of the system itself. (Hartson & Pyla 2012: 300–304.)

Conceptual design denotes representation of the designer’s mental model within the system. It can be viewed from the three design perspectives too. The best way to start conceptual design is from ecological perspective, since it captures the system in its context. In terms of ecological perspective, conceptual design communicates a design vision of how the system functions within its environment. From interaction perspective, conceptual design communicates a design vision of how the user operates the system. Finally, conceptual design from the emotional perspective communicates a vision of how the elements of design affect the user’s emotions. It results in feelings and emotions evoke from interaction with the system or product. (Hartson and Pyla 2012: 308–312.)

2.5.3. Prototype

Prototype illustrates an early sample of design that can be modified fast and easily, if necessary. One of the most important dimensions of prototyping is its level of fidelity. It shows a degree of a product/service completion to be presented to users and customers. Three fidelity levels of the prototype,

namely, low-fidelity, medium-fidelity, and high-fidelity indicate its degree of completion. Low-fidelity prototypes show the abstract design, neglecting the details. They are best applied, when details of design have not been agreed yet or they are likely to change. Since these prototypes are paper-based, they are less expensive. Although low-fidelity prototypes are far from final design, they can be effective. In contrast to low-fidelity prototypes, medium-fidelity prototypes are computer-based representations of a future design. Being more specific, they display layout of user interface properly. Finally, high-fidelity prototypes denote the most comprehensive design. They are faithful to the details, look and feel. Although they are time consuming and more expensive compared to other prototypes, high-fidelity prototypes are the most realistic, interactive and responsive. Ideation and conceptual design, for example, have low fidelity, whereas, design refinement has medium or high fidelity. (Hartson & Pyla 2012: 396–398.)

2.5.4. Evaluate

CX cannot be measured directly, but through indirect indicators ensuring an evaluation of the design. There are two types of evaluation: formative and summative. The formative evaluation enables designers to form the design, whereas summative evaluation helps to sum up the design. The difference between those evaluations can be explained into one phrase: “When the cook tastes the soup, that's formative; when the guests taste the soup, that's summative” (Stake 2004:17). Formative evaluation is diagnostic. It is based on qualitative research and aimed to identify and fix the problems as well as their influences on the design. In contrast, summative evaluation is based on quantitative data for assessing improvement in the user experience and quality of design. (Hartson & Pyla 2012: 428–431.)

3. METHODOLOGY

This chapter describes the research methodology used in this study. First, the research design of the study and a case study method are outlined. Second, information of the case company is presented, followed by an explanation of data collection and data analysis techniques. Third, conceptual design is described. Finally, a discussion about validity and reliability of the study terminates this chapter.

3.1. Research design

A research design is a logical plan or a blueprint of the study that deals with the research questions, relevant data selection, data collection, and analysis of results (Yin 2009: 26.) This study explores the difference in between operation's and customer's perspectives of current and desired service performance of the case company and searches the solutions of CX improvement. Therefore, "what" and "how" questions are designed to increase understanding of a research topic and they can be answered by conducting qualitative research. Qualitative methods are applied when the research relates to people, their feelings, thoughts and views toward the situation, rather than systems and physical objects (Yin 2009: 221–222). Since the concept of CX is concerned with emotions, value co-creation, personal feelings, and customer's involvement, the qualitative research is the most applicable to this study.

This research is aimed to answer two main research questions. The first research question investigates whether perception of company's current and desired service performance differs in between operation's perspective and customer's perspective. In order to answer this question the difference and similarities between the company's vision of value delivered and the customer's vision of service experienced will be analysed. Next, the input will be translated into requirements and used as a platform for designing the CX. The second research question aims to find solutions for enhancing CX. The areas of CX improvement will be identified and solutions will be proposed. All steps are summarised in the framework presented in the Figure 7.

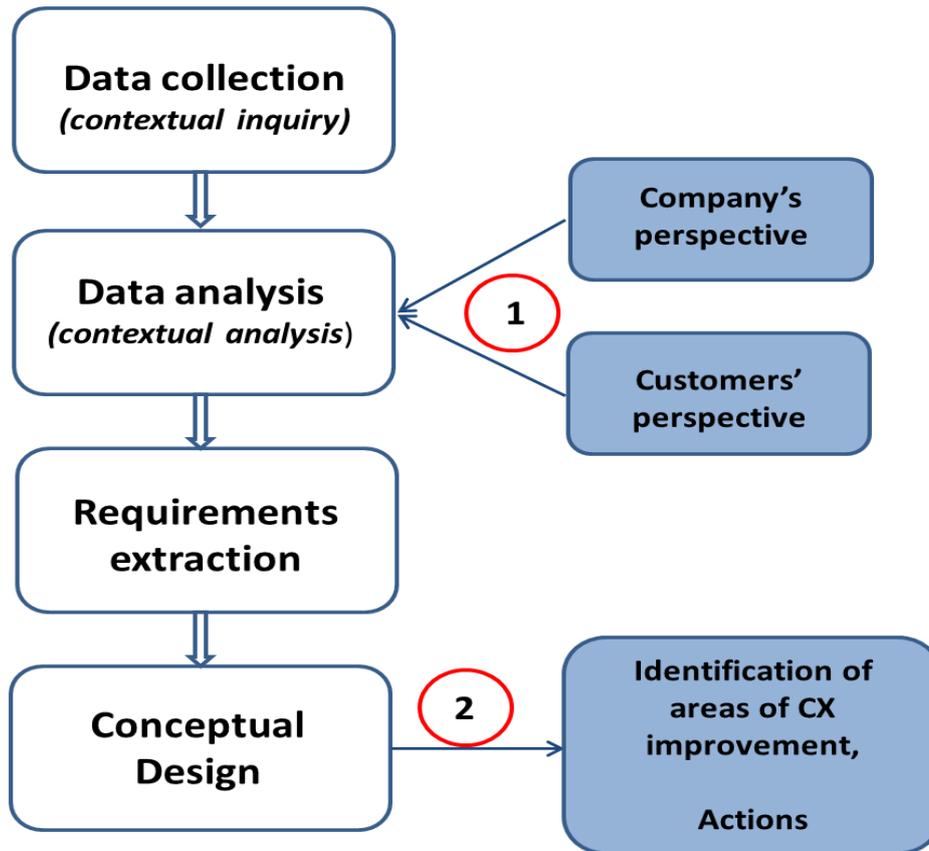


Figure 7. Framework of the study.

3.2. Case study

Case study method is used to answer the research questions. A case study is “an empirical inquiry that investigates a contemporary phenomenon in depth and within its real-life context, especially when the boundaries between phenomenon and context are not clearly evident” (Yin 2009: 18). In contrast to other qualitative methods, the case study is determined by the case as “unit of analysis”, rather than data collecting technique. The case study is highly applicable for conducting an exploratory investigation. It enables the researcher to examine an organisation or phenomenon that cannot be studied directly and the researcher has no control over the phenomenon. Case study explains, describes, illustrates, explores and evaluates the social phenomenon. The key issues of case study conduction concern the case determination, selection of data collection techniques, and methods for data analysis (Yin 2009: 243–244).

Application of approach that emerges both explanatory and exploratory case studies enables the researcher to answer the research questions. Explanatory, or analytical research, aims to explain why or how the phenomenon happens. Furthermore, explanatory research helps to identify and measure relations among variables (Collis & Hussey 2003: 5). The current research is based on the concepts of customer value, value co-creation and CX, which will be tested from both perspectives, service provider (the case company) and service receiver (the customers). Exploratory research, in contrast, is aimed to develop propositions that can be tested and provides guidance for future research. This type of research is the most applicable in a relatively new study area with a great opportunity for future investigation (Collis & Hussey 2003: 5). Designing for experience is an emerging study trend. Many tools and methods have been developed for customer/ user experience design. The most recent of those methods, the Wheel lifecycle template, which was originally developed for user experience quality, will be applied to CX. This study discovers challenges the company faces and seeks solutions for CX improvement.

3.3. Case company X

Company X - a family-run company operating in hospitality industry has been selected as a case company for this thesis. The company is situated in Finland, in Ostrobothnia region on Kvarken archipelago – the unique nature heritage in Finland protected by UNESCO. Since its establishment in 1986, the company offers wide range of services for both corporate and private customers. However, the major customer segment remains the business sector, which generates over 80 % of the company's profit. (Case company's official website)

The corporate customers represent large businesses in Finland, headquartered mostly in Ostrobothnia region. The main offerings for this segment are dinner, sauna, teambuilding activities, and opportunities for holding conferences and business meetings. The Company X developed different packages for its guests, depending on duration of their stay, starting from half day up to few days. Each program is tailor-made and adjusted according customers' wishes in advance. Although the business of the Company X is mostly oriented on corporate customers, the private events, such as weddings and birthday celebrations are

arranged too. Since the company's policy is aimed to build warm and long-term relationships with its customers, it is a good example for studying the concept of CX.

