

An effective service development process needs stories.

Product: Evaluation form

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<p>This thesis is an analysis, which focuses on the service development process where the story-based service design method is used. It aims to improve the effectiveness of the service development process, to ensure better quality level and final customer satisfaction. The purpose is to increase business via customer-minded service through one of the service design methods. The thesis is written from the point of view of small and medium-sized enterprises.</p> <p>The process flow starts after the introduction with the presentation of different service development models and then continues to evaluating the aspects of cascading the models. In this part dimensions are evaluated using story-based service design method. The last chapter studies the details and challenges of evaluation surveys. The outcome of the thesis, the product is found in appendices.</p> <p>This is a product thesis, and the outcome is an evaluation form for the business operations where themes and stories are used. The purpose is to give a method for self evaluation to follow up the service and quality level of the story. The thesis does not focus strongly on the measurement process itself. The scope of the thesis is limited to these questions; how to develop a new effective hospitality service, what are the factors that should be considered and how can the final outcome be evaluated and monitored after the development? The product called SBSDE evaluation ® (story-based service design evaluation) is created as the outcome.</p> <p>The thesis is made in year 2013, when the story based design and customer orientated approaches were growing themes. How to use the stories in development and how they are really adapted to the operations after the development process? These are important questions at the moment for consultants, trainers and teachers in many fields such as marketing, brand management and service industry.</p>	
<p>Key words service, development, story-based service design, story, service quality, measurement, survey</p>	

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1 Introduction

In the words of the famous and charismatic business consultant Mr. Jari Sarasvuo, “future’s top businesses are related to design, story based development, symphony, empathy, entertainment and relevancy”. Design combines both functionalism and sensuality, and then stories change and unify humans from inside out. Both are important elements in service development. At the same time, management needs to have the skills to look for understanding, nursing, playfulness and meaningfulness in the business world. (Hämäläinen 2013, 11.) Companies want to develop their business when they have enough competence and time for the process. Entrepreneurs will do the process alone or with the assistance of consultants. In both cases, service development models are usually used in some extent. There are several service development models at one’s disposal and some of the models are presented and evaluated in this thesis.

The most important objective of development is to create services which are more attractive for customers and potential customer segments in order to reach greater customer satisfaction and in the end greater profits for the business. One solution to reach this goal is to have one’s own story as a concept. The concepts are then adapted to all levels of the operation and especially throughout the customer touch points. One’s own story can be built with the story-based service design method. After the service development process, a new story-based concept is adapted to practice and sold to both the employees and the clients.

“The experience is a service or product, which provides use or consumption experiences for the customers at the moment of purchase. The best experience services are based on authenticity. Usually experience service is tailor-made and holistically planned. Service providers can only create the best possible surroundings as the experience is created in the minds of the each customer.” (LEO 31.10.2013.) Such terms as service design, stories and experiences are current topics in the field of development. If they are popular, there is a risk that topics are left only as words without meaning. For example Gilmore & Pine (2007, xii) wrote; “too many have latched single word – experience – without changing core business practices and without actually staging ex-

periences. While customers are deeming to authentic, that is what they really want to have.”

Over the years quality audits and service product development have been the most important part of the author’s work. The author has seen large numbers of hospitality destinations and service concepts in Finland, especially small and medium size entrepreneurs with their dedication and ideas which have been most memorable and impressive. But a great destination or excellent idea is not enough in the long run for profitable business. On-going development and planning is needed, especially for service packages. Limited resources in time and finance in small and medium size enterprises are constantly restricting development.

The author has seen a lot of potential within Finnish hospitality companies, which could reach new segments and markets after giving more attention to the attractiveness of the service package and service quality level. Therefore this thesis studies the different features of service development. Is this a solution to raise Finnish hospitality companies’ quality level higher and meet future customers’ expectations? Could the stories give one solution to raise the attractiveness and profit of the companies? Finns should use their country’s rich nature and history as a source of experience economy. The U.S. Ambassador, Mr. Oreck (11.6.2013) believes in Finnish stories and their possibilities in business life as he stated the following;

Finland could be the best storytelling country in the world as Finland’s whole history is based on stories. Finns are saying that they are lousy in marketing, but in fact Finns have done marketing all their history! Country is founded by marketers – storytellers. They were poets, writers, painters, architects and designers. For example only few countries have their own written epic such as Kalevala. Finns need to have more courage to bring their own stories up! They should use their own national, local stories more widely in marketing and in business.

The aim of the study was to create a method for evaluation which can be used for the story-based services in small and medium size companies, especially in the hospitality field. Adapting the new concept idea in all levels of the business is always challenging. The evaluation of the adaptation level is an important part of the development process.

Companies should measure how the service quality and service level will be changed after the service development process, and do the quality and service meet the standard set by the developer? The author has created an evaluation form called SBSDE evaluation (Story Based Service Design evaluation). This is used after development training and it includes at least two different dimensions, one for the entrepreneur, and the other for the consultant to assess how well the developed story is affecting the inside operation of the company. This evaluation form or any other measurement tool will not be used if it does not give enough value to the user. The evaluation form has to be easy to use and simple enough to understand because the user needs to be capable and willing to use it. There is also a chance that the parties are uninterested in the monitoring after the development activities. To encourage the use of measurement tools, processes should be effective and quick to process.

The thesis concentrates only on the marketing and development points of view. Its focus is in the Finnish hospitality sector and especially on small and medium size enterprises. The chapters are written with a zip style, where the theory is presented first, which is followed by examples and then the connection to the evaluation form.

The thesis has two theoretical chapters (chapters two and three). The chapter four presents existing service quality methods, for instance SERVQUAL and mystery shopping. It also gives background information and presents the product of the thesis, SBSDE evaluation form to the reader. The product itself is found in the appendices. The appendices consists of the pictures of the product that is the result and the physical outcome of the thesis process. (The first picture gives the image of the layout and rest of the two pictures present the context of the evaluation form.) The instructions how to fill in and use the actual evaluation form in practice are also included.

After the introduction, five service development models with critical conclusions are presented to the reader in chapter two. The development models give different standpoints such as the service product, destination and customer experience. The destination development is included as the surrounding business environment strongly affects the company's attractiveness. Chapter three leads the reader deeper into the challenges of the development. Each theme will have different examples described from the point

of view of story-based service design. Chapter four will give reasons why the product of the thesis, the evaluation form, is developed and why it is important. The evaluation form concentrates on observing the actual scene, experience stage, where the service is usually delivered and used. Chapter four will also concentrate on aspects of service quality and benefits of using the measurement tool. It does not take under consideration the stages before or after the experience. The final chapter is the conclusions. The conclusion chapter will draw the thesis results together with the author's thoughts and opinions.

The sources and background information for the thesis are gathered from literature, master's theses, theoretical articles, and seminars, plus side information from social media. But the most important resource has been the author's practical knowledge, which is gathered over the years. The above mentioned resources have given the basis for the theoretical part, case examples and the product itself.

2 Development of services

“Put in the simplest terms, services are deeds, processes, and performances provided or coproduced by one entity or person for another entity or person.” (Zeithaml, Bitner & Gremler. 2009, 4) The manufactured products are tangible as services are intangible. They are not seen, felt, touched, smelled or heard before the actual delivery process to customer. The location of the service process and when service is actually processed is essential since services cannot be stored, however as delivery and use are at the same time, it is needed to identify the correct capacity level of the resources for the service production and when the segment is willing to have the service. (Pervaiz & Shepherd 2010, 5, 191) Also other scholars are emphasizing challenging facts of intangibility and simultaneous nature. (Fitzsimmons & Fitzsimmons 1994, 33; Teboul 2006, 24; Zeithaml & Parasuraman 2004, vii).

“Services can be defined as economic activities that produce time, place, form, or psychological utilities. A stay at a hotel provides a comfortable experience from home. A night out at a restaurant provides psychological refreshment in the middle of a busy workweek.” (Pervaiz & Shepherd 2010, 4) “The presence of the customer in the process creates a concern for the total service experience. For a dining restaurant, the atmosphere is just as important as the meal because many diners regard the occasion as a vehicle for getting together with friends” (Fitzsimmons & Fitzsimmons 1994, 24)

According to Teboul (2006, 25) service is actually a performance as it can be neither owned nor accumulated, but it has to be consumed at the moment of production, plus its perception is immediate, subjective and qualitative. For Gilmore & Pine (2011, 19) services are experiences, which are non-tangible, but still customers greatly desire them simply because the value of experiences lies within them and remains there for a long time. It is common to discuss products, when actually experiences are meant. For example the word train refers to train transportation and the word theatre to entertainment services or the word resort to lodging. “This is common as in fact services fundamental nature is in processes, not in objects.” (Shostack 2010, 2.) Also Otto & Brent Ritchie (2000, 408) characterize the hospitality industry to experiences by saying; “per-

haps more than any other service industry, hospitality holds the potential to elicit strong emotional and experiential reactions by consumers”.

Experiences are not inauthentic, simply as experiences happen inside of us; they are our internal reaction to the events unfolding around us. How clients react to service situations at a particular scene depends on who they are and what they feel at that moment (Gilmore & Pine 2007, 81.) For example on a train journey from Helsinki to Finnish Lapland, Rovaniemi, passengers travel inside the actual transport-producing instrument: they are consuming travel at exactly the same time as the train is producing it. Every activity consists of both an interaction (the service aspect) and a material transformation (the product aspect). Each passenger has a totally different experience from the journey. A service is an act, a unique performance, while a product is an object, a device or a thing. (Teboul 2006, 19, 23.) Actually according to Fitzsimmons & Fitzsimmons (1994, 24) the customer service package includes in the end a mix of goods and services delivered at the scene. The mix is gathered from four elements: supporting facility (physical resources – restaurant room and employees), facilitating goods (needed material – dish itself), explicit services (observable benefits – no hunger after service) and implicit services (psychological benefits – fresh and happy mood after dining).

For the author service is a series of small details, which consists from moments of interactions, location with physical elements and actual service material as Fitzsimmons & Fitzsimmons (1994, 24) explain. For the customer, the correct combinations will give needed service on correct time. The author also agrees with Gilmore & Pine (2007, 81) that services are important as they create experiences and transformation, which will bring for the customers emotions and raise more willingness to buy. But quality of the service is difficult to control, because of the changing human factors. The created survey concentrates to evaluate the service and its four elements (supporting facility, facilitating goods, explicit services and implicit services). It will also concentrate to increase the visibility of the service at the scene.

“In services it is the human element that is central to effective operations. For example, the unavoidable interaction between service and consumer is a source of great op-

portunity. However, this interaction can seldom be fully controlled.” (Fitzsimmons & Fitzsimmons 1994, 33) The author believes that more planning is needed to the front scene, because that is the stage where the service producer will see the final client. The product manufacturers do not have the same privilege. Therefore service producers should use this benefit and give the most excellent impression of them and make the client their own. In each case, the client will form a picture of the service provided. In this situation the provider has a chance to make the correct impact and give service according to the planned quality level, which is eventually also seen in service surveys and measurements.

Development – the word refers to an idea to go forward and to find something new. Today people, society and companies are constantly on the move. Something, small or large is happening around us all the time. This fact makes clients more demanding. They want to have new service and better quality, something new over and over again just for their own segment. This is especially seen in the experience industry. There are seldom repeaters for example for a husky safari during a winter holiday. Plus there are also destinations like the design house IDOLI by the lake of Inari in the very north of Finland and an old fisherman’s village called Herrankukkaro in Turku archipelago area, which are exclusively attractive only on a first visit.

Somehow to some extent these experiences must include new features or changing elements in their characteristics. In this way experiences are attractive and exciting, and for the customer they are worth investing a second or even third time. (Gilmore & Pine 2011, 145.) Produced services and products are far from each other; on the other hand service development goes further and further in the use of technology which is common in product development. At the same time more and more authentic nature related, so called “real” services are introduced. Combinations are seen, for example mobile-applications for bicycle routes in Southern Finland which introduce beautiful nature with the help of modern technology.

The study made in the Aegean region of Turkey for small hotels reflect the same situation as some areas in the Finnish countryside where the majority of tourist facilities are run by small and medium-sized companies, and in spite of their size, they are very im-

portant factors in rural areas. These companies provide employment, wealth, and diversification both locally and nationally. Therefore, sustainable and successful development in these companies has important implications for the whole area. (Avcikurt, Altay & Ilban 2011, 153.) There are 27 000 hospitality companies in Finland and in 2011 companies employed 111 000 man-years. In the same way as in Turkey the industry is especially high in rural areas, for example in the northern parts of Lapland, in the community of Enontekiö 47% of businesses are related strongly to the hospitality sector. A remarkable fact is that the hospitality sector is one of the few industries in Finland which is rising and most of the new companies in this sector are established within the experience business. (MEK 2013)

In spite of the importance to the whole area's economy, service development in the hospitality industry is not a popular subject. According to Kokko (2005, 71) there is a need especially for a conceptual service development framework, which can lead to a new kind of managerial approach. Also it would be important to develop and test new possible approaches. "In a sector, like hospitality, where markets are saturated and clients choose products and services from all over the world, better assurance from growth and sustainable wealth is essential." (Peters & Pikkemaat 2005, 1.)

Based on three important reasons the service development has been seen very different from manufacturing development. Firstly in service production customers and the service producers are in strong connection to each other, and customers are actually part of the development. Secondly services can only be used at the presence of the customer, which causes decentralization of the service capacity. Thirdly developers do not have any physical product to give a brand name. Lately, because of the on-going global economical competitive change and pressure, developers have been forced to think more and more to the same direction. (Pervaiz & Shepherd 2010, 187-188.) Previously design was mainly connected to the manufacturing items such as furniture and mobiles, but now it is well recognized and related to the development of the service practices and customer satisfaction.

Service development is strongly future-orientated and traditionally the doctor-patient model has been used in development. In this situation the company knows what is best

for their customers. Fortunately, today a more modern view is to see the company and the customer as equal, interacting partners. Both parties have a certain amount of knowledge and neither one is superior in relation to the other. The basic idea in a process is to create a procedure, which is planned, controlled and standardised. Often in the procedure success and failure factors are evaluated. (Kokko 2005, 53-55, 70.)

The hospitality companies at the countryside have a vital role in bringing more visitors to the destination. Customers will only come, if the offering is interesting. The companies need to offer attractive service packages, but at the same time they have only limited resources for the product development work. Small and medium size companies are looking for quick and understandable solutions for this challenge. Mentioned viewpoints and the fact that the service development is not widely studied influenced the author's decision to create a method, which would guide especially small companies in their on-going development work. As a result of this aim, the SBSD evaluation (Story Based Service Design) form was created. It is a method to monitor customer satisfaction and service quality. The method is quick and easy to use.

The author believes that, because of the constant mobility, development is a popular word and sometimes companies are changing their operation too fast and too much. Or the development process is done on paper, but actually changes are never seen in operation. Development and evaluation of one's own work and business is needed, but there have to be clear aims and targets for the process which lead to future. Planning is needed. The next subchapter of the thesis will present some of the development models and their characteristics, which can be used in development process.

2.1 Development process

The development process in hospitality industry can be executed on three different service levels:

1. for the service product itself
2. for the destination product as network of bundles of products and services
3. for the attraction producing the experience.

(Pechlaner, Fisher & Hammann 2005, 35.)

The thesis will introduce five different development models: the Marketing mix theory, Kokko's model, destination innovation process, Mountain model and five steps to Service innovation – model, which all are related strongly to service development processes and the author's own background. The five models have useful and practical elements, which make them important. The models are presented according to Pechlaner, Fisher & Hammann's (2005, 35) classification; the first concentrate on service product, then on the destination and finally the experience level. From the thesis standpoint the greatest interest is on the last level which studies the produced experience at the scene.

For the author **the Marketing Mix theory** is the most classic model. Basic marketing studies at all levels still seem to start with the marketing mix theory whose purpose is to affect sales. Discussion and evaluation start with the 4 Ps: product, price, promotion and place. When studies go to the service side, the so called 7 Ps (plus participants, physical evidence and process) are used in order to respond to the service development situation more effectively. (Gummesson 2008, 323; Kotler 2003, 108.) For service development interest is in the 7 Ps. The added three P's are seen in all services and therefore it makes the theory more exact than the traditional mix. The developer's focus is deeper in stakeholders, especially customer satisfaction and service quality. (Goncalves 1998, 61.)

Grönroos (2007, 95, 119) argues; "the marketing mix paradigm served a function at one time in the development of marketing theory. However, when it established itself as the universal truth in marketing, it started to cause more harm than good." Marketing was raised in the companies to their own separated departments. These departments did not necessarily have a connection and view to the everyday operation and changing situations of the customers. While especially in service marketing strong and ongoing relationships and partner thinking from the ground level is needed. "The marketing mix paradigm has been popular; it is a broad and easy-to-teach method, but at the same time developers forgot the social side of the marketing and instead they see only P's as separate elements of the business, which makes companies manipulative towards customers." (Grönroos 2007, 95 and 119; Goncalves 1998, 37; Gummesson

2008, 321.) But overall the theory is a very suitable tool for basic marketing studies and information. It is also suitable for plain mass production where no large variations exist. In this situation it gives straightforward and equal information from the company's surroundings and stakeholders, without lifting any certain detail up.

Scholars criticize the marketing mix as it represents only the provider's point of view, instead of including the customer's standpoint. "Instead, the centre of the attention should be in customization of value propositions and a more individualized marketing." (Gummesson 2008, 324.) According to Kotler also 4 C is needed as "once the developer thinks through the 4 Cs for the target customers, it becomes much easier to set the 4 Ps. The 4 Cs are customer value (not product), customer cost (not price alone), convenience (not place) and communication (not promotion)." (Kotler 2003, 109.) P symbols will stay alive also in the future as some level of manipulation is needed, but their status will change. Relationship marketing will be a first priority with relationship, networking and interaction, which are surrounded with P symbols. (Gummesson 2008, 324-325.)

The product of the thesis focuses strongly on the additional three service P's (physical evidence, process and participants). The SBSD evaluation form's main pillars of the measurement are: the physical elements of the destination, interaction elements and customers' emotional elements. The aim of the product is to have better services for the customers with the help of story-based service design. Therefore the angle of the product is from customer satisfaction to on-going service development.

The second model, **Kokko's model** is created by Mr. Kokko, who has been at the centre of the Finnish hospitality marketing, development and education field for over 20 years. Kokko studied in his doctoral thesis development offerings in the restaurant sector by evaluating six restaurants in Finland, within the Helsinki metropolitan area, and the development model for hospitality business was invented based on the received information. The doctoral thesis is interesting as it gives an inside view of the hospitality development challenges in Finland. This is an important aspect for the author's thesis process, where small companies and their development challenges are investigated.

Kokko's development process model for the hospitality sector consists of five stages.

A successful process is never-ending and self-controlling. Stages are:

1. Idea generation – all creative activities are for working with ideas
2. Idea development – refinement of the idea and turning it into an operation plan
3. Realisation – operative action is carried out
4. Standardization – operative actions are established and set a part of the company's concept
5. Following – activity is measured on the basis of received comments.

(Kokko 2005, 141)

Kokko has given the following comments from the model;

It stresses dynamic aspects of offering development. The affecting forces (either disturbing or promoting) have an impact on the whole system. Abstraction of the model is quite high still making a sense to use as a basis for any development improvements, when the company's shared vision is guiding the entire model into the desired direction. (Kokko 2005, 144)

Whilst the quite plain 7Ps marketing mix is encouraged to evaluate equally the seven elements of the business, and create a correct service package according to elements to each segment, Kokko's model gives a five-step procedure list on how to act. Both models are abstract and universal. Alone they are unpractical and they do not give the general view, but when these two models are set together they form a useful and universal combination which is more valuable together than two models alone. They give instructions concerning assessed elements and concerning important steps. Kokko's study was an important reference in the thesis production process as it gave a local point view and introduced a model, which is on-going and increases in-house control at the company. It was the same attributes the author wanted to include also to the thesis product.

The destination where the company stands affects strongly to the attractiveness and business options of the company. To optimize the company's options for profitable business, the company should also have understanding and focus for the destination itself. Alliances in the destination may bring significant benefits for the operations on

all levels. Therefore the destination with its attractions is an important standpoint in the company's own development process. The approach to destination development is given via Pechlaner, Fisher, & Hammann's theoretical **Destination innovation process** model. Scholars are going from the universal level to deeper inside the destination or attraction. The model concentrates on the destination's themes and the region's own competencies. The aim is to focus clearly on the specific resources and processes at the region, especially its strong and valuable characteristics. The author appreciates the idea to identify the destination's attractive themes and building operational networks around them. (Pechlaner, Fisher & Hammann 2005, 37.)

Destination innovation process:

1. Positioning of the destination
2. Identifying themes based on regional competencies
3. Building networks based on themes
4. Producing innovative products and redefining value chains
5. Managing and monitoring of the innovative life cycle course by learning process.

(Pechlaner, Fisher & Hammann 2005, 40-41)

The destination innovation process proceeds from the location to the companies ending to the service offerings. It demands and leads companies to work together for their destination. The approach is idealistic and it gives a long-term benefit via networks and alliances. The initiating process is challenging if there is no supervision of local organizations or good business relationships among the companies. The process should start by analyzing the destination and the companies in the area. Through the analysis, service themes of the companies are identified and arranged into categories. In the next stage networks are built around the themes, which are developed further and further to meet the customers' demand.

The thesis product, the evaluation form is a tool to analyze the current status of the service themes and stories. The researcher will do their own evaluation for each unique location. Inside the larger locations (for example a hotel complex) there can be different variations in used stories and themes; therefore each different location and unit is

evaluated separately. In the evaluation form, the location is confirmed in the beginning as the location is the main starting point of the evaluation.

The author has created her own destination model called **Mountain model**, which concentrates on networking and practical operations. The mountain model was made on spring 2013 for the workshops of TouNet project (Service Innovation laboratory 2013, Tourism Development in co-operation in southern Finland and Baltic Region). Mountain model gathers the author's own viewpoints concerning the optimal situation, which is not tested in reality. It is a theory, which strongly needs further development. In the model, vital realistic elements of the destination development are gathered together forming a final customer-orientated destination development plan. The purpose is to increase the level of networking, attractiveness and amount of sales at the destination. The process begins from the destination's main attraction. Different developers (hotel, museum, transportation, activities) of the area will "climb" together on the peak of the destination and look at a 360 degree circle around the peak with each segment's final customer's eyes. This is a creative way to find out local undiscovered attractions! At the peak they concentrate on seeing attractions and options with different distribution channels and routes. Developers will bring attractive products and services closer for the segment. They do not pay attention to the different inner and external business challenges; financial crises, lack of professional employees, competition, legislation and statutes, or infrastructure. The final client is not interested in these issues and therefore they should not affect the client and planning at this stage.

Mountain model is a concept which unites and forces the destination suppliers to discuss and act together. In the networks they need to discuss and come up with concrete steps on how current, start-up and future services are brought closer to the market and specific segments. Co-operation is not limited to the location or their own communities as customers do not see the community border; instead they see attractions and exciting experiences. The model demands effective networking and working together with different companies. To create competitive advantage, companies in the same field of business should pull together to receive synergy benefits. It is everyone's benefit to receive customers to the destination, even though the customer may not use our company's services on that occasion.