3.4. Data collection

In this research the Wheel lifecycle template proposed by Hartson & Pyla (2012) is applied for analysing results. The sub-activities of analysis process, namely, contextual inquiry, contextual analysis, and requirements extraction have been done to collect data from the interviews, interpret it, and transform it into requirements.

Contextual inquiry, or data collection, is an empirical process, which is aimed to obtain information through interviews and observation. An interview is one of the most important research techniques used in case studies (Yin 2009:106). In this study, semi-structured interviews with open-ended questions, as a data collection method was applied. The main advantage of semi-structured interviews is that it enables the researcher to explore and gather broad information. Such an approach provides a freedom to both the researcher and the interviewee in exploring the topic in-depth. Although semi-structured interviews are time-consuming and some difficulties might arise in controlling the range of topics and analysing the data, new interesting aspects of the topic can be discovered. (Collis & Hussey 2003: 145–146.)

In order to answer the research questions 12 interviews were conducted in total with both company's personnel and the customers. The customers were divided on two groups. The first group involved sales assistants who are responsible for making reservations for groups of guests. The second group included host managers – the representatives of customers' companies that accompany groups of guests to Company X. These groups of guests consist of both company's employees and international partners or customers that have a business trip to Finland. The respondents' profiles are presented below in the Table 5.

Table 5. Respondents' profile.

COMPANY	CUSTOMERS	
Personnel	Sales assistants	Host managers
Managing director	Company A	Company A
Sales secretary	Company B	Company B
Restaurant chef	Company C	Company C
Restaurant waiter	Company D	Company D

Three questionnaires were designed for each category of respondents: company's personnel, host managers and sales assistants. The questions in each questionnaire were created based on CX hierarchy model, which consists of CX attributes, CX themes, and CX effects. The description of this model was presented in-depth in theoretical part of the research. The questions concerning possible areas of improvement finalised the questionnaires. In the questionnaire for sales assistants some questions regarding emotional impact were excluded, since they do not have personal experience of visiting this place. The interviewees were informed about the research topic in advance and their availability for the interview was considered. The questionnaires were used as a guide and additional questions were asked in order to specify some issues during interviews. Additional information and explanations were provided if necessary to avoid misunderstandings. All interviews were recorded with the permission of the interviewees to extract more comprehensive interpretation while transcribing after the interview. The anonymity of the interviewees in the research was guaranteed. All interviews were conducted one-to-one with the duration from 40 to 60 minutes. Most interviews were done face-to-face, however, some of them were conducted by phone. The language of communication was English, since it was the common language between the researcher and all the interviewees. Every interview was first recorded and then transcribed in the written text to avoid information loss.

3.5. Data analysis

In the context of Wheel lifecycle template data analysis is referred to contextual inquiry. It is an inductive process characterized by moving from particular observations to generalization. Starting with observations, this “bottom up” approach enables the researcher to determine patterns and frameworks, formulate hypothesis that, finally, result in conclusions or new theories (Hartson & Pyla 2012: 458–459). The main activities taking place on analysis stage are data interpretation and data consolidation. The raw data obtained through interviews during inquiry analysis can be interpreted by building a flow model. The flow model is a diagram that shows relationships among key participants and how information distributes among them. The initial flow model of a case company is presented in the Figure 8.

In this model respondents are presented in their work roles, which refer to either their job titles or assignments they are responsible for. The arrows indicate interaction among different work roles. The information distributed from one work role to another and means of communication have been included in the flow model too. For instance, sales assistants contact to the case company’s administration, including managing director and sales secretary, for making reservation for group of their guests. After the program has been accomplished, they get a bill from Company X and are asked for a feedback. The communication between sales assistants and company’s administration is realised either by phone or e-mail. Furthermore, the flow model helps not only to identify touch points between the service provider and the service receiver, but also to find a gap that might occur in interaction. The key touch points taking place between the company and the customers include booking made by sales assistants, followed by arrival to the place and having a program previewed in advance. Finally, the company sends a bill to sales assistants and enquire after customers’ stay, whether they were satisfied or not.

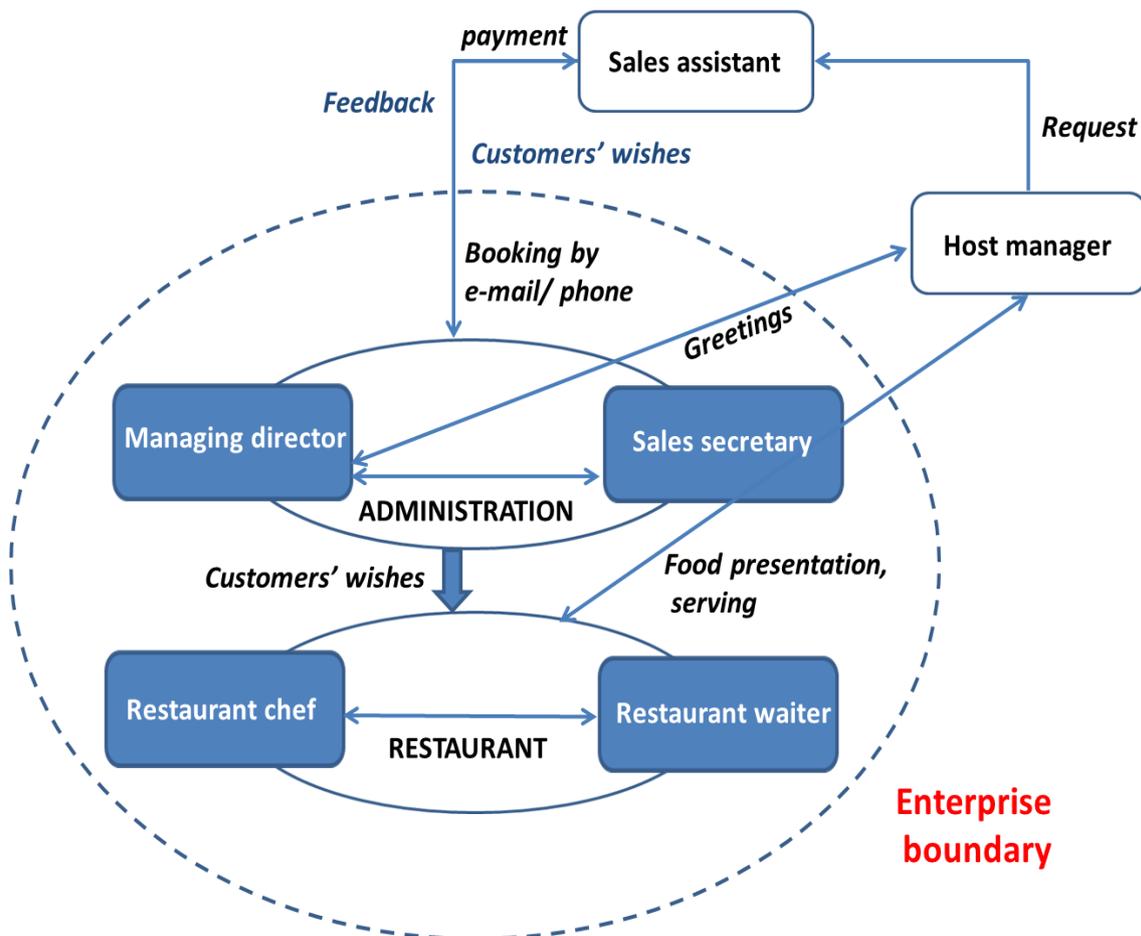


Figure 8. Flow model of Company X.

Interpretation stage is followed by data consolidation. In this stage the data obtained from interviews is synthesised and grouped into common topics. In order to organise the huge amount of data, the WAAD technique is applied. It highlights the main topics arose from data analysis and visualises it in a certain order. The topics presented in WAAD are arranged vertically with reference to CX hierarchy model. As a reminder, the CX hierarchy model consists of three layers and was used as a guide for questioners' design. Therefore, the data in WAAD was, first, distributed into three layers, and then grouped into common topics on each layer. The layers contain information concerning CX attributes, CX themes, and CX effects. On the layer of CX attributes company's resources, i.e. services, scheduling, environment, facilities, and interaction are identified. Next layer of CX themes refers to customer's outcomes that can be achieved by using resources. On the top of the diagram CX effects are placed that represent

the final goal that the customer achieves by using resources. In this study, the CX effects are those emotions that customers experience during their journey. The WAAD of the case company is illustrated in the Figure 9.