There is a saying that the only thing that really matters in destination management is location, location and location. The hospitality business needs to find out the right benefits and stories from their own destinations to attract segments. In Eastern Lapland, next to the Russian border there is a small and traditional ski resort called Salla. The destination is far from having big hotels, discos and large group services. It is not overwhelming to reach by any vehicle. But its location has been an obstacle for some customers. Salla offers an excellent package for visitors including the most beautiful wilderness nature, quiet, friendly and human-scale services. To have a more positive location image and win the location obstacle the community of Salla decided to emphasize their small size and distant reputation by discovering the “Salla, middle of nowhere” - slogan. At the same time hospitality companies started stronger co-operation by creating product package networks, which brought suppliers and their offerings closer to the customer by creating a community’s online store, where all services from weekly programs to accommodations are available for the travellers.

Companies and entrepreneurs are stronger when they are working together. Seldom is any entrepreneur doing work completely alone. Entrepreneurs should do together networks, unions and alliances, which would bring professionals from different fields; co-operators, colleagues, students and employees. (Torppa 2013, 139-140.) These multidimensional networks would give more united resources (information, coaching, time, finance, employees) to invest, for example to development and innovations. Even though benefits are recognized, often entrepreneurs do not want to have anyone too close to their own backyards, for example because of different values and ideologies. This is a difficult and challenging topic for the industry. The destination needs to have a coordinator, which will provide sustainable, trustworthy and uniting network for the service providers and suppliers. (Pechlaner, Fisher & Hammann 2005, 33, 42.) The coordinator can be from public sector, but the need and actions for the development should begin from the companies.

When knowing the industry and how focused entrepreneurs are on their own business and segments, the Mountain model is most probably too optimistic and idealistic to come true to a larger extent. Also the model does not pay attention to inner or external

challenges, which is not possible in reality. The model is a theoretical idea without concrete development tools and proto testing at destinations. But the basic idea of networking and pulling together is excellent. Also a destination innovation process has an excellent idea behind it to develop themes of the destinations. Both include valuable discussion elements for the community level. Would these models be suitable in our destination? Kokko's model and 7 P's are stronger at the company level. They concentrate on developing the company itself with an on-going process, which is appreciated. The evaluation form can be used after implementation in all cases. But it would be stronger if the model would include a deeper over-view of the experience side. The service design model, **5 Steps to Service innovation** is introduced in its own subchapter. The model will focus on customer experiences. After all, effective stories are creating memorable experiences which give the customer satisfaction and are the results of excellent service innovation.

2.2 Service Design

"To create new services, it is important to understand what is designed, but also how services are designed. From this perspective, service design can be defined as a human-centred, iterative process. "(Fisk & Patrício 2013, 190.) "Academics and practitioners close to the discipline often describe it as a multidisciplinary iterative process; a process that translates an idea or market need into a successful product." (Pervaiz & Shepherd 2010, 430.) Service design sets together different practical methods and tools. "Modelling an existing service path, even without new ideas, helps the company understand the service from the customer's perspective and gain a clearer and more concrete sense of the encounter." (Hämäläinen & Lammi 2009, 188.)

Service design does not yet have a common academic definition, but it has five core principles of way of thinking during the process. These principles are; user-centred, co-creative, sequencing, evidencing and holistic way of thinking in development. (Stickdorn 2010, 29). "In design, the customer is central; in the sense that design is the set of processes that translate customer requirements into manufactured outcomes such that they fully meet customer requirements." (Pervaiz & Shepherd 2010, 430.) "Creating new services requires being open to customer's dreams and latent needs that

were not previously considered, being open to new service possibilities beyond the existing service boundaries, and being open to new contributions that are crucial an interdisciplinary service design approach.” (Fisk & Patrício 2013, 203)

“The service experience is co-created through a set of service encounter experiences or touch points. For example, providing health care services requires a careful design of the physical evidence, highly-trained people, a well-executed health care process, and crucial technology support.” (Fisk & Patrício 2013,189, 195) “Service design is about choosing the most relevant touch points for service delivery and designing a consistent customer experience across these many touch points.” (Clatworthy 2010, 138-139.) The important role of touch points is noticed in the thesis product. In the evaluation form the story line, the service process with starting, middle and ending points are asked first. Next, the form goes to the touch points. Each service process includes the touch points, which are the moments when the customer has interactions with the employees and physical elements of the service environment. In the process, the user of the evaluation form should recognize the story line and four different touch points with the customer contacts.

The service design model in this chapter goes further in the details than earlier models. Process of **5 Steps to Service innovation** – model will take time and a lot of effort, but it can give extra value getting the result and needed people much closer to each other. Brilliant service design has three important business results: new creation can be set to the market, market loves the new creation and finally creation will make excellent result for the company. (Oosterom van 2009, 169; Stickdorn 2009, 255)

5 Steps to Service innovation – model

1. Discovering business and experience
 - work begins always from the company
 - desired outcomes are solved with a help of interviews and observations
 - pre analyses and recommendations are given
2. Concepting
 - wild ideas are developed together with stakeholders
 - brainstorming, workshops and prototypes

- test concept is created
- 3. Designing
 - results are set together and whole concept planning is started
 - service blueprinting
- 4. Building
 - touch points (for example: physical elements, employees procedures and practices)
 - marketing plan
- 5. Implementing
 - start the new operation with created details.

(Oosterom van 2009, 168)

The purpose is to offer real functional elements to develop user-friendly services by focusing on relevant attributes of the questions. The attributes are gathered from different small and large details, which affect customers. The generated customer-minded processes give valuable ideas for marketing, for example they can give information how to emphasize a new service advertised at the market. (Hämäläinen & Lammi 2009, 188-189) In Finland Tourism and Experience Management Cluster Programme (operated 2011-2013) made several service design projects, which have raised the level of networking and level of customer orientation at the destinations. Good examples of these projects are for example Himos ski centre service design development project for travellers' from Russia and the capital of Lapland, Rovaniemi project to attract more visitors at the summer time. (Service design toolkit 2013)

The author believes that service design will bring deeper understanding to customer behaviour and customer needs. Developers will understand why for example customers are choosing the most used distribution channel, an exotic dish or walking path to the beach. This information allows companies to come closer to their customers and design services which will lead to greater customer satisfaction. Also the thesis product pays significant attention to the measurement of the touch points.

2.3 Critical conclusion

Chapter two started with defining the words service and development. Producing services is more challenging than producing products. This chapter has also stated how service development is time consuming and demanding for the companies. Its procedure is different than in traditional product development. “Services have characteristics, which products do not have; they are physically intangible, they are activities rather than things, and production and consumption are, at least to some extent, simultaneous activities.” (Grönroos 2007, 43.) Companies’ knowledge of development of services can be quite low and therefore failure level for a service project is higher than for product developments. (Ottenbacher, Shaw & Lockwood 2005, 113.)

Kokko (2005, 87-88) has made a very practical list with six points from the challenges of the service development models. All six points need to be recognized by the developer.

1. There is no model, which would be suitable for every development process.
2. Models do not take under consideration the size of the business.
3. Strategic marketing should be in connection with the development model.
4. The process has to be creative and carefully planned.
5. The customer has to have an active role.
6. Outside factors of the business have an impact on development.

The chapter presented five different development models with information on service development, destination development and service design development. Even though the models included three dimensions, development itself was left on an abstract level, because realistic examples for small and medium size companies for each model are missing from the thesis.

“In the tourism industry the innovation process itself is widely under researched, especially on the level of the destination and in comparison to other industries. Companies are basically conservative; if they are not challenged or threatened, they will tend to be attached to usual procedures.”(Pechlaner, Fisher & Hammann 2005, 36.) According to Kokko (2005, 89) “the number of studies about service development in the hospitality

industry is very modest.” The thesis concentrates on development issues due the fact that the development is essential when the company wants to be future orientated. The limited number of studies also affected to decision to focus to the development subject.

The most important point of view regardless of the selected development model is to remember the customer, the most perfect segment for one’s own operation and for the destination’s attractions and characteristics. One of the visionaries Mr. Martin Schobert CEO of the company called Tourismusdesign GmbH & Co KG (4.9.2013) advised to think who the perfect customer is and to concentrate on thinking about this customer more closely. Based on customers, the companies should plan and establish carefully the services and the designed story.

Hospitality business is part of community industry. Success is based both on the business itself and the strengths of the destination and community. In many cases in a customer’s mind, it is the destination which provides the service, not the single company. (Haywood 2000, 382.) This is a strong reason why companies should be proactive together. They should highlight the top attractions at their destinations and work together to present the benefits of the attractions to the customers. Cross board thinking, having ideas outside from your own industry and sector brings different kind of people together and creates new innovations in the hospitality sector. New services are created when for example cinema, music or sport industries are working together. This gives options to have future development strategies and new approaches to the hospitality industry. (Pechlaner, Fisher & Hammann 2005, 34.) Cross board thinking in hospitality development is a great opportunity that is not yet used significantly. Using stories in the service design process is one way of cross board thinking as it combines theatre, drama and hospitality. In the next chapter the benefits and challenges of using stories are presented more widely.

3 How does a story help the development process?

From the moment we are born we are constantly surrounded by stories in the form of fairy tales, novels, movies, commercials, and lived experiences. Storytelling is used in tourism contexts and stories are provided for needs of hospitality marketing communication media like travel guides, documentaries, informational labels, guided tours, and internet sites all of which aim to captivate their audience and increase the attractiveness of the destination. (Chronis 2012, 445.)

A story is a narrative account of an event or events – true or fictional. A story weaves detail, character, and events into a whole that is greater than the sum of its parts. Story is like mental software that you supply so your customer can run it again later using new input specific to the situation. (Simmons 2006, 31, 41)

“Stories do not present information or facts about “events”, but they enrich, enhance and infuse facts with meaning. This is both their strengths and their potential weakness.” (Gabriel 2000, 135.) “Storying is defined as the more or less continuous behaviour of getting a story realized, getting others to take roles, to be part of either a managed and directed story, or one that is more emergent and even collectively enacted”. (Boje 2008, 263) All magnificent performances, processes – theatres, operas or films have two main components: strongly built characters and an attractive storyline. Also a successful service design process needs these components. In the hospitality business the characters are customers, employees and other stakeholders, who have their roles build value to each other. (Bodine 2012, 10.)

Every service experience has a theme, a story. Sometimes it is invented on purpose and sometimes it has risen to its glory over the years (Gilmore & Pine 2011, 73). With the help of stories, management can have an effect on the meaningfulness and idea of the provided service. If the service is presented in narrative, in story form, it will receive greater customer attention, produce interest and make the customer experience both educational and enjoyable. Each service provider has to give correct links and connections to the story elements to guarantee its customer identifies to the possibilities of the presented story. (Chronis 2012, 455.) Stories help customers to understand who they actually are which kind of environment they belong, and where they want to be-

long. Stories generate identity for the groups; identity of where they were yesterday, today and tomorrow.

With the help of stories, companies can provide different levels of experiences to the business. The levels are good to take under consideration in the development as they have a strong input to the customer approach and customer motions. Levels of the experiences (**four E's**) are: **entertainment**, **esthetic**, **education**, and **escapist**. At the entertainment level customers are passive and they are responding (hopefully) by talking, gladness and happiness. To attract customers, companies should focus on creating more enjoyment. Esthetic is also passive level, where customers want to just relax and be free for a moment. In the educational level customers are usually very active and alert for action. They want to know about the authenticity and history of the location. Finally, the escapists are active customers, which want to have different experiences at different levels and places. Hospitality companies can concentrate on one single level of their business or unite all four levels together and create a forum of different levels to the customers. (Gilmore & Pine 2011, xix, 59-60 and 63.)

One of the main attractions of Lapland is nature's own appearance, Aurora Borealis, also known as the Northern lights. For years groups from Japan have arrived to Lapland to see the mystical sky with beautiful colors. Groups are taking part in Northern light hunting tours, which offer experiences from all four levels. If the Northern lights are seen, the tour and Finnish nature is offering high class entertainment for the money spent. The group itself and an untypical evening activity with the location are giving enjoyment for entertainment level customers. During the tour the esthetic level customer wants to be in a smaller party and purely enjoy the sky in a quiet corner outdoors, whilst the educational customer is keen to know all the details from the phenomenon whilst wanting to cook their own sausage on the open fire. At the same time the escapist customer has experienced all possible options at the location; has cooked the sausage, tried the guide's Sami costume, walked around the nearby pond and of course taken at least 100 pictures.

Experience levels are brought to the customers with a help of **cues**. Cues are signals, which are seen in the surroundings and by acts of the employees, which together make

a set of impressions, especially at the touch points. Cues are registered with all five senses – sight, sound, touch, taste and smell and they all are a part of planned and built story. With the help of cues and impressions the company should create flow moments, small seconds which will stay in customer’s memory. (Gilmore & Pine 2011, 78-79, 87, 91.)

Development was the first starting point of the thesis and the second was the stories. The author has always loved stories and themed destinations. Attractive themes introduce a way of life of the locals (lumberjack restaurant), a historical event (Viking festival) or fairytale (Santa village) with different levels. Stories give more information and they will lead to a different world of events. Themed destinations are loved by the customers and they are easier to sell in the distribution channels.

For the author, it is a fact that different segments are looking for different experience levels and inside the segments there are level differences. Companies have to know their segment and one part of knowing them is to be aware of their experience levels. As levels of the experiences strongly affect the emotion of the customer and how the service should be built, the experience level of the main segments is asked in the evaluation form. This is important, because each segment is looking for different experiences, even though the actual service can be the same for all customers. Also inside the segments there are differences between desired action levels.

3.1 Story-based service design

“Each story is a journey and each journey is a story. Both story and journey have strong structural connections. Purpose of the story-based service design is to give meaning for the operation.” (Kalliomäki, A. 18.6.2013.) A restaurant is not only a restaurant; it is Lappish local dish restaurant named Kerttuli, owned by a Lappish woman named Kerttu, who loves picking berries and cooking reindeer dishes. Most likely the story-based service design will increase the meaningfulness of the service and location. One of the main purposes of story-based service design is to create flow moments for the segments. Story-based service design has to be created using the segments’ values

and needs of the services. The beginning and end of the process is always the final client.

There is more and more interest for stories and adapting them into business world. (Juti, B. 11.6.2013) Storytelling and story-based service design has a difference. Storytelling is usually told or otherwise presented by the company. The story-based service design goes further into long term development and business strategy. According to Kalliomäki (18.6.2013) in story-based service design the company's basic values are supported with the attractive story, which is given and presented to the customers with the elements that are written in a service story script.

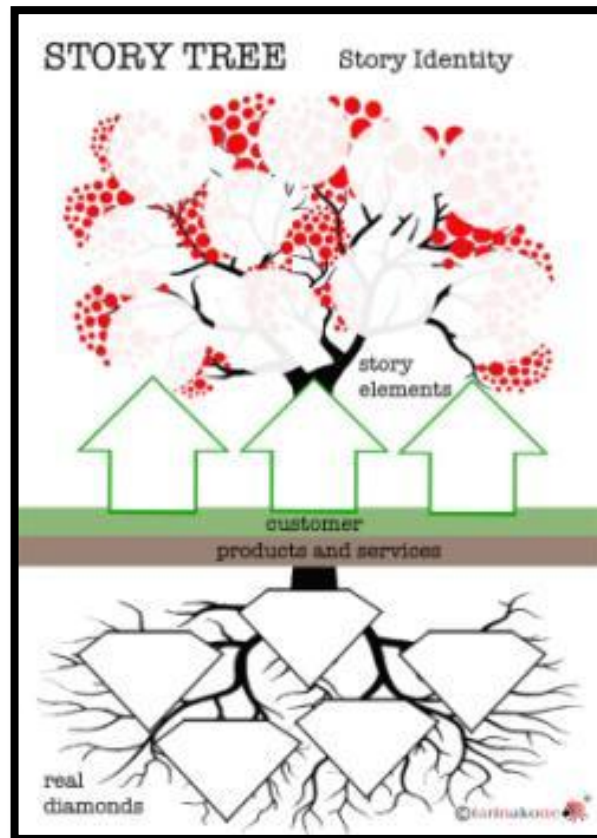
“Dramaturgy is defined as a theatrics of stylistic assemblage. It can range for texts, photos and décor to behavioral gestures.” (Boje 2008, 258) And Gilmore and Pine (2011, 157, 166) investigated the word: drama and its connection to the business world. They have come up with the following conclusion. The word drama means basically doing something, as the word comes originally from the Greek work drao (to do). When modifying theatrical performance to a service experience, it will create a process line, which consists of drama as strategy, script as processes, theatre as work and finally performance as offering. The theatre world gives two important features to service experiences: greater attention to consumer satisfaction in each touch point and different outlook for measuring and imagining service experiences. (Grove & Fisk 2010, 197.)

In Finland a company called Tarinakone works in the hospitality industry providing consulting for story-based service design. This company is a perfect example of cross board thinking as its owner's background is in the movie and theatre industry and the company's business approach is based on dramatic storytelling. A strong script-based approach is not typical for hospitality companies in Finland. The idea is to develop concrete solutions to build their story identity for hospitality companies. With the help of a story-based service design experience, services will have more humanity, meaning and eventually become more real experiences. The company will be more attractive as it will produce unique experience packages and stand out from competitors. (Kalliomäki, A. 18.6.2013.)

In story-based service design process the company's service experience is transferred into the shape of story. The first step is to recognize the company's own story identity and develop a story design service script. The story will have a clear storyline, reason and consequence connections and start – middle – end – points. As a result the story is experienced with all five senses; it is seen, tasted, smelt, touched and heart. The final conclusion is clear, concrete and it will bring wanted emotions up. A perfect story brings destinations, companies or for example the private features and experiences of the entrepreneur into the daylight. Private histories and stories, sagas are actually the most universal features, which can be found. (Kalliomäki, A. 18.6.2013.)

The created story for the company should be authentic; it will give a real point of view, and stand up for something which moves the main segment. It is produced in a way, which inspires co-creation and makes solids for the story. (Juti, B. 11.6.2013.) In creating the stage the biggest obstacle is human limitation of imagination. A little bit craziness and fullness is needed to create the most effective story. To cut out the first limitations, developers are thinking through symbols. This is done for example by asking, what if the company would be a dish, a movie or music, what would it be?

Tarinakone uses the story-tree model (picture 1) to inspire developers to create their own business stories. Story-tree models start from the company's roots. There is real diamonds, which are the foundations of the business (for example the business idea, the entrepreneur's history and background, and location). At the ground level there are the provided products and services. Above them, rising to the tree trunk are the customers. The leaves and branches of a tree have the story elements; symbols, themes, historical characters, mystical figures, interesting details and special highlights. Out of these elements starts the creation of the story itself and story identity. It is the company's basic ground and the main service line. From the service line is created different sub stories for different segments and with different service package variations. (Kalliomäki, A. 18.6.2013.)



Picture 1: Story tree model (Tarinakone)

The author sees that there were days when hospitality companies used this naturally, without thinking about stronger stories in their operations. For example small countryside restaurants had authentic tableware and furniture and waiters were dressed not in costumes, but in their typical local clothing. All this was attractive and charming. Then values changed along the economic upswing, furniture was changed to plastic and tableware to modern. Today customers are looking for authenticity and their roots, but this time with deeper experience impacts. Customers want to have memories and find their own place, their own society. With the help of a story-based service design, developers can humanize and give more emotion to the service operation. Strong use of stories can activate and encourage customers to enjoy their service experience more.

Experience rehabilitation interrelated to green care would be excellent new sectors for story-based service design development. Its purpose is to provide long term positive feelings and memories with physical and psychological rehabilitation. Destination and stage is usually untypical and unique, nature minded and elements are found from na-

ture and old traditions. (Design elämystuotannossa 2005) By the sea, next to the gateway to the Åland archipelago in Ruissalo natural park area there is a rehabilitation and holiday destination called Ruissalo spa. The hotel's main segment has been World War II veterans, but the number is getting smaller year after year due to natural causes. The destination desperately needs new segments and are developing new attractive features. Location, nature, the area's history with different elements would make an ideal combination for a strong story identity, which could lead to a total make over and bring a new success for the destination.

To create a successful story into the operation demands a lot more than a great story script. Inventing the story and the story's identity are the starting points. Implementation and success of the process needs thinking and planning the values and attributes controlling the story. The following sub chapters will focus on four different elements: credibility, effectiveness, commitment and identify, which are taken under consideration when a story-based service design process is established. The created story will need to be credible and effective to be successful. Entrepreneurs, employees and most importantly customers need to have commitment to the story. Commitment is earned, if the stakeholders can identify themselves to the story and they will find the identity of the story.

Companies have to measure their development options. For some companies' stories and strong themes in the cues, and the touch points are the correct solution. For them story-based service design effectively increases the attractiveness of the destination. For these companies it is wise to do the process with high involvement, and build a strong story tree and keep good care of the story. The evaluation form will give information starting from the ground by the tree by looking after the story elements which are seen by the customers. The short description of the story is written into the part about the story facts on the evaluation form. The story presents the created fairytale, and its elements give deeper meaning to the service. This meaning creates the ground for all actions.

3.2 Credibility

The power of a story is not a process of dividing the facts derived from fiction; it is in the skills to offer a convincing interpretation to the event and service. The interpretation is accepted among the important stakeholders. (Aaltonen & Heikkilä 2003, 125) In the heart of the Finnish lake area there is a hospitality destination called Järvisydän (in English: Heart of the lake). This holiday and meeting destination is located in the middle of the forest by the beautiful Saimaa Lake natural area. There has been habitation from the medieval ages and therefore a company came up with an idea to create a medieval village with modern facilities and functions. The medieval style restaurants, cottages, wine cellar, saunas and forest paths and surroundings, plus all the other small elements and cues with the told stories will take customer back to the old times and most beautiful Finnish nature. Also the lodging services destination arranges different activities and safaris; for example nature tours to see the ringed seal, with modern vehicles or canoes, fishing tours with motorboats. During these safaris, which are arranged with more or less modern facilities, customers are introduced to stories and way of life from the medieval times to present.

Järvisydän is a typical example of a fake-real destination, where the entrepreneur has created the fake scene to the authentic surroundings. Customers are more than willing to believe the authenticity, surroundings and introduced story, they love it! But customers evaluate experiences in terms and levels of authentic, real and fake. How acceptable are the levels among the segment? (Gilmore & Pine 2007, 9, 110.) Fake-real destinations are good examples of companies that are using story-based service design at least in some extent. The story is adapted to all levels, all the way from the name of the offerings, transactions, venues and costumes. When service experiences are arranged with high quality in fake-real destinations, like Järvisydän, operations and offering are reliable as they have strong credibility among the customers.

Credibility suffers when customers face the so called “robotic” service, i.e. services which are too scripted. There should be good evaluation when highly scripted processes are needed during the provided experiences. Transactions can be based on story line and the script, but there can be still space for service variation from the em-

employee's side. (Victorino & Bolinger 2012, 202-203.) During the service process, customers have touch points together with employees, other customers and with their own party. Different situations and surroundings affect strongly the customer's experience. In these points positive experiences and service values are created, which all should increase the credibility of the story. (Prebensen & Foss 2011, 56, 61.)

Both human actions in the physical surroundings and physical atmosphere affect credibility. Physical elements are a strong communication tool toward segment, and by manipulating these elements customer's feelings and emotions can be changed. (Bitner 2010, 178; Grove & Fisk 2010, 191.) "Customers often rely on tangible cues, or physical evidence, to evaluate the service before its purchase and to assess their satisfaction with the service during and after consumption." (Zeithaml, Bitner & Gremler 2009, 313.) To create a more concrete and more memorable experience with physical elements, i.e. credibility in the restaurant of Järvisydän restaurant; music is in medieval style, walls are made from solid rock or logs, wooden furniture is made from logs dragged up from the bottom of nearby deep lake and waiters are wearing medieval costumes. The complete scene creates attractive theatrical atmosphere. (Teboul 2006, 24.) In the evaluation form, physical elements of the story are evaluated with five senses. Evaluation of the correct story appearance is based on the given story facts, information from main segments and the researcher's own knowledge of the story background. This gives a holistic view of the current situation concerning the story service quality.