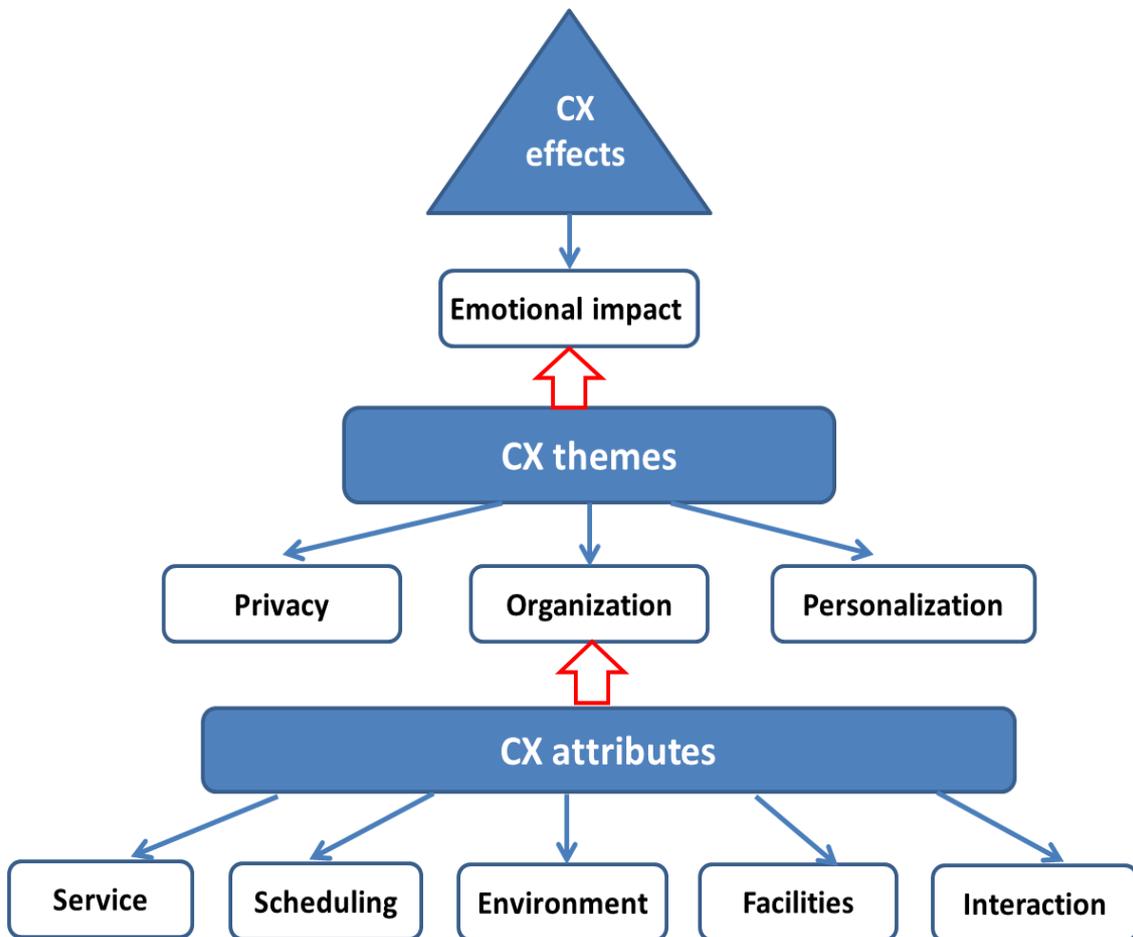


Figure 9. WAAD of Company X.

In this research, flow model diagram and WAAD technique show the current performance of the case company, the connections occur between the work roles to date, type of information distributed among them, and the key issues concerning CX creation on each layer. However, the desired performance as seen by service provider and service receiver had not been in the picture neither in flow model, nor in WAAD. Therefore, requirements extraction has to be done to enquire about customers' needs.

In terms of experience design, requirements extraction is used as a bridge between analysis stage and design. In the study requirements serve to fill the gap between the current and desired performance of the company by describing both the case company's and customers' ideas about necessary improvements in order to reach desired performance. In contrast to data analysis, requirements extraction refers to a deductive process. It begins with general information and leads to specific issues. Applying this "top down" approach, the researcher can narrow generalisations that lead to specific conclusions (Hartson & Pyla 2012: 460–462). The requirements extraction was accomplished as follows. First, the contextual data, regarding customers' needs and possible improvements was synthesised from interviews. Second, the needs were translated into requirement statements. Third, the requirements expressed by each work role, including company's personnel, sales assistants and host managers, were compared in order to find similarities and differences in their vision of desired performance of the company.

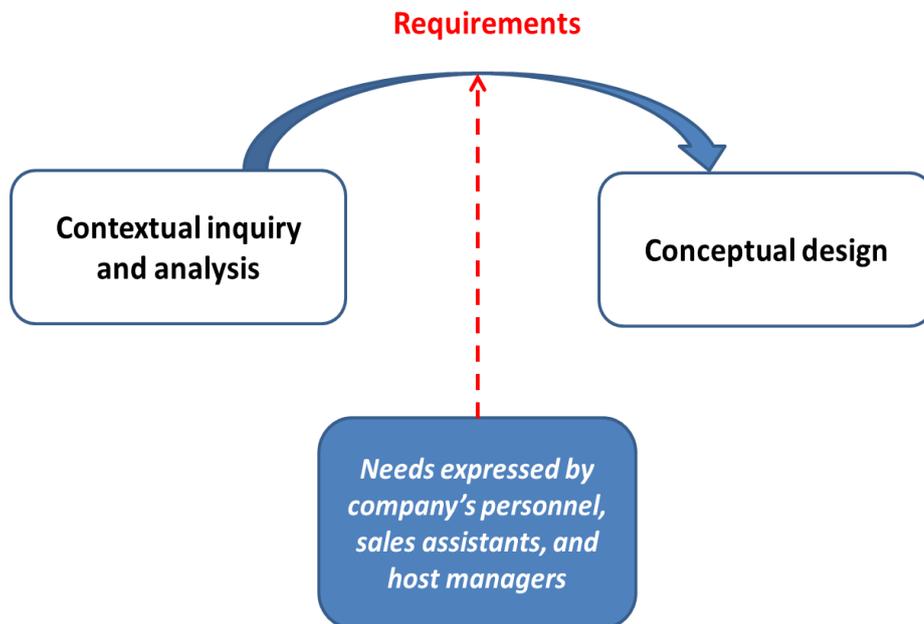


Figure 10. Requirements extraction.

3.6. Conceptual design

After the requirements have been extracted from contextual data, conceptual design can be started. The first step towards contextual design is ideation, which involves idea generation and translation into design based on requirements. During this stage, the ideas become less abstract and obtain a certain shape which is used in conceptual design. The conceptual design combines two models: designer's mental model and customer's mental model (Hartson & Pyla 2012: 311). In this study the designer's mental model represents the company's vision of what should be improved in order to reach desired performance. The customer's vision of necessary improvements results in customer's mental model. Mapping transforms the designer's mental model into customer's mental model. It illustrates how close the customer's mental model corresponds the reality of the designer's mental model. In the context of the research, mapping helps to identify how customer's vision of desired performance of the company aligns with the company's strategy. Conceptual design is shown in the Figure 11.

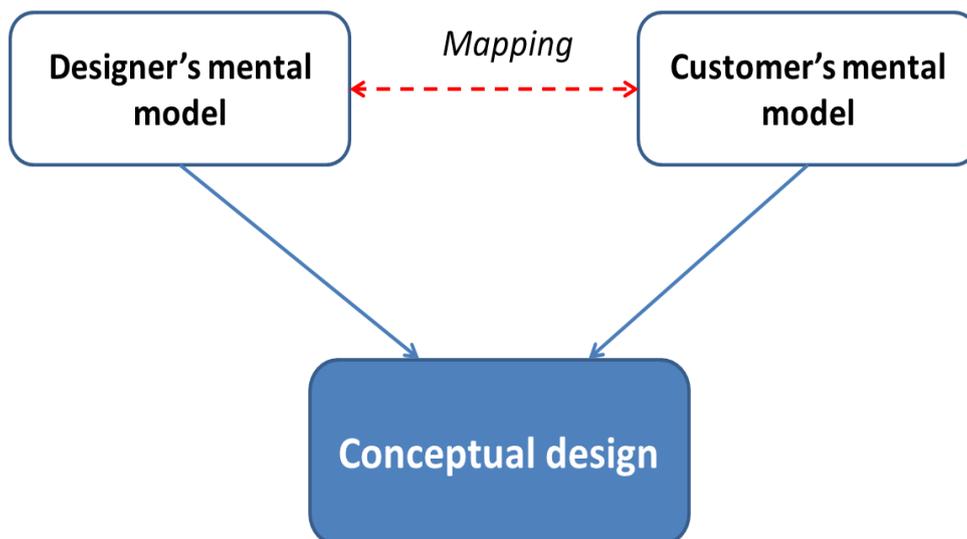


Figure 11. Conceptual design.

3.7. Validity and reliability of the study

Validity and reliability are used to test the quality of research design (Yin 2009: 45). Validity is a measure of the accuracy of research, whereas reliability is the repeatability of the results of the research (Collis & Hussey 2003: 64). There are three types of validity test, namely construct validity, internal validity and external validity. Construct validity enables the researcher to identify correct operational measures for the concepts studied (Yin 2009: 40). Operational measures of the research derive from theoretical background of the study and refer to CX hierarchy model. Tactics such as multiply sources of evidence and establishing a chain of evidence increase construct validity.