The author knows that quite often themed destinations and service packages are not 100% real, but they are still perfectly convincing and they give the wanted experience level. However credibility is jeopardized when a company forgets to take care of the flow moments and its cues. The whole picture of the story concept is forgotten in the middle of the busy operation. The evaluation form will remind of the concept details and bring current situation to the daylight. It is also a tool for discussion for example with the employees. But in any situation the product's purpose is not to increase the robotic script, instead it is hopefully the source of new motivation for the employees.

The successful story needs to have both credibility and effectiveness. The next chapter will focus on effectiveness and its different fields especially from an economic point of view.

3.3 Effectiveness

Managers are questioning what kind of value story gives? Customers are actually willing to pay 20-100 % more for the product or service, which has excellent story marketing behind. Excellent story will introduce company's profile, values and ideology. Story will bring company's history front of the customers. (Juti, B. 11.6.2013.)

The key benefits of the story design are connected especially to improving the company identity and employee image. (Jonkka, J. 2012, 75) If the created story and its outcome do not attract the segment, then the story is not effective. When a story has connections to the segment's past or memories it has a better chance to be interesting among the segment. (Chronis 2012, 447.) Also customers have more willingness to pay extra for story experience, if it is attractive. They are not concerned with the process; only with about the outcome. The outcome has to bring more benefits than the customer has invested in the service. Ideally outcomes consist of a high quality service package with the correct physical elements and promised flow moments. (Teboul 2006, 59.)

In reality, customers in a ski resort hotel do not want to have: bed and food (goods), nice smiles and advice from reception (services), not even a delightful dinner with slope views (experiences): they want to have transformation, a change, to be fresh and relaxed as a result of spending a long weekend in different surrounding than usually and away from routines. (Gilmore & Pine 2007, 47.) "In marketing metaphoria, we use the term transformation rather than change to emphasize the more profound character of the changes that this deep metaphor addresses. Transformations may be fully anticipated or a complete surprise, desired or dreaded, gradual or abrupt, slow or fast." (Zaltman & Zaltman 2008, 65.)

Service developers create the physical elements and the scene, but the customer's own values, reactions and transactions have the strongest effect on what kind of service

experience the customer will have in the end. (Prebensen & Foss 2011, 56.) When the customers are part of the production process they form a lot of uncertainty for employees as their behaviour cannot be known beforehand, for example customers can be inactive in a situation where high involvement is needed. (Teboul 2006, 24). The best results are received when customers are open minded, ready for new experiences with all their senses and employees' courage customers to approach.

Face to face contact is the most important element of the services. This is also the case in story appearance and story effectiveness. If employees are not inside the concept, there is no chance for success; customers will see the service as too fake instead of being an acceptable and attractive story. The face to face contact with employees and other persons at the touch points are essential. The evaluation form has a question part for interaction elements to measure the effectiveness in face to face contacts. The story should be seen as planned throughout the appearance, actions and discussions at the touch point. The evaluation form is a tool for employees to understand the different ways to interpret the service process. They will also see what kind of appearance the story has in the contact points.

For the employees it can be very challenging to be in front of the customers according to the new story script and encourage them to be active participators. A mental change among the employees is not always an easy task to complete. There can be the need of a new mindset at each touch point to establish effective implementation of the story. (Horovitz 2004, 130-131.) Unfortunately it is quite common to put larger efforts in planning and developing the process, while implementation and effectiveness of the process itself receives less attention. The development process itself and adopting the story inside the company demands physical changes, a new mind-set from employees, but also many times a new mind-set from customers when they enter the service experience surroundings. The next chapter will study the needed commitment level when stories are used strongly in development.

3.4 Commitment

This chapter will focus on the question; how to get commitment for an invented story? The subject is studied especially from the customer's point of view. In sense of customer satisfaction or company profit, without customers' commitment there will be no future for developed story-based service design.

According to Gracia, Bakker and Grau (2011, 463) there is a clear connection with the customer's intentions to create commitment with the experienced service, if the customers have evaluated the experienced service to high level. The customer's commitment process begins from their own thoughts concerning the experienced service level, transferring thinking over the physical evidence and interactions. The successful experience will give to the customer positive feelings, which will create willingness to recommend the service. Customers can react to service surroundings in many different ways which will affect the customer's behaviour during the service experience. For example if one of the customers does not have commitment and the customer is unwilling to cooperate in a service experience process, it can seriously affect the whole party's or group's experience. (Bitner 2010, 173; Grove & Fisk 2010, 10.)

Customers react to experiences with two opposite behaviour styles; approach or with avoidance. The proactive approaching customer is looking for fun, surprises, situations with motivation whilst the introverted customer is trying to avoid boredom and situations which are not in the customer's comfort zone. When a company knows their main segment they are aware of which kind of story elements will bring the wanted behaviour styles to the front and how customers cope and co-create in the service process and its physical surroundings. With this knowledge a company can plan the most attractive service combinations that will bring the desired values for the customer. (Prebensen & Foss 2011, 54-55.) To measure customers' reactions during the story line the evaluation form has questions concerning emotional elements. This part is included as it is important to evaluate emotions of the customers when information about customer satisfaction is wanted. To develop the story appearance further it is essential to know what kind of behavior customers have at the moment in the service process.

An excellent story in the hospitality sector needs the customer's involvement and willingness to come along with the story experience. Therefore customers are also story creators with their own actions. There are significant differences to commitment levels if a customer who is attracted to the subject of the story also has the chance to be a creator during the experience. (Chronis 2012, 444.) To reply in a better way the company needs to know entire their target segments as different segments are keen to experience different issues and these segments have different expectations of the destination, company and provided service experience level. (Peters & Pikkemaat 2005, 95.)

Employees have a higher involvement and are more committed when they are personally interested and motivated by the subject of the story and the new created scene at the operation. (Haslam, Reicher & Platow 2011, 192.) A service experience will have the risk of failure if managers do not have a clear vision, the employees do not have the commitment and the story-based service design is not fully integrated to the operation. (Horovitz 2004, 125.)

The author argues that there cannot be proper commitment to the story from the customer side if the company do not know their main segments well enough. In this situation the company does not know what kind of services and details each segment is looking for. The operation needs to have at least three different segments. This viewpoint is included in the evaluation form, where the main segments with a short final customer profile and experience levels are asked. The user of the evaluation form will create a holistic picture of the main customers including their impact and reaction to the story line. The main segments should have reactions, values and experience levels which will support each other and whose needs are fulfilled at the destination. The evaluation form concentrates on the three main segments and their commitment to the measured service experience. Commitment is measured through the customer's emotional elements.

To create commitment and wanted positive behaviour with the customers, employees and managers, the story and its subject has to be interesting. There should be personal involvement to increase the commitment level. "What consumers are looking for are

emotional bonds and experiences. Experiences are now a valuable differentiator and not only offer a pleasurable service experience, they help us create and express our identities.” (Clatworthy 2010, 141.) The story, which is somehow a part of the segment identity or destination identity, has more power to be credible, effective and interesting. The next chapter looks into this point of view more closely.

3.5 Identity

“Stories brought tribes together, when written records didn’t exist. The same rule still exist in modern world, feelings account more than written texts.” (Juti, B. 11.6.2013.) Stories and story scenes are a part of the destination’s and entrepreneur’s identity. They are telling about the history and way of life of locals (Tankavaara Gold village, Saariselkä) or about a dreamed fantasy world (Moomin World, Naantali). Companies need to find out their identity and understand where their roots actually are. These roots are the source and power for the excellent service experience stories, which will give needed value for a company’s operation. Roots often also classify the level and balance of real-fake as they give information about which parts of the story need to be a solid fact to achieve competitive advantage to competitors. (Gilmore & Pine 2007, 117)

“Knowledge, memories, and emotions – our entire sense of self – are the precious elements contained within the mind. The mind represents a unique container that each person considers his or her own, inviolable space.” (Zaltman & Zaltman 2008, 103.) “Customers are looking for experiences, which are providing emotions and feelings for characters and situations where they would like to be or which they would like to remember. Customers are looking for their own self image.” (Gilmore & Pine 2007, 12.) When customers can identify with strong emotion with the story, they have a bigger commitment to the service package. They recognize themselves in the story with the feelings which are presented at the service scene. (Kalliomäki, A. 18.6.2013)

The story identity and its relationship to the experience should be visible to all stakeholders. When the story is important to all parties, including also employees, flow moments will get bigger attention and more memorials. (Nixon 2012, 35) Memories

are more of a result of the customer's imagination than reality. Yesterday is remembered as wanted, usually with a sunnier picture. Memories of experienced services are very subjective and they are modified according to the wishes and hopes of the service moments. With the help of physical elements; items, voices or scenes, customer can remember forgotten memories and emotions.

One of the most traditional restaurants in Helsinki city centre is restaurant Zetor. The name refers to Zetor tractors, competitors of John Deer or Valmet tractors. The restaurant's theme is cosy and easygoing Finnish countryside from the 50's. It is decorated with real tractors, filled reindeers and cows, barn and hen house, traditional schlagers, wooden house tables with house tableware, which almost every Finn can remember from their own childhood. One of the main reasons why the restaurant is still after 30 years so popular amongst Finns (although restaurant is filled with foreign travellers quite often) is its stereotyped reality.

Customers want to remember and be in a place, which offers pieces from their own childhood neighbourhoods or from grandma's home. The atmosphere and scene gives a setting from past secure and positive experiences. The restaurant has established two key issues, which Ambassador Oreck (11.6.2013) has mentioned as success factors when stories are used; "first name already makes the difference as it is the beginning of the story and company have to remember what customers really want to have, what they are really looking for". In the city customers want to go for a moment back to their roots, to their memories. The restaurant manager creates time to time campaigns to reinforce the connection to the customers identify. For example during the summer of 2011 the restaurant asked customers to bring their old wooden countryside skis to the restaurant and as a reward a discount off the dinner menu was given. The customers brought skis, actually so many of them that one wall at the disco area is covered with them. The author strongly believes that the market needs more "Zetors", companies which attracts both locals and tourists with the help of stories and themes. Also the author welcomes the real-real destinations presenting for example tales, sagas and myths of the destination through safari programs, accommodation and restaurant services.

In the thesis product, a deeper purpose of the story fact part is to realize the current story itself. There should be a reason why a certain story was created. Most probably at the time of development there has been an idea, which customers it will attract and what kind of feelings and experiences it should create in these customers. The user of the product will measure the results of the evaluation to the original story business concept to see the how the customers and their reactions have changed.

3.6 Critical conclusion

Chapter three started with studying the meaning of the word; story. What is its character and how it is related to experience? Every experience is a story, planned or non-planned. Stories are very familiar to all customers and cultures and they are widely used around us in hospitality and other sectors. Customers have different demands for the story according to wanted experience levels. Companies need to know their segment and their experience levels are to develop experiences and stories which will attract. Experience levels four E's are: entertainment, esthetic, education, and escapist.

In the first sub chapter the story-based service design is introduced. The method comes from the theatre world, where the same elements of production similar to hospitality experience can be seen. While storytelling is characterized as introducing a story with words, text or pictures, the story-based service design has a deeper impact by accompanying the mentioned elements and physical stage, actors – employees and audience – customer around the story script forming the drama. Drama itself has the same kind of process line as production in the business world. In this sense the story-based service design is not new or an abstract invention, but it can be something that has not been touched before. Stories should have clear starting, middle and ending points with highlights – flow moments. The result is authentic and it gives a clear picture of the company's offering with all five senses.

Besides the great story, the company needs at least four other elements: credibility, effectiveness, commitment and identity in the development process, which are gathered and studied in the thesis. The list of elements is not necessarily complete, but instead it

is the author's opinion for the most important elements in a story-based service design development.