Internal validity refers to explanatory case studies, where cause-effect relationships occur between events. Although internal validity is inapplicable to exploratory studies, it takes place in the current research since it combines two approaches. It investigates how one variable can cause another, namely, how the input about company's current and desired service performance described from two different perspectives can be used in order to enhance CX. Additionally, internal validity concerns the ability of making right inferences. To avoid wrong interpretation of results that can lead to wrong conclusion, the analytic tactics of pattern matching, explanation building and using logic models can be applied (Yin 2009: 43). Therefore, during data analysis all notes were carefully reviewed.

External validity is related to generalisation of results; whether results of one study are applicable to similar cases (Yin 2009: 43). Case studies are based on analytic generalisation. In analytical generalisation, the researcher generalises a certain set of results to a theory. Theory of CX is a domain to which the results could be generalised.

Reliability is the final test. The aim of reliability is to ensure that future researches will get the same results with minimum errors and biases if they conduct the same case study and follow the same instructions. Therefore, the study has to be accurately documented using case study protocol or case study database (Yin 2009: 45).

4. FINDINGS

This chapter presents the findings of the study. It is aimed to compare the current and desired service performance of the case company as seen from two different angles and to propose actions for CX improvement. The research questions and empirical results of this study are summarized in the Table 6.

Table 6. Empirical results of the study.

Research questions	Results of the study	Comments
RQ1: Difference in the case company's current and desired service performance in between operation's perspective and customer's perspective	<i>Current service performance:</i> the services delivered by the company correspond the services experienced by the customers	The company and the customers are seen as co-creators of value.
	<i>Desired service performance:</i> different between two perspectives	<i>Company:</i> reservation system, improvement of some services and attraction of new customers should be done
		<i>Customers:</i> interaction, including conditions for feedback provision, rise of customer awareness of new services and decrease of response time should be done
RQ2: Actions for CX improvement	<ul style="list-style-type: none"> - Refinement of reservation system - Enhancement of customer – company interaction - Continuous improvement - Employee motivation 	Contribution to customer loyalty and retention

4.1. Evaluation of current performance: operation's and customer's perspectives

In the research the CX hierarchy model is used to evaluate the current performance of the company. The lowest layer of CX attributes refer to company's resources and involves both physical and relational elements. In this study physical elements include services, scheduling, environment, and facilities, while relational element consists of interaction (Table 7).

Table 7. CX Attributes.

	Elements	Description	Operation's perspective	Customer's perspective
Physical elements	Services	Range of services	Company X has a wide range of services including about 10 different offerings.	
		Most popular services	Sauna, dinner, outdoor activities, business meetings	
		Quality/ price ratio	The quality and price are in balance	
	Scheduling	Reservation system	Could be more effective	-
	Environment	Location and nature	Perfect location makes this place unique and highly attractive for customers.	
	Facilities	Smoke saunas, dining rooms, lighthouse	Being built in authentic Lapp style they are in harmony with the environment and very attractive for customers.	
Relational element	Interaction	Means of communication	Virtual communication (e-mails, phone calls) take place between sales secretary and sales assistants; verbal communication takes place between company's personnel and end customers	
		Feedback	Is asked by sales secretary	Is provided seldom

Services. In the first part of each questionnaire the questions regarding current range of services provided by the case company, service quality, and quality/price ratio were addressed to all three groups of respondents: company's personnel, sales assistants, and host managers. All respondents (n=12) stated that the company has a wide range of services. In fact, it has about 10 different offerings that can be divided into four main groups including offerings from the restaurant, saunas, outdoor activities, and holding of business meetings. Moreover, all respondents (n=12) were asked whether the quality of services correspond the price according to them. The answer was definite "yes". It was concluded, that the quality and price are in balance, and for services of high quality the customers agree to pay more. The next question was aimed to identify those services that are in demand, and, therefore, was addressed only to company's personnel and sales assistants. The most popular services are sauna and dinner followed by teambuilding activities and holding of business meetings. Indeed, sauna and dinner are usually included in one offering and booked together by sales assistants. Lower demand for other services is explained by short duration of business trips that international customers have. In addition, a seasonal dimension of some activities and limited budget of the companies for incentive events influences the demand too.

Scheduling. The question about scheduling and organization of reservation system was addressed only to company's personnel. Because of low volume, most of the bookings are handled by a lot of e-mails back and forth. The reservation system is organized as follows. Sales secretary gets an inquire list by phone and e-mail. All reservations are placed in on-online calendar and there is software for paying bills. Although the personnel do not find the reservation system effective, the option of on-line reservation as in bigger hotels does not suit to this place, because of the low volume, limited facilities, and individual programs.

Environment. Environment was mentioned as the most attractive factor by all respondents (n=12). In this study the term "environment" refers to the nature, surroundings and location of the place. Owing to perfect location in the heart of Kvarken archipelago, UNESCO heritage, the environment is magnetic for customers. Company's personnel told that the nature was what they would like to show to their business guests and international customers. The nature was

described as a “wild”, “out of nowhere”, with its “archipelago charm”. Moreover, the unique environment is one of factors that motivate sales assistants to book this place for their customers.

Facilities. Company’s facilities, such as sauna and other buildings were listed among attractiveness too (n=9). They are in harmony with the environment, since they are built in authentic Scandinavian style. In some buildings elements of Lapp style are presented. Moreover, smoke sauna is a rarity in Finland and remains only in few places. Therefore, it attracts both, Finnish and international guests.

Interaction. The questions about interaction, concerning means of communication between the company and the customers, how the customers get new information, and provide feedback were asked. Interaction between the company and the customers occur in several forms. First, virtual communication takes place between the sales secretary of Company X and sales assistants of the customers’ businesses and realizes through e-mails and phone calls. It is used to make reservation, pay bills, and provide feedback. Such an interaction was shown on the flow model in Chapter 3.

Another form of interaction shown in the Figure 12 occurs between the case company’s personnel and end customers guided by host manager. This interaction is realized face-to-face through the customer journey, from the arrival to departure, across different touch points. As indicated in the figure, three touch points occur between the company and guests during customer journey. First, the managing director meets the customers upon arrival. Second, during actual stay, which always includes lunch or dinner, it is turn of the restaurant personnel to follow customers. They present food and suggest drinks, serve the customers and try to follow if they need. Finally, when the customers are about to leave, the managing director ask customers about their stay.

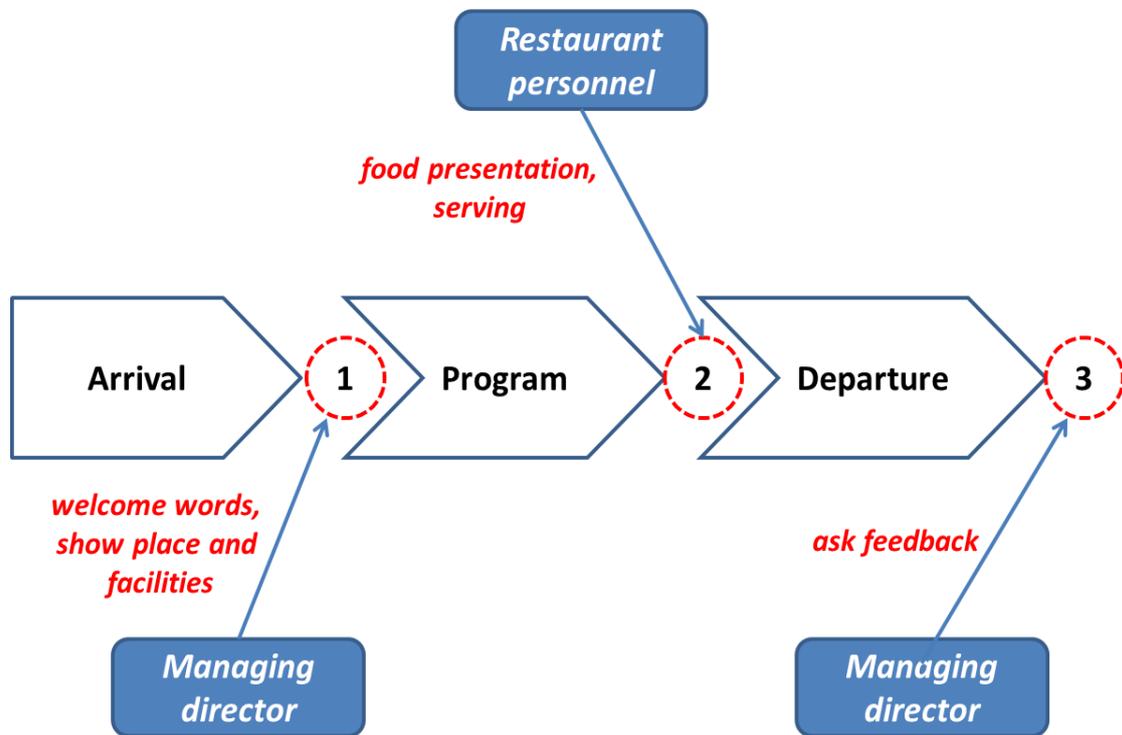


Figure 12. Customer journey.