All four elements have a strong connections and an affection relationship with one another. First of all the story needs to be credible. The story is built from pieces, which together create a package that customers want to believe. The package is not necessarily 100 % real and authentic, but the whole offering is made which such detail and commitment according to customers' expectations to such a high level, and within the customers' expectations that customers want to believe it. In story-based service design credibility is a question of real and fake – levels and how theatrical atmosphere is created plus the credibility of the story needs to be effective. Developers are in a difficult position because customers are interested only in the outcome, in the expected transformation. But customers are personally the ones affecting the service process and final result more than anything else. When the service experience is attractive and excellent, satisfaction and level of willingness to pay goes up. Attractiveness is created with the physical story elements and scene. The most important element, which affects the attractiveness and customers' emotion in touch points creating flow moments, is another human being, usually an employee. Employees should have the story mind-set under control as they are the most important part in face-to-face situation.

When a story is attractive, credible and effective, stakeholders, especially customers will have the willingness to create a deeper bond to the experience. Through positive emotions the customer is willing to create commitment and recommend the experience to others. Commitment levels affect the customer's willingness to participate in the service experience process. Customers can be active and cheerful creators or coping passively in displeased situations. It all depends on the story and how it is presented with large and small details. Attractive story scenes move and bring back moments from a customer's own identity. If the company can provide a service experience with a story script, which reflects the important memories and identity of the main segments they will form a connection and a bond between the customer and the service experience, which leads to a meaningful commitment.

In Finland hospitality products and services are quite strongly either established for locals, other Finns, or foreign travellers. Inside the Finnish market there are several segments and variations for each customer's needs. This is also the case to a larger extent among foreign travellers as there are lots of different values and expectations predictions which customers from different cultures and nations have. The story based service design rises the level of customer commitment, especially when customers do not have the same native language or the same cultural background. Stories are attractive for all because all cultures are surrounded with tales and beliefs. However making a story for service, which is designed for multinational customers, opens a question of attractiveness. Is it possible to create a story identity which is really attractive for a whole variety of cultures? For example Japanese and Central European customers are looking for authentic destinations and physical evidence from nature, while for example customers from India are looking for modern surroundings and stories about high-tech solutions. Different cultural trends and preferences demand a narrowed approach for segmentation to avoid the risk of building the service experience in too general level, which does not attract any of the company's segments.

“Our sense of the past, present and future often combine to create the experience of a physical, social, or psychological journey. This combination serves a major viewing lens for all manner of experiences.” (Zaltman & Zaltman 2008, 81.) The service experience process should encourage customers to reach stronger and stronger positive feelings. Customers' roles and expectations can change even during the same service process; a lady can be hosting business clients firstly at the snow restaurant and secondly she is having private ice class cocktail moment. To have positive feelings and memories customers need as much time as possible to experience the whole story. This is a difficult task because of the pre set time frames. Schedules are set according to the demands of the service package itself, distribution channels and finally the customer. Without enough time the customer is often a passive participant when they would like to be active and learning attendant. (Prebensen & Foss 2011, 64.)

When story elements are built for a narrow and small segment it will have commitment among the segment's customers. Customers are keen on the story details and its impact. Also for the business to business connections story based services for certain nar-

rowed segment helps distribution channel's workload, because the sales person at channel level does not have to explain and sell the attributes of the service package as the story script will introduce them in a more attractive way. This is a vital benefit when the final customer is located far from the destination and the distribution channel is long.

As a conclusion, it is most important to know your own business and what it means at the moment. What are we actually doing and what kind of development processes are we capable of and ready for? The evaluation form encourages critical in house discussion within the company. If the company does not have the resources or interest to design stories and develop the business today, they can still sit down and have a moment or two time to time for these issues. It is wise to open their eyes for different points of view (for example environment, physical elements, customers and employees) and have a critical discussion to see if the services are correct and presented correctly from a customer's perspective. The company can start the process also at a lower scale simply by changing the environment, for example interior elements reflecting more of the story.

The next chapter will present the production process of the thesis product from the author's point of view. At the same time it studies the definition of service quality and what kind of options there are available to evaluate effectiveness and service quality in small and medium size companies.

4 Process of the product

“Who is responsible for quality? Well, she is, he is, they are or someone is. In truth, I am, you are, we all are. Quality improvements starts with individual people deciding to do things better.” (Gilbert 2004, 40.)

This chapter gives the background for the product. The product is an evaluation form, whose purpose is to give information to the entrepreneur and consultant party regarding how a developed story is seen during the service experience. Direct final users of the SBSD evaluation - measurement tool are companies (for self evaluation), consultants (for follow-up consulting) and in some cases final customers (on the request of the first two parties). Results will indicate the current story quality level according to asset factors and in an ideal situation; in addition, results also give tips on how to improve the service experience process and everyday operations. The focus of the evaluation form is to discover the level of development against set goals and what the quality level after adopting the new concept is. The evaluation form with instructions and recommendations for the users is found in the appendixes. This chapter includes two subchapters, which introduce the theme of measurement in the service industry. The first sub chapter studies methods and practices of service quality surveys and the second sub chapter introduces the purpose and benefits of the product.

Before the company carries out an evaluation the company should know what and why something needs to be measured; for example the focus could be in relation to a current business situation or it can be set towards future goals. (Horovitz 2004, 54.) When the aim is decided it should be explained to the internal stakeholders, especially to the employees. Front employees should be a part of the development team and be aware of the goals and touch points which are under evaluation. For evaluation, the most functional method to use for story-based service design is observation. It is a practical method where actions, emotions and behavior of individuals can be studied. (Vilkka 2007, 38.) The observation is done according to preplanned schedules for each story destination or service product, through consultants, entrepreneurs or the customer's eyes. The process is an on-going circle: development – measurement – evaluation – control – development. “Step by step evaluation of the implementation may provide

clues on what should be adjusted in the intervention. Monitoring of the implementation requires contributions as there are always differences in the degrees on how the actions have been implemented and the instructions followed” (Kananen 2013, 171.)

The physical elements are observed through the story script. The researcher is evaluating how well the created and agreed scene is recognized. It is important to investigate how the customers are using physical elements. Plus do they recognize the story from the elements? For example are there enough correct elements, which indicate in a clear and attractive way to which restaurant the customer is entering? Is the customer entering a Viking restaurant or a Lappish restaurant? The elements (scenery, area division, houses, rooms, facilities and amenities) are registered and evaluated. The observation is also executed from the business point of view by registering the elements which will encourage customers to spend more money at the scene. (Vilkkä 2007, 18, 38.)

It is difficult to measure objectively the effectiveness of the development process in small hospitality companies. Often the developer and employee can actually be the same person at the company. For example on a snowmobile safari or snowshoe walking tour the customer parties are often small and in practice there is no chance for the observation. The experience evaluation is seldom executed by foreign final customers, because of the time limits of the visit. Also the distribution channels are long which makes it very hard, if not even impossible, to determine the final customer’s desires. It is difficult to know what has been promoted and promised for the final customer coming from for example from Asia, Russia or from central Europe. Not knowing the segment’s values and what the customer really wants are obstacles when determining the realistic attributes of quality control. The attributes should be based on customer’s values after all the services are produced for the customers and they are affecting and participating strongly in the service outcome. (Haywood 2000, 379.)

4.1 Service quality survey

“A service can be broken down into three components: technical (tangible), functional (intangible) and image (reputation). The quality of a service is dependent on these three components. Together they should provide customers with a value-added service that

exceeds expectations” (Pervaiz & Shepherd 2010, 4) Purpose of the survey is to observe the service quality level which is decided at the company in the story-based service design development process. The aim is to have quality levels, which meet the customer’s perceptions and values.

“There is a big difference between what quality “is” and what quality “means”. When you are saying quality “is”, you are giving your definition for quality and this is unchangeable. When you say quality “means”, it is one of a multiplicity of practical interpretations of your definition of quality.” (Gilbert 2004, 104.) According to Zeithaml & Parasuraman (2004, 1) “Service quality means the degree and direction of discrepancy between customer’s service perceptions and expectations.” But often a company’s quality means different than customers quality, which leads to uncertainty what the customer actually is valuing. Kokko (53-54, 2005) writes “too often term: quality has not meant perceived quality of customer; it has meant company’s own set of quality perceptions”. Also Zeithaml and Parasuraman (2004, 9) comment “too often are used designs and standards that concerns company’s productivity or efficiency rather than customer expectations and priorities.” For the author service quality means the package, which fulfils the customer’s expectations, and still has small surprise moments inside. Confidence in the destination and supplier is an important element of quality for the final customer and the distribution channel; this is because there is always the option for unexpected situations.

Without the development process there is nothing new to measure or evaluate. The chapter two, which concentrated on the service development process, gave the basis for the work. The information gathered for the chapter allowed the thinking process for the evaluation form. In the later stage it was important to find the theory for the service quality and have a basis, a deeper understanding for the purposes of the evaluation. The SERVQUAL met this need. It is the most known and appreciated service measurement tool among the scholars worldwide. (Levis & Mitchell 2010, 127.) It concentrates on the same attributes that the visibility of the stories have; physical location, atmosphere and how well employees can satisfy the customer’s needs. According to Home (2005, 186) “SERVQUAL’s main idea is to investigate the gap between customer expectations and perceptions of received service describe the quality of service.”

This creates deep alliance between service quality, customer loyalty and profitability. The connection has similarities than was presented in chapter three between credibility, effectiveness, commitment and identity. The measurement in SERVQUAL method is based on five dimensions, which are settled with the attributes (physical location, atmosphere and customer satisfaction) inside the created evaluation form.

The five dimensions of the SERVQUAL

- assurance (employees' skills to be professional and to have courage)
- empathy (understanding customer's needs and emotions)
- reliability (service is delivered with promised matter)
- responsiveness (active and helpful towards customer)
- tangible (elements which are seen with five senses)

(Zeithaml & Parasuraman 2004, vii, 3-4.)

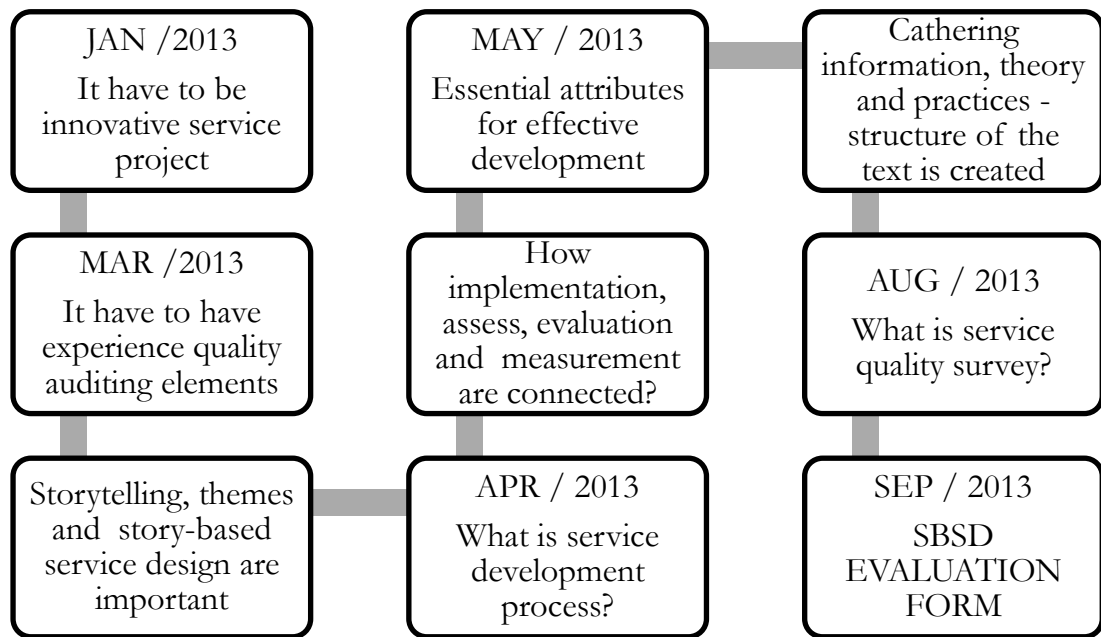
After having the ground (development models (chapter two), important elements (chapter three) and service quality) for evaluation form at disposal, it was time to investigate possible methods for medium and small size companies for the evaluation. The purpose was to find out are there other suitable methods available for quality measurement? Instead of large qualitative measurement surveys the small and medium size company could have visits one by one to the most important stakeholders and have personal interviews and with planned questions. This is a more direct way to receive information than surveys. Interviews are an excellent option to find out more about customer values and what kind of story elements they appreciate. The wider focus to the customers, their expectations and needs are more essential than the number of the surveys. Especially, if results of the surveys stay at a very common level and do not give exact replies for the needed questions. (Horovitz 2004, 72–73.)

The mystery shopping method is used to study how a company is operating against their own standards and norms. Studiers will go through a typical customer service situation exactly in the same way as standard customers. The best possible results are received when service is highly standardised and explicit (for example buying ski lift tickets or a fast food meal at the gas station). Mystery shopping gives realistic statistic

about both the perceived, and real service quality, and how these two elements will meet each other. (Horovitz 2004, 57, 60-61.) Unfortunately the mystery shopping – survey is for small hospitality companies is too obvious and visible a method; there is no kind of mystery. In Nuuksio National Park, which is located 30 min drive from Helsinki city centre, there are several one (or two) man safari companies that are hosting customers in the forest with designed ad hoc programs. A mystery shopping method is not suitable as the studiers cannot penetrate inside the small customer group. The situation is different in Lapland in big safari companies where programs are arranged for large groups with guaranteed departures.

As for most of the small and medium size companies mystery shopping is not suitable observation method, companies should establish quality networks with the hospitality companies from their own area. The quality network would create common quality standards which are followed together. This would be practical and wise. According to Stickdorn (2009, 255) “a company’s service quality has high connection to the other service providers in the region and surrounding environment.”

The creation work of thesis product has taken proximately a year. During the process mentioned methods in this chapter were studied and valued at different levels. Planning of the main subject and the aim of the thesis was started during autumn 2012. From the beginning, the focus has been on service and product development in the hospitality sector. Finally during spring 2013 the idea and purpose of the thesis was clear and focused. The thesis concentrates on today’s services development process, excluding the entrepreneur’s point of view. References and sources were gathered throughout spring and the early summer of 2013 and the writing itself done during summer and autumn 2013.



Picture 2: Author’s production process from idea to final product

During autumn 2013 after the production process of the product - SBS D evaluation form, the author discovered that the result is one of the recommended service design methods. This was a positive discovery which strengthened the belief for the product and its possibilities. The thesis product has a meaning for story-based service design development and observation. The name of the method is **service safari** and it is based on observation and evaluation. Description of the method is below:

“In this method researcher is asked to go out “into the wild” and explore examples of what they think are good and bad service experiences. Safaris are one of the easiest ways to put people into the shoes of customers. Looking at a whole range of services allows people to develop an understanding of the common needs customers have, and the common problems that they encounter. These insights can then be developed into opportunities for service innovations, and are often all the more resonant due to people feeling like they have generated them themselves. Anyone can be invited to join in on a service safari. People from the client team often find it very revealing. To conduct the service safari, only the simplest sets of tools are required, even just a notebook with pre-formatting report sheet and pen is enough.”(Dijk van, Raijmakers & Kelly 2010, 154)

4.2 Purpose and benefits

During late autumn 2012 the author was thinking wider about the problem of service quality and companies' commitment to the issue. Final customers and representatives of the distribution channels are looking for a suitable service package with the correct rate and quality. Services have to respond to the needs of the customer segment. Inspections of the site are an important part of the buying process in business to business. During the inspection the representative will see the reality of the destination and the atmosphere of the company. Most importantly they will see what their quality standards are and how well it is in line with the entrepreneur's ideal segment, their image and the story which is presented. Often small details, which are not the most obvious for the developer, can be "surprisingly" important for the story appearance. "For example is the story continuing to the outside of the main physical areas (hotel lobby via versa hotel rooms)? Customers are looking for core facts on all premises, which are packed with attractive and appealing story." (Kalliomäki, A. 18.6.2013)

The product's purpose is not to produce long texts and analytic results; instead the purpose is to realize and produce everyday improvements which will work in practice and which would increase the quality and experience levels of the service. This is important, in fact Otto and Brent (2000, 409) argues that "in the evaluation processes hospitality experience side is left to a lot less attention than accommodation and transportation services." The purpose is to create a method for evaluation which is as concrete as possible and suitable for use in small hospitality companies. The evaluation form is planned for themed services and it is most practical for pre ordered service experiences which have clear starting, middle and ending points. Ideally the form is easy to use in observation situation and the results are quick to assemble for conclusions without computer programs or official meetings.

There is a possibility that small hospitality companies are not undoubtedly anxious to proceed to a new and different development method, like story-based service design. Overall, assessment of actions and evaluation systems can be felt as a waste of valuable time and resources. Entrepreneurs will use the form if it brings visible value and benefits for the company. As a benefit of using the measurement tool the company has a

possibility to observe the current operation, and its layout, from outside of their own desk with several opinions and points of view. The internal on-going evaluation improves service quality and helps to understand the company's own position in the market. (Home 2005, 201.) "To improve service quality, managers must view the service encounter from two different perspectives: the consumer's and the service provider's. Managers need to explore the differences between these two perspectives and identify how to better integrate the customer experience into the design of services." (Pervaiz & Shepherd 2010, 7)

The customers are doing the evaluation each time when they are using services to find out if the service meets their expectations. The evaluation is done subconsciously and on purpose. If customers are doing an evaluation each time when they enter to the restaurant, should also the company look time to time at the service experience's quality? Customers are evaluating the restaurant services according to "perceptions of the meal (technical outcome quality) and on how the meal was served and how the employees interacted (interaction quality). The decor and surroundings (physical environment quality) of the restaurant will also affect the customer's perceptions of overall service quality." (Zeithaml, Bitner & Gremler 2009, 111.)

After completing the three parts of the evaluation form the user gives a final grade for the total service quality. The grade is given based on average number of three parts of the evaluation form. It will accomplish the purpose of the survey to have understanding concerning the story's quality situation. After final grading, the user will complete the last stage of the evaluation which concentrates on the future. To meet the customer's expectations and to develop the story further the development suggestions are asked. The idea is to gather as much information as possible from the thoughts of the development needs. Suggestions for the development are considered from two viewpoints, via three stated main segments and via service elements (physical, interaction and emotional).

5 Conclusion

The thesis studies the service development process when a story-based service design method is used. The aim is focused to a question; are the stories increasing effectiveness of the service development? The answer is yes. The stories increase effectiveness and significance of the service. The stories are changing services into memorable experiences which affected the customer's commitment and willingness to buy. The research problem has a strong connection to the customer satisfaction and the service quality evaluation after implementation. The scope of the thesis is limited to the questions: how to develop a new effective hospitality service, what are the factors which should be considered and how the final result can be evaluated and monitored after the development?

The thesis studies the problem of the development in small and medium size hospitality companies and gives the solution to have a more focused, themed picture of the process itself by using story-based service design. To guarantee better service quality, value, and eventually more profit, the SBSDD evaluation form was planned. Before use of the evaluation form further development and critical study is still needed. The details of the tools can be customized if necessary according to the specific company. Plus using the method by consultants, entrepreneurs or event companies, the method can be used also in lectures when planning and controlling of the service quality is taught.

The first theoretical chapter (chapter 2) defines the words: service and development. The service is intangible performance, which is built together with the customer and the service provider. The word development has a sound from something new, which is related to the optimistic future. Long term and on-going development is not an easy task for the companies. The development work demands commitment and a vision of where the company is aiming in the process. The development process for services and for destinations is studied through four different service development models. Both developing a service and developing a destination are included, because the evaluation form is measuring both elements. In every service experience the service affects the destination and each destination affects the service experience.

The analysis of four different development models (chapter 2.1) gave the starting point for the production work. It gave the understanding of the history of the service development (Marketing mix), of restaurant development in Helsinki (Kokko), of the author's own ideology (Mountain model), and the importance of themes and attractions (Destination innovation process). It was important to gather information about four different development models and understand the stages of the development. Then it was easier to understand to which stage of development the product belongs. Defining the stage clarifies the process, i.e. what happens before the use of the evaluation form and what is the purpose of the evaluation form in that moment?

To have a deeper understanding of the customer-minded development process, chapter 2.2 focused on service design. The deeper customer-minded approach is also the aim in story-based service design. The fifth presented development model, five steps to service innovation – model focus to touch points and comprehensive view of the business environment and how these elements could satisfy customer more effectively and at the same time bring more profit. The same elements are also seen in that story-based service design; therefore the model is important for the thesis production process. Overall the successful development process needs understanding of the current business situation, destination's attractions and networks, main segments and their values. An effective service is developed based on customer's needs and appreciation, not according to a company's own desires.

The second theoretical chapter (chapter 3) defines the word story and term story-based service design. In thesis' content, story means the frame, which is built around the physical, interactional and emotional service. The frame gives meaning and content for the service, it explains quick and accrued way to which the surrounding service experience belongs, and what is the intensity of the provided experience level. The stories, epics, and myths are used worldwide and they are an excellent way to give information when a common language does not exist. The company is using story-based service design when the service process is changed in all levels into the shape of story. The stories increase attractiveness of the service experience. The customers are willing to connect and identify to the service that have strong story elements. If the company's

story (theme) is strong and operated with high quality, customers are willing to pay more for the service experience and company can achieve more profit.

While stories are used in service experience development the level of authenticity and realness should be considered. When these elements are in balance the credibility is built. For example the physical service surrounding should be convincing and service situations cannot be too idiomatic and robotic. The effectiveness of story-based service design depends dramatically on the actions of the front employees as well as the customer's own behaviour. To control the service situations the employees need to be inside the story script and to the touch points, which they are in charge of. The service experience creates transformation in emotions. When the company knows their main segments and values they can design interesting stories for the customers, which create positive emotions and behaviour during the experience. The presented story is especially strong, if it gives security and raises memories; in these situations the story will also relate to the customer's identity.

The fourth chapter of the thesis concentrates on the product. It introduces the details and challenges of the service quality surveys. The best possible evaluation method in story-based service design experience is the observation. This can be done by having interviews with the stakeholders about their experiences and observations, using mystery shoppers, creating quality networks or using self evaluation. The product of the thesis is giving a method especially for self evaluation to follow up the story-based service design.

According to Van Oosterom (2009, 165) "naturally everyone wants the best possible outcome. But to get there project often needs research, good strategy, creativity and a holistic approach." Also the author wanted to receive the best possible outcome in the thesis process. The thesis work included research of the theories of development and stories, strategy and determination for accomplishing the work, creativity to design the evaluation form and a holistic approach to introduce a few examples of how story-based service design is used in the Finnish hospitality industry.

Literature research included scientific articles and books from famous scholars such as Kotler, Pines, Zeithaml, Parasuraman, Gummesson and Grönroos. The author enjoyed studying their views and strategies. It was interesting to note the low level of disagreement in their comments. According to the thesis research, service development is demanding for the companies. Plus the subject itself, including actual services and development is not studied widely. Practical examples and case studies suitable for small and medium size companies were difficult to find as most of the cases were from large companies, from multinational industrialized surroundings. There were no larger notifications apart from the fact that hospitality companies are of different sizes, business volumes and resources. Instead the companies would need cases and theories of the solutions where for example the real legacies based on Nordic history and life hood plays a vital role, instead of Disneyland fairytales. The best Scandinavian overlook was given by Grönroos (2007).