Finally, interaction occurs through feedback. Feedback is an important source of information. It can show customer's evaluation of the service provided, its quality, and the performance of the company in general. However, sales assistants pointed out, that they were not always asked about feedback. Some assistants stated that they provide feedback only if their customers were not satisfied during their stay. Therefore, feedback is often caused by customers' dissatisfaction and has a form of complaints. Positive feedback is provided seldom.

CX Attributes are followed by CX themes, which are placed in the middle of the CX hierarchy model. CX themes refer to outcomes the customers achieve by using resources. They provide connection between CX attributes and CX effects as it is shown in the Figure 13. In this study three outcomes were identified: privacy, reliability, and personalisation.

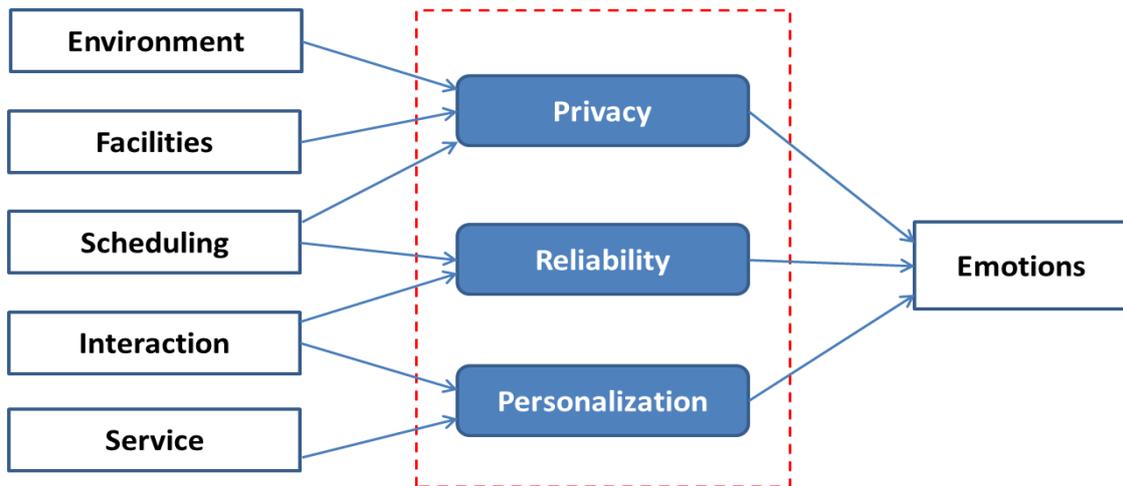


Figure 13. CX themes.

The regard on CX themes from operation's and customer's perspectives is summarised in the Table 8.

Table 8. CX themes.

Elements	Operation's perspective	Customer's perspective
Privacy	Is reached by separating groups of guests in different facilities	Is one of the most attractive factors for the customers
Reliability	Individual program for each group, permanent customers	Well-managed program, trust, awareness of high quality of services, personal contacts
Personalisation	Individual approach to customers' requirements	Requirements are fulfilled

Privacy. Privacy was listed as one of attractiveness and placed in CX themes, since it derived from attributes of CX, such as facilities, environment, and scheduling. The company often hosts few groups at the same time. The number of guests can reach a hundred. However, all respondents feel themselves private. Since the company has three saunas and three dining rooms, the customers from different groups do not interrupt each other.

Reliability. Reliability is a result of scheduling and interaction between the company and sales assistants. Every group has an individual program, which is planned in advance according to customers' wishes. Furthermore, most customers are familiar with this company and trust it. They visit few times and are aware about service quality. Some host managers reported that they know the owner personally. All these factors contribute to reliability.

Personalisation. Personalisation originates from attributes such as services and interaction. The question about special requirements that the customers might have, was addressed to company's personnel. They described customers' requirements, factors that caused them and how they handled it. Since the company has many international guests, most requirements refer to food and can be caused by cultural differences. Moreover, in order to satisfy customers' wishes and requirements concerning food, the company adjusts their menu. For instance, if some guests are vegetarians, they are served vegetarian food. If someone has an allergy to certain products, the dish is replaced. Restaurant chef and waiter noticed that in Finland the problem with lactose and gluten is very common, therefore, lactose-free products are used in the restaurant. This information comes from sales assistants, exemplifying close collaboration between the case company and its guests.

At the top of the CX hierarchy model CX effects are placed. They show the final goal that customers achieve. In this case, the final goal results in emotions and mental feelings that customers experience during their stay as well as evaluation of the overall atmosphere created in this place, as it is summarised in the Table 9. All customers told that they feel relaxed. This effect is achieved owing to nature, the company's location, and remoteness of the place. Moreover, visiting this place is kind of reward for customers. It makes them feel important for the company they are working for. Among other emotions "joy" was listed. Customers enjoy not only peace, but also beautiful surroundings and gourmet home-made food. Finally, visiting this place, especially, for international customers, is an adventure. They can become more familiar with Finnish culture.

Table 9. CX effects.

	Description	Company's perspective	Customer's perspective
Emotional impact	Emotions experienced by customers during their stay	Relax, enjoy the peace, adventure, excitement	Relax, joy, fun, reward
	Overall atmosphere created in this place	Private, wild, cozy, personal, delicious	Private, entertain, customer-oriented, local

In addition, the customers describe the overall atmosphere created at this place as private, local, and customer-oriented. The regard of company's personnel to the overall atmosphere correspond to customers' one. The personnel see the atmosphere as private, wild, cozy, personal, and delicious. Indeed, the customers experience the same what, in terms of company, is delivered. On the layer of CX effects the common goals are achieved. Therefore, the company and customers are seen as co-producers and co-creators of value.

4.2. Vision of desired performance: operation's and customer's perspectives

The desired service performance of the case company is based on requirements that both company's employees and the customers are listed. These requirements include feedback, complaints, and suggestions for improvement. Requirements from Company X and the customers will be, first, presented separately due to identify, whether they are different or not. Next, they will be combined for design.

To begin with, company's requirements concern the reservation system. Personnel do not find it effective and, therefore, some improvements are needed. Other issue refers to services. The company wants to be unique by differentiating its services from other businesses. Among services that can be improved are accommodation and food. Because of lack of rooms and small size of facilities, accommodation creates limitations for staying overnight with big groups. Offerings from the restaurant have to be unique too. It positions

itself as a homemade, fresh food. However, the managing director points out that the fresh food is served almost in every restaurant in Finland. Therefore, in order to differentiate its services Company X has to provide “*real gourmet home cooking*”. Finally, company’s personnel reported that the case company can attract more customers from other regions of Finland and other countries. Sometimes groups from Helsinki and Sweden come, however, those customers have to be from upper segment.

Customers’ requirements related to interaction issues, and, therefore are differing from company’s one. These requirements mostly come from sales assistants. One of those issues concerns response time. It was noticed, that the reply on an e-mail could be faster. Another issue refers to feedback. Some sales assistants pointed out, that they were not always asked about feedback, while others told that they provided feedback in case of customer’s dissatisfaction that happens very rare. Therefore, feedback cannot be considered as a reliable source of information. Finally, customer awareness of new services is low. The company introduces new offerings seldom, and most of them have seasonal dimension. As a source of informing customers about new offerings, the company uses its page on Facebook or local newspapers. However, not all customers use Facebook, and, consequently, cannot be aware about new offerings.

The host managers have not expressed any special requirements or complaints. They have only reported that the sauna was sometimes too hot or cold and some small problems with the showers. The hosts that accompany groups of guests are almost always the same and they have been visiting this place many times. That is why they can compare and do some remarks about facilities and services.

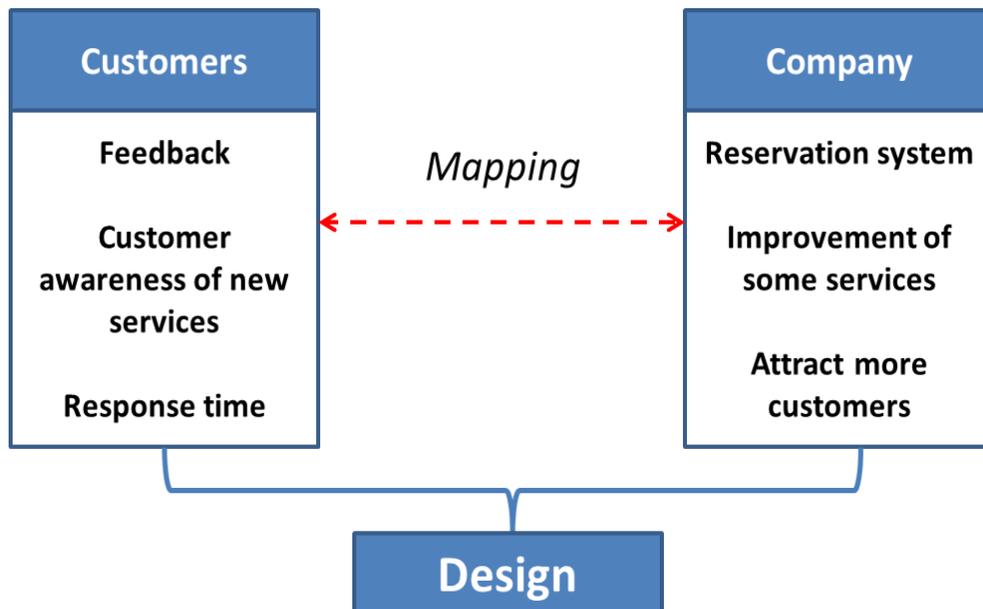


Figure 14. Conceptual design for Company X.

All in all, the issues that have to be improved due to achieve desired performance from customers' and company's perspectives are presented in the Figure 14. The requirements listed by both the customers and company's personnel refer to CX attributes, which is the lowest layer of the CX hierarchy model. In contrast to CX themes and effects, the attributes are less abstract and closer to the company, rather than the customers. The requirements indicate what should be improved in order to achieve desired performance. In terms of customers, the attention should be paid on interaction with the company, including conditions for feedback provision, rise of customer awareness of new services and decrease of response time. In terms of company, the issues regarding reservation system, improvement of some services and attraction of new customers are of importance. Therefore, company's requirements refer to physical components of CX attributes, whereas customers' requirements concern the relational components. All requirements will be used for designing actions necessary to improve CX.

4.3. Suggestions for customer experience improvement

All respondents were asked about improvements that they would like to have. Based on these suggestions, the actions can be designed. Table 10 summarises challenges the company faces, solutions to overcome these challenges as well as benefits, which these solutions bring for both the company and the customers.

Table 10. From challenges to CX.

Challenges	Solutions	Benefit for the customers	Benefit for the company
Low effectiveness of reservation system	Introduction of pre-reservation	Increased personalisation; Reduced response time	Better scheduling
	Including working hours of employees in the system		
Infrequency and low reliability of feedback	Introduction a small questionnaire on the web-page and mailing the link to host managers.	Increased interaction through touch points	Enhanced customer-company relationships; Increased understanding of customer's needs
Insufficient customer awareness of new services	Sending newsletters to the customers about new offerings or publish it on the homepage.	Increased customer awareness	Enhanced customer relationships
	Informing permanent customers about new offerings by phone or e-mail.		
	Invitation of sales assistants to the case company once in a year.		Increased number of guests

Lack of novelty	Introduction of new menus	Increased customer loyalty	Increased service differentiation and brand image
	Renovation of some facilities		
Low awareness about this place in other regions	Promotion among some businesses from other regions	New experience	Attraction of new customers

Challenges that the company faces, concern scheduling, low customer awareness, limited feedback provision, and lack of novelty. In order to enhance CX, the actions should be taken in these areas. Scheduling can be improved by refinement of the reservation system and introduction of pre-reservation. In order to increase customer awareness and receive more feedback, the company has to improve interaction with its customers by creating opportunities for informing customers and feedback provision in an effective way. Continuous improvement enables the company to gradually improve its facilities and services. Finally, employee motivation engages human resources to make all necessary improvements in order to enhance CX.

Since employees of Company X reported that the reservation system is not effective, some actions are needed to raise its efficiency. First, two software products that the company currently uses can be combined into one. Another option is to include working hours of employees in the online calendar which is used for bookings. Second, introduction of pre-reservation system is proposed. For example, sales assistants can send an inquiry for an event first, and then, the sales secretary of Company X can call them back and discuss their needs and preferences in detail and after that make an offer. It can be beneficial for both the company and the customers. On the one hand, it increases personalisation, since the offerings are more tailor-made. On the other hand, the company can better plan capacity and manage queuing. Finally, both parties will benefit from it.

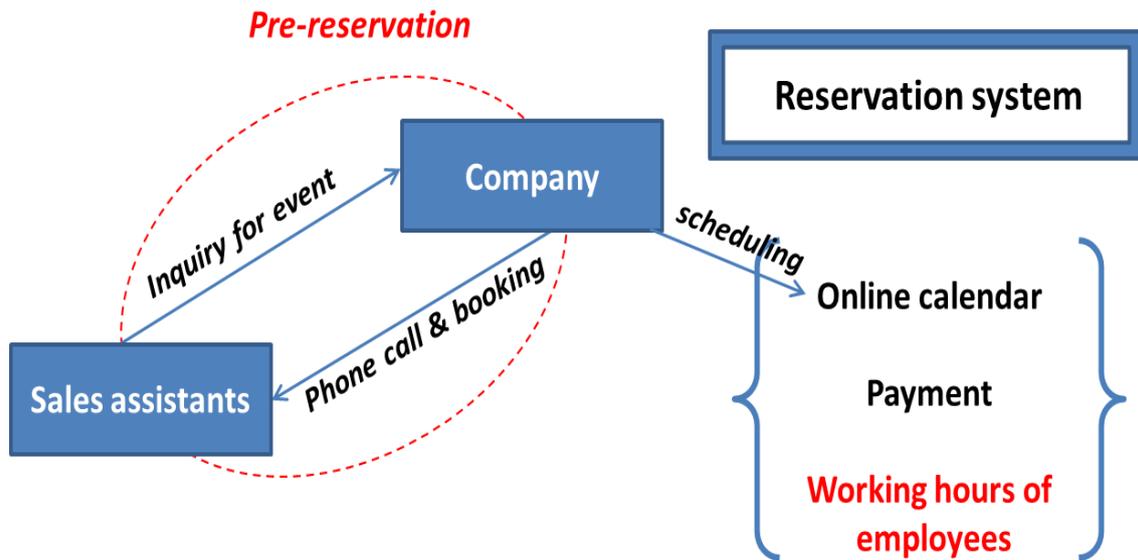


Figure 15. Suggestions for reservation system refinement.

The establishment of trustful and profitable relations between the company and the customers can be achieved by enhancing interaction. In this case, the interaction has some weaknesses; therefore, it should be improved. To begin with, opportunities for feedback have to be created. Feedback is an important mechanism to measure customer satisfaction and dissatisfaction with the service provided. It enables the company to better understand customers' needs. As it was described, feedback is mostly used for complaints, while positive experience is not shared. In order to increase reliability of feedback, it is proposed to develop a small questionnaire and send it to host managers (Figure 16). If the hosts do not answer, the link with the questionnaire can be directed to sales assistants, who will facilitate this process. Second, the customer awareness of new services or renovations has to be increased. The company can post this information on its website and Facebook page as well as send newsletters to permanent customers. Finally, the company can invite sales assistants, for instance, once in a year to this place, so that they can promote it for their customers.

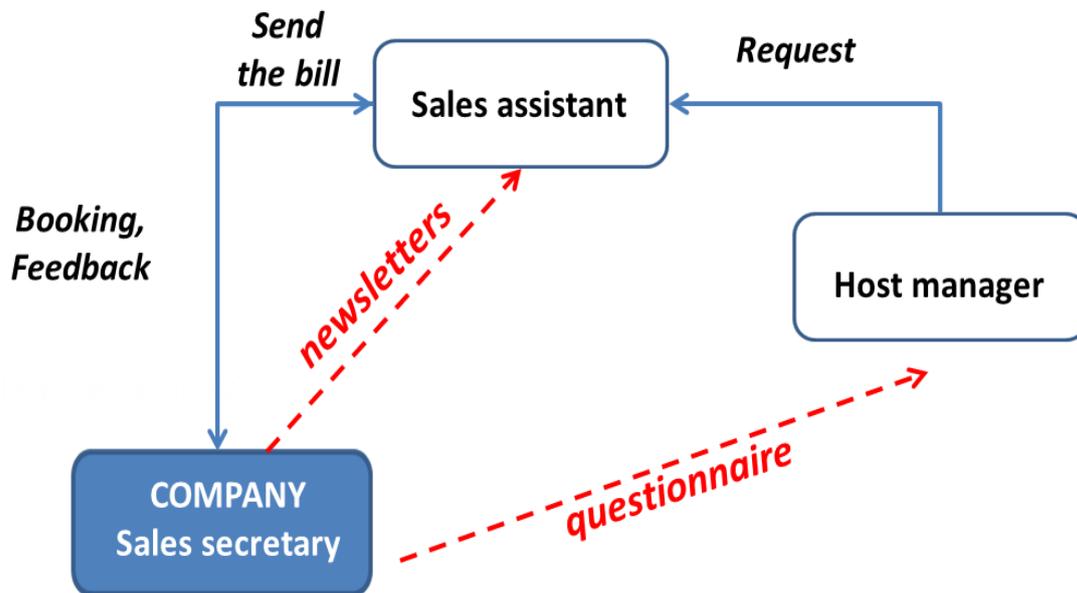


Figure 16. Suggestions for enhancement of customer - company interaction.