Working with the thesis project and being a student again after so many years has been interesting, it has given the author a chance to study and discover many fascinating subjects gaining a deeper insight than working life would not have allowed. The author enjoys creating and developing new with variations. The final clients and the customer's satisfaction have always been of interest. The most important starting aspects of the thesis process were development and customer satisfaction and the service design, especially the story-based service design. The world of storytelling, stories in business life, and challenges and possibilities around the stories seem at the moment endless. The author want to give thanks especially to Ms. Anne Kalliomäki, CEO and story designer from company of Tarinakone for giving valuable time and efforts for discussions about the theme, especially in relation to story-based service design.

Too many times new great ideas are left behind without setting them into action, they are simply forgotten. This is the case of both students at the universities with business related ideas and with employees in the companies with their own development ideas. For these people, including the author, more courage is needed. There is no purpose to wait until all the details are finalized and then discuss "crazy ideas" in one's own network. As a result of one "crazy idea", an important project, the evaluation form and

thesis is finished. While the project is now finished the work with evaluation form itself has just started!

The initial idea for the thesis started from author's internal fire for meaningful development of hospitality companies. There was a desire to develop something useful which would help to investigate service quality at the destination. The result, the SBS D evaluation form is beautiful! Something unique has been created in relation to the author's desires. The result should be also seen in the hospitality field. Otherwise the work has been useless. Therefore the business logic of the product is to introduce and sell the evaluation form along with the author's professionalism to the authorities and companies that are arranging training for hospitality companies. The next stage is to frame a plan how to achieve this goal.

5.1 Recommendations

As a result of the thesis work a suitable new product, the SBS D evaluation form for consultants and a self-evaluation method for small hospitality companies were created. The evaluation form does not demand large resources, only time and commitment, from the company for the measurement process.

In the end the form is maybe also used differently than the author planned at the beginning. The product will start to live its own life. For example Ms. Junni (8.10.2013) sales director of A&S restaurants gave very good ideas and points of view. Ms. Junni saw the evaluation form as most practical for experience programs, which have several different small procedures and details. Her opinion was that the evaluation form is as a very good tool for all employees which are working with the same experience program. She would request the employees to complete the evaluation form and afterwards they would have a quality meeting where results are gathered. With the help of the evaluation form, employees will express their own opinion of the story, the story quality, and how to develop these elements.

After employees have completed the forms they will have a meeting where different variations of quality in the service performances are discussed. They will also discuss

the customers' reactions at the touch points. The outcome of the meeting will give information regarding how employees see the current situation of service quality, what are their quality assumptions, and whether each customer group is really receiving the same quality levels. Plus it will give ideas for the further developments and how to improve for example training, visible story elements or the service itself. After Ms. Junni's comments the author also realized that one potential segment for the evaluation form was missing. In addition to the consultants and the hospitality companies, the event companies creating experience programs to different occasions will gain from the benefits which the evaluation form will create. The event companies have a large number of employees involved in the themed service processes, which need to meet the high service quality and customer's expectations.

Ms. Junni (8.10.2013) presented the method to her colleagues. They agreed that the form could be useful for the company, but the form itself was not the easiest to use because of the unfamiliar service design based terms and English language. A second party, for example a consultant, is needed to introduce the purpose and use of the evaluation form. According to the comments production is not maybe so practical to use without assistance than it could be. However at the same time the form creates great possibilities for a consultant to provide extra value after their services. The story designer can sell training for the story-based service design development including the story script and process plan, plus the after-sales package which includes the evaluation story's current situation, and further development of the story at the company. The author believes that additional products covering factors of service quality and customer satisfaction are wanted. There is demand for a second stage of training.

Too often after development training the participants are left alone trying to implement the new ideas into practice. Therefore the level of the success will vary. To increase the success level and the service quality a visible peer support system should be offered. Having meetings with the consultant will increase probability to bring effectively the created development issues to the practice. The after-sales package would fulfill this need. It would be arranged after six months or one year from the first training session. By selling the evaluation form method for the customers, a continuing connection for the business interaction between the story designer and the company is

created. The after-sales package concentrates on the areas of the evaluation form by investigating what kind of level of commitment employees have for the story, what is the appearance level of the story details and what kind of customer value the story gives.

To have more reassurance from the demand of the after-sales actions interviews at the market should be arranged. The companies in different development stages would be interviewed. The interviews would focus on the following questions: do the customers want to have additional training products, what kind of products are wanted and is the product giving valuable information to the companies? According to replies the evaluation form method is further developed. At the moment without the interviews and testing the product the thesis is built only on a theoretical level.

The author believes that there is a demand at the market for different kind of tools, which are for post training and the implementation stage. They support the idea of on-going process and continuing service control. These are important factors because after all customers are willing to pay only from service experiences, which are attractive and with high quality. There the author was on the “right track” when choosing the subject and production for the thesis! The result will bring a new after sales product for the consultants, which will give more income and profit. It will also give for the companies a way to understand customer satisfaction and service quality.

As a final comment even though the author has worked intensively and for a relatively long time with the thesis, it has not diminished the author’s interest in the topic, quite the opposite. The author still strongly wants to work in the future in roles related to planning, product development and other innovation activities all welcoming “crazy” ideas.

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Appendices

SBSD Evaluation[®] form




SBSD evaluation[®]



Evaluation test for
Story based
Service Design

FOR HOSPITALITY ENTREPRENEURS
AND RESEARCHERS

LOCATION:
UNIT:
NAME:
DATE:



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Story Facts

SHORT DESCRIPTION

STORY IDENTITY

STEP BY STEP OPERATION

STARTING-MIDDLE-ENDING

ESSENTIAL TOUCHPOINTS

FLOW MOMENTS & CONTACTS

1.

2.

3.

4.

Main segments

WITH SHORT FINAL CLIENT PROFILES:

1.

EXPERIENCE LEVEL:
2.

EXPERIENCE LEVEL:
3.

EXPERIENCE LEVEL:

EXPERIENCE LEVELS

1. ENTERTAINMENT
2. ESTHETIC
3. EDUCATION
4. ESCAPIST

Evaluation

PHYSICAL ELEMENTS

OBSERVATION WITH 5 SENSES: IS THE STORY PRESENTED IN A CORRECT AND AGREED WAY

UNVISIBLE 1 2 3 4 5 VISIBLE

NO SOUND 1 2 3 4 5 SOUND

NO SCENT 1 2 3 4 5 SCENT

NO TASTE 1 2 3 4 5 FLAVOUR

NO TOUCH 1 2 3 4 5 TOUCH

COMMENTS:

INTERACTION ELEMENTS

OBSERVATION IN FOUR DIFFERENT TOUCH POINTS: HOW SUCCESSFULLY THE STORY IS SEEN IN ACTIONS IN FRONT OF STAFF, CUSTOMERS AND OTHER MEMBERS OF THE ENVIRONMENT

NOT SEEN AS PLANNED 1 2 3 4 5 SEEN AS PLANNED

GIVE RATING TO COLUMN

	STAFF	CUSTOMER	OTHERS
1			
2			
3			
4			

COMMENTS:

EMOTIONAL ELEMENTS

OBSERVATION OF FEELINGS AND EMOTIONS: HOW CUSTOMERS REACT TO THE STORY ELEMENTS DURING THE SERVICE EXPERIENCE

AVOIDANCE

UNWILLING MEMBER

COPING

BOREDOM

TOO COMMON

DISAPPOINTMENT

NOT INTERESTED

UNCHANGED

WANT TO FORGET

UNDERLINE CORRECT ELEMENTS

APPROACH

ACTIVE CREATOR

EXCITED

HAPPINESS

SURPRISED

SATISFACTION

MOTIVATED

TRANSFORMATION

LONG MEMORIES

COMMENTS:

FINAL RESULT

QUALITY LEVEL OF THE STORY EXPERIENCE
HOW VISIBLE & CORRECT THE STORY IS AT THE UNIT

1 2 3 4 5

SUGGESTIONS FOR ELEMENTS

PHYSICAL

INTERACTION

EMOTIONAL

SUGGESTIONS FOR SEGMENTS

1

2

3

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SBSD evaluation⁶

This evaluation test for Story based Service Design is created for Hospitality entrepreneurs, employees and researchers to support implementation.

Its purpose is to give valuable information from the appearance of the developed service experience and information of the effectiveness of the presented story.

Instruction for the evaluation form

The evaluation form is a paper the size of A4 folded, 21 cm x 7 cm. It is handy to carry and fill in whenever it is necessary. Also the use of evaluation itself is practical and quick. The idea is to document the agreed and observed facts. The form has three stages; story facts with main segments, evaluation and final result with suggestions for future's actions. The different stages are filled in with short concise text, which gives the main reply to the questions.

Story Facts

First stage is story facts. Facts exist, they are agreed earlier inside the development team and the employees are aware of them. After implementation there can be different insights of what the details of the story facts are. This why there are two choices of filling the story facts;

1. Management level will fill the story facts for the employees according to the story script and service process plan. Results will give information from the process.
2. Employees will fill the story facts according to their own experiences and opinions. Results will give information both from the employee's beliefs and thoughts from the story and from the process.

Short description

A quick narration of the story is presented focusing on only the level of the stories imagination. What is the story offering and what kind of experience it will give to the customer? Also the ground of the story, which creates the story identity, is given.

Step by step operation

The functional process of the operation is presented; focus is on the practical matters. What is the starting point and what happens in the middle, which is typically the highlight of the experience? Also what kind of functions set to finale point for the customer?

SBSD evaluation

Essential touch points

The four most important touch points of the story experience are recognized. Touch points are situations, where customers are experiencing memorable moments, so called flow moments. They are essential for successful story based service process. In these moments usually the customer is in contact with both physical elements and interactions with the employees. Touch points with most important flow moments and most important contact are documented.

Main segments

The three most important segments for the developed story based service design offering are documented with the description of the final customer including the customer's experience level. Experience levels are determining desired activities during the experience process.

Experience levels with activity levels of the customers

1. Entertainment – passive, responding verbally and expressions
2. Esthetic – passive, want to relax and be free
3. Education – active and alert for information and activities
4. Escapist – keen being active member of the story process in different levels

Evaluation

The second stage is the evaluation itself. The evaluation has three parts, which are in strong connection to each other and include: physical elements, interaction elements and emotional elements. The evaluation stage is completed individually and documentation is based purely of the observation. Story facts and their appearance are observed from different elements. Its completion is based on first cognitions and with the belief that no wrong answers exist.

Physical elements

Physical elements are observed and assessed according to the stories appearance. The observer will evaluate how the story is seen and felt in the same way and level that it is introduced in short descriptions. Observations are done with all five senses.

Interaction elements

Touch points are the most important situations in the service experience. Interaction evaluation assesses how successfully the agreed story is seen in the actions of the employees, customers and other persons of the situation. Touch points, which are set under observation, are listed in Story Fact – stage.

Emotional elements

Two opposite action types by the customers for story elements are avoidance and approach. The observer will assess what kind of actions, feelings and emotions the

SBSD evaluation^o

presented story brings from customers during the story based service design experience.

Final result

The Results of the evaluation elements are accounted and the average number from the scores of 1-5 is circulated. (In emotional elements ratio between avoidance and approach is measured; how many from eight word pairs are going to negative and how many to the positive side.) The number will present the average situation of the quality level of the story experience. It will give an overlook for the fact of how visible and correct the story is according to the person who has completed the evaluation form.

Suggestions for elements and segments

To have even better and more effective story facts and THE story appearance in the future, results of the SBSD evaluation should not be left behind, instead the evaluation form is the base for new development. This is the reason, why as conclusion, according to results of the observation and suggestions for the future for both the elements (physical, interaction and emotional) and segments (listed in Story Fact – stage) of the operation are gathered.

Final tips from author

- Listen and observe the surrounding with the “outsiders” eyes
- The most suitable customer size for the evaluation is a small or medium sized group, with 5 – 15 persons to have good overlook for the observation
- Focus strictly on the agreed story elements and concentrate to discover new elements on how the story could be seen.
- Document also notifications which are not obvious or liked, but are important small details
- The evaluation form is a perfect tool to have discussions of how employees are seeing the presented story experience.

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