The company is willing to make some changes and improvements regardless that the customers are satisfied with current performance and quality of services. Continuous improvement for this case involves improvement of offerings from the restaurant, accommodation and renovation of some facilities as it is illustrated in the Figure 17. The offerings from the restaurant have to be unique and outstanding in quality. The menu has not been renewed for last two years, thus, can be modified. Moreover, the decoration of the dishes on the plate can be improved. In addition, lack of rooms is a big challenge for the company. It creates limitations for offering packages for few days so that the company can host only small groups. Beside the accommodation, the company is gradually renovating its facilities. The managing director noticed that they were waiting one group, but they could not host it in a day they booked, because of ongoing renovations. Then, the host manager of the group decided to change the booking and come in one week. This example shows the customer loyalty.

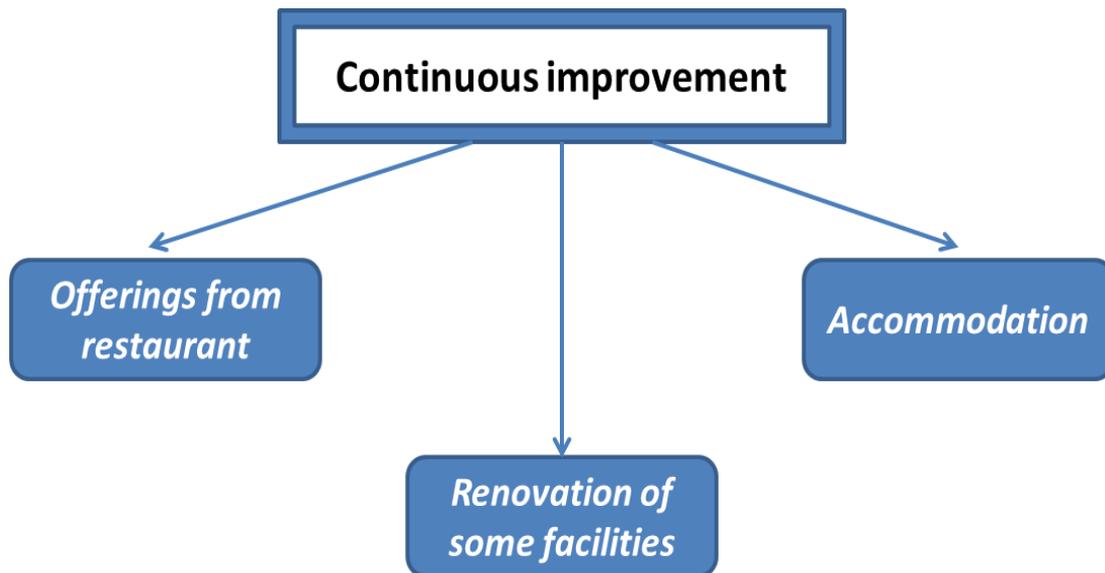


Figure 17. Suggestions for continuous improvement.

All improvements listed above cannot be accomplished without employee motivation. The company's personnel are not only company's core resource, but also a part of the service. Therefore, employees should be motivated and have mutual commitments. The company can reach better performance if the company's goals accord with the personal goals of employees. Furthermore, motivation is a driving force for enhancing CX. It can be reached through work content, relations with co-workers and interaction with customers. Employees have to be motivated to create, refine and develop. They have to be united by common goals. Finally, staff training/education and reward system can increase motivation.

5. DISCUSSION

In this chapter the findings of the study will be discussed with reference to the theoretical background highlighted in the second chapter of this research. Theoretical and practical implications of the study will be presented next. Finally, limitations of the study will be described.

5.1. Discussion of findings

The purpose of this research was to explore how CX can be enhanced using both company's and customers' inputs. The literature regarding concepts of service, customer value, customer experience, and experience design was carefully reviewed and analyzed. Previous studies examined the concepts of service, customer value and customer experience from either the customer's perspective or the operational perspective (Nasution & Mavondo 2008; Menguc et al. 2014). This research integrates both perspectives in a single study based on an example of a hotel as a case company. Two research questions were addressed in the study. The first research question investigates whether perception of company's current and desired service performance differs in between operation's perspective and customer's perspective. The second research question aims to find solutions for enhancing CX. In this research the Wheel lifecycle template proposed by Hartson and Pyla (2012) was used as a method for designing experience.

In order to answer the first research question, the data was collected through interviews, conducted with both company's personnel and the customers. The data was interpreted, analyzed, and grouped into common topics presented in CX hierarchy model. According to this model, the customers get different experience on each layer, namely, the layers of CX attributes, CX themes, and CX effects. CX hierarchy model was used to ensure whether the customers receive and experience the same what in terms of the company was delivered.

On the layer of CX attributes, the lowest layer of CX hierarchy model, the experience elements were determined by the researcher and involved physical elements, such as services, environment, facilities, and scheduling, and one

relational element, namely, interaction. These elements were selected by reference to resources the company possesses. Therefore, characteristics including high service quality, balanced quality-price ratio, outstanding location, attractiveness of facilities were mentioned by both the company's personnel and the customers. The interaction, however, has some drawbacks, such as lack of feedback provision and low customer awareness. Therefore, it has room for improvement. These findings are partly supported by the theory, which states that the company and customers evaluate service performance differently. The difference arises regarding price, service quality, and communication. In this research the difference concern only communication. Moreover, the company's personnel tend to evaluate customer value higher than customers evaluate it (Nasution & Mavondo 2008). The results showed, however, that the evaluation provided by the company's personnel was not overestimated. The difference between the theory and the empirical findings can be explained by a high degree of understanding the customers' needs by the case company and providing a real value for them.

The middle layer of CX themes concerns outcomes of the services provided and emerges from CX attributes. In the study three themes were identified: privacy, reliability, and personalisation. It shows that the company uses its resources correctly that enables it to meet customers' needs well. These themes contribute to customer's satisfaction and retention.

The highest layer of CX effects represent the final aim the customers achieve and result in emotions the customers experience during their journey. Customers reported that they feel relaxed during their stay; they enjoy beautiful surroundings, peace, and home-made food. The overall atmosphere created at this place was described by customers as private, local and customer-oriented. Indeed, the customers are looking for peace, gourmet food, and privacy in terms of company's personnel. Therefore, on the level of CX effects mutual goals are achieved.

The results indicate that company's evaluation of its current performance in tune with customers' evaluation. The service delivered in terms of the company corresponds the service experienced by the customers. Therefore, the company and customers are seen as co-producers and co-creators of value. The value is

co-created through interaction between the customer and the firm as well as customer involvement. It supports the theory, which states that from operation's perspective services are "co-created" or "co-produced" during the interaction with the customer (Johnston & Kong 2011). In terms of customer, the services received result in emotions the customer feels that can vary depending on how well their needs and requirements have been met by a service company (Edvardsson & Olsson 1996; Johnston & Kong 2011).

In order to answer whether the desired performance of the company differs in between company's and customer's perspectives, the requirements mentioned by both the company's personnel and customers were extracted from collected data. The requirements indicate what should be improved in order to achieve the desired performance. They were synthesized based on feedback, complaints and suggestions for improvement. In terms of customers, the attention should be paid on interaction with the company, including opportunities for feedback provision, rise of customer awareness of new services and decrease of response time. In terms of company, the issues regarding reservation system, improvement of some services and new customers' attraction are of importance. All requirements listed by both the customers and company's personnel belong to the layer of CX attributes, the lowest layer of the CX hierarchy model, which connect with company's resources. Therefore, company's requirements refer to physical components of CX attributes, whereas customers' requirements concern the relational components. It indicates that some of the company's resources can be used more effective in order to better fulfil customers' needs. To be precise, the company has to put effort on improving interaction with the customers.

The second research question aims to find solutions to enhancing CX. Starting with identification of challenges the company faces, the necessary actions of CX improvement were proposed. These challenges concern scheduling, low customer awareness, limited feedback provision, and lack of novelty. In order to enhance CX, actions should be taken in these areas.

The first suggestion refers to refinement of the reservation system. It is proposed to introduce a pre-reservation system, enabling the company to get inquiry for an event from sales assistants first, and, then make an offer based on

customers' needs and preferences. It will contribute to personalization, capacity planning, and managing queuing. As a result, both the company and the customers will benefit from it.

Moreover, CX can be improved through enhancement of customer – company interaction. The interaction between the company and the customers occurs across different touch points during the customer journey. Starting from reservation made by sales secretary, the customers “touch” with the company four times. It is suggested to extend interaction by including one more touch point, which is feedback provision. Feedback is an important source of information; however, in the case company feedback is often caused by customers' dissatisfaction and has a form of complaints. Positive feedback is provided seldom. Enhanced reliability of feedback can be achieved by development and sending a small questionnaire to host managers after their visit. The company, therefore, can better understand customers' needs, satisfaction and dissatisfaction. Furthermore, customer awareness of new services is low. Due to improved awareness, the company can send newsletters to permanent customers. Finally, the company can invite sales assistants to this place, who will promote it for their customers.

Furthermore, in order to enhance CX the company has to anticipate and fulfil customer needs better than competitors. It can be reached through understanding the specific needs and desires of the target group and fulfilling them in a unique way. The company has to gradually improve its offerings and facilities, which is called continuous improvement. It helps to establish long-term relationships and increases customer loyalty.

Finally, employee motivation enables the company to achieve superior customer service. Through employee satisfaction their performance and a role in providing CX can be increased. Employee motivation is a driving force for enhancing CX.

5.2. Theoretical and practical implications

This research has numerous theoretical and practical implications. On the one hand, it enriches the academic research by filling a lack of studies conducted in the field of CX. In hospitality industry, the concepts of service and value have mostly been examined from either the customer's perspective or the provider's perspective. The current research makes an attempt to fill this gap by integrating both operation's perspective of value provided and customer's perspective of a service experienced in a single study. Both company's and customers' inputs were used to investigate how CX can be enhanced.

On the other hand, this study contributes to the business world too; since it is based on a case study of a company operating in hospitality industry. Empirical findings of this study enable a better understanding of the challengers the case company faces and proposes a number of solutions that can be applied to improve CX. Therefore, suggestions given in the study include refinement of the reservation system, enhancement of customer – company interaction, continuous improvement, and employee motivation. It contributes to customer-company interaction, helps to increase customer loyalty and retention, and enhances the company's performance.

5.3. Limitations of the study

This research has a number of limitations. They are related to selection of respondents, data collection method as well as sector of customers' businesses and their location. The limitations are discussed below.

The first limitation of the study concerns the selection of respondents. The interviews were conducted with both company's personnel and the customers. The customers were divided on two groups. The first group involved sales assistants who made reservations for groups of guests. The second group consisted of host managers – the representatives of customers' businesses that accompanied groups of guests to Company X. The guests, or end customers, however, were not interviewed. Most of end customers visit this place once during their business trip to Finland and are guided by host managers. Because

of short stay, the guests cannot be interrupted with interviews that take their time. Furthermore, since the case company is event-based and is focused only on groups, the establishment of long-term relationships with representatives of customer's businesses, which have a role of intermediaries between Company X and end customers, are of a great importance.

Next limitation refers to data collection. As a method of data collection semi-structured interviews with open-ended questions were used. However, according to Hartson & Pyla (2012), the data collection, or contextual inquiry involves both interviews and customers' observation in real-time context. Observing of what the end customers experience during their journey could replace lack of interviews with them.

Finally, there is one more limitation concerning the activities of customers' businesses and their geographical locations. All respondents were representatives of corporate companies located in Ostrobothnia region in Finland. These customers represent, indeed, about 80 per cent of all customers. The public sector, however, was neglected as well as customers from other regions of Finland and other countries.

6. CONCLUSION

This study explores how CX can be enhanced using both company's and customers' inputs. The Wheel lifecycle template was applied as a method for designing experience. As a starting point, the data was collected through interviews and carefully analyzed. Next, the data was transformed into requirements, which were followed by conceptual design. As a result, the actions for CX improvement were developed and proposed to the case company.

The first research question addressed in this study investigates whether perception of company's current and desired service performance differs in between operation's perspective and customer's perspective. The answer was obtained through applying CX hierarchy model, which consists of three layers, namely, the layers of CX attributes, CX themes, and CX effects. The results showed that company's evaluation of its current performance in tune with customers' evaluation. The service delivered in terms of the company corresponds the service experienced by the customers. Therefore, the company and customers are seen as co-producers and co-creators of value. The requirements expressed by the respondents concerning desired performance, however, are different in between operation's perspective and customer's perspective. In terms of customers, the attention should be paid on interaction with the company, including opportunities for feedback provision, rise of customer awareness of new services and decrease of response time. In terms of company, the issues regarding the reservation system, improvement of some services and attraction of new customers are of importance. All requirements listed by both the customers and company's personnel belong to the layer of CX attributes, the lowest layer of the CX hierarchy model, which connect with company's resources. Therefore, company's requirements refer to physical components of CX attributes, whereas customers' requirements concern the relational components. It indicates that some of company's resources can be used more effective in order to better fulfil customers' needs. To be precise, the company has to put effort on improving interaction with the customers. The findings indicated that the attention should be paid to both the physical environment and the emotional experience in order to enhance CX.

The second research question was aimed to find solutions to enhancing CX. Starting with identification of challenges the company faces, four actions of CX improvement we proposed. The first suggestion refers to refinement of the reservation system by introducing pre-reservation system. The second suggestion concerns an enhancement customer – company interaction. In addition, continuous improvement of company's offerings and renovation of its facilities is proposed. Finally, employee motivation enables the company to achieve the superior customer service.

The originality of the research is in the integration of both operation's perspective of value provided and customer's perspective of a service experienced in a single study. It allows evaluating the company's performance from two different angles and developing actions for CX improvement with high accuracy. This study makes valuable contribution to customer-company relationships, which leads to customer loyalty, retention, and enhancement of the company's performance.

This research gives insights for future investigation of CX. Since the present study was conducted for a local company, known only in a particular region of Finland, the future research can be done for a well-known company operating globally. By carrying out the research for a global company, it is suggested to select respondents from different countries with different cultural background. This allows studying the concept of the CX in multicultural environment. Furthermore, the data collection method can combine both the interviews and customers' observations in real-time context. Observations can be a source of additional information and are especially applicable for bigger hotels with large number of guests.

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APPENDICES

APPENDIX 1. Invitation e-mail

Dear Sir/ Madam,

I am a master degree student at University of Vaasa. Currently I am writing my master's thesis about designing for the customer experience. As a case company for my thesis I have chosen the Company X. The purpose of my research is to explore how customer experience can be enhanced using both company's and customers' inputs. Therefore, I would kindly appreciate if you agree to take part in this research and answer a few questions, where you can share your opinion about current service performance of the company in question as well as get some tips for future improvement and development. This information will be highly valuable for the research and can be used for enhancing customer experience at Company X. Confidentiality of your identity is guaranteed.

Kind regards,

Alexandra Spivakova

Master's student of

University of Vaasa, Finland

APPENDIX 2. Interview guide for the case company's employees

Specify your position _____

1. How do you evaluate current range of services?
2. What services are the most popular? Least popular?
3. What time of the year is considered as a “high season” and a “low season” at Company X?
4. How do you evaluate the quality of services?
5. According to you, does the quality of services delivered correspond the price?
6. How do you interact with customers?
7. How the reservation system is organized? Do you find it effective?
8. How do you treat with customers? Do they have special requirements?
9. Thinking of the past 6 months, how often have the customers complained? What was the point?
10. According to you, what customers find the most attractive at Company X?
11. How do you inform customers about new services/ package?
12. Do the customers return?
13. Have you noticed what emotions customers usually experience during their journey?
14. How can you describe the overall atmosphere created at Company X in three words?
15. According to you, what should be improved and how?
16. What new offerings would you like to introduce? Why?
17. How can you contribute to the new service development?

Thank you for your participation!

APPENDIX 3. Interview guide for the host managers

Specify your position _____

1. How do you evaluate current range of services provided by Company X?
Do they answer your expectations?
2. How do you evaluate the quality of services?
3. According to you, does the quality of services provided correspond the price?
4. How do you interact with Company X?
5. Do you usually provide feedback?
6. How do you evaluate the work of personnel at Company X? Do they treat well with their customers?
7. What do you find the most attractive at Company X?
8. Have you ever feel disappointed? If yes, what was the point?
9. How do you get information about new services/ package?
10. Thinking of the past 6 months, how often do you go to Company X? Would you like to return?
11. What emotions have you experienced during your journey at Company X?
12. How can you describe the overall atmosphere created at Company X in three words?
13. What new offerings would you like have at Company X?
14. Do you have any suggestions for improvement?

Thank you for your participation!

APPENDIX 4. Interview guide for the sales assistants

Specify your position _____

1. How do you evaluate current range of services provided by Company X?
Do they answer your expectations?
2. Thinking of the past 6 months, what services/ package you order the most often?
3. How do you evaluate the quality of services?
4. According to you, does the quality of services provided correspond the price?
5. How do you interact with Company X?
6. Do you (your customers) usually provide feedback?
7. How do you evaluate the work of personnel at Company X? Do they treat well with their customers?
8. What motivates you to book a service package at Company X for your customers?
9. What motivates you **not** to bring your guests to Company X?
10. Have your customers ever feel disappointed? If yes, what was the point?
11. Would you like to be informed about new services/ package at Company X?
If yes, through what information channels?
12. Thinking of the past 6 months, how often have you made reservations for your guests at Company X?
13. What new offerings would you/ your customers like to have at Company X?
14. Do you have any suggestions for improvement?

Thank you for your participation!