

# **Service Productization**

**Service productization for a night club business**



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## Abstract

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Abstract <p>In recent years, the nightlife industry, encompassing bars, clubs, and restaurants, has witnessed significant transformations fueled by technological advancements and the global impact of the COVID-19 pandemic. These changes have reshaped consumer behaviors and preferences, compelling the industry to innovate and adapt.</p> <p>This study delves into the current landscape of nightclubs and investigates strategies to enhance their competitiveness through service productization. Recognized for its potential to boost business outcomes and competitiveness, service productization involves transforming intangible services into standardized, repeatable deliverables akin to products. The aim is to enhance results while reducing costs, time, and effort.</p> <p>Despite its promise, the theoretical framework surrounding service productization in the nightlife sector remains limited. This study posits a correlation between service productization and the success of nightclubs, proposing an approach that leverages extensive productization to drive performance improvements. Through productization, nightclub customer experiences, operational efficiency, and transparency are expected to elevate.</p> <p>To validate these assertions and gather pertinent data, an in-depth qualitative study focusing on a single case was undertaken. West Coast Billiard was selected as the case company, with interviews conducted with four stakeholders using semi-structured interview techniques.</p>		
Keywords Productization, service productization, nightlife industry, competitiveness, customer experience, operational efficiency, qualitative study, case study, innovation, technology.		

## Table of contents

1	Introduction.....	1
1.1	Motivation for the study.....	1
1.2	Justification of the study.....	2
1.3	Research gap.....	3
1.4	Objectives of the study.....	4
1.4.1	Research questions .....	4
1.5	Delimitation of the study.....	5
1.6	Thesis structure .....	6
2	Literature review .....	7
2.1	Productization .....	7
2.1.1	Service Productization definitions .....	9
2.1.2	Standardization .....	12
2.2	Productization in nightlife industry .....	12
2.2.1	Productization of night clubs .....	14
3	Methodology.....	15
3.1	Research strategy and methods .....	15
3.2	Case selection process.....	16
3.2.1	West Coast Billiard.....	17
3.3	Data collection .....	18
3.4	Data analysis .....	19
3.4.1	Example of data analysis .....	20
4	Findings.....	21
4.1	Initial meeting.....	21
4.1.1	Smart bartending tools and drink sales.....	21
4.1.2	Ticket sales .....	22
4.1.3	Billiards section .....	23
4.1.4	Initial meeting conclusions .....	24
4.2	Strategy meeting.....	25
4.2.1	Productization strategy for smart bartending tools and drink sales .....	25
4.2.2	Productization strategy for ticket sales .....	26
4.2.3	Productization strategy for billiards section.....	27
4.3	Evaluation meeting .....	28
4.3.1	Improvements in smart bartending tools and drink sales.....	28

4.3.2	Improvements in ticket sales.....	30
4.3.3	Improvements in billiards section.....	31
4.4	Customer perspective .....	32
4.4.1	Customer perspective on smart bartending tools enhancements and drink sales	33
4.4.2	Customer perspective on new ticketing system.....	33
4.4.3	Customer perspective on billiards.....	34
4.5	Final meeting .....	35
5	Conclusions.....	36
5.1	Key findings .....	36
5.2	Research questions – outcomes and conclusions.....	38
5.3	Contribution of this study .....	38
5.4	Managerial implications and future productization strategies .....	39
5.5	Limitations of the study .....	40
5.6	Suggestions for future research.....	41
	References .....	44

Appendix 1. The semi-structured interview script for the initial meeting with the CEO.

Appendix 2. The semi-structured interview script for the meeting with customers to gain their opinion on the three productization areas.



## 1 Introduction

### 1.1 Motivation for the study

Manufacturers are progressively shifting their focus from simple product creation to providing holistic customer solutions in order to achieve higher returns and explore new avenues for growth (Matthyssens & Vandenbempt, 2008; Sawhney, 2006), a paradigm commonly known as servitization (Vandermerwe & Rada, 1988). Conversely, service-oriented enterprises exhibit inclinations towards delineating more product-like deliverables, characterized by standardization to enable repeatability and comprehension (Harkonen et al. 2015). This phenomenon, often termed productization, poses challenges for service-centric companies and their operational frameworks; however, when comprehensively understood and judiciously applied, it holds substantial potential for beneficial outcomes. Both software entities, service providers, and technological ventures, along with the organizations themselves, stand to gain from the enhanced clarity, transparency, uniformity, and consistency facilitated by productization initiatives (Harkonen et al., 2015).

Over the past two decades, the concept of "service productization" has garnered considerable scholarly attention, with a growing body of literature addressing its various dimensions (Harkonen et al., 2015). Prior research has approached the topic from diverse perspectives. For instance, Harkonen, Tolonen, and Haapasalo (2017) attempted to organize the concept of service productization and clarify the idea of an "offering," whereas Lehtonen et. al (2015) explored reflexivity within the service productization process.

Concerning the nightlife sector, Hollands and Chatterton (2003) in their article describe that several key insights emerge regarding productization in the nightlife sector. The study highlights the increasing corporatization of nightlife establishments, characterized by a shift towards standardized branding and market segmentation strategies. This trend signifies a departure from traditional notions of nightlife as solely experiential and instead emphasizes the commodification of nightlife offerings into distinct products tailored to specific consumer segments. Furthermore, the article underscores the role of branding in shaping consumer perceptions and preferences within the nightlife landscape, with nightlife venues increasingly leveraging branding strategies to differentiate themselves and appeal to target audiences. Overall, the article suggests that productization in the nightlife sector involves the

strategic alignment of offerings with consumer preferences, often through the implementation of standardized branding and segmentation tactics, to enhance competitiveness and profitability in an evolving urban entertainment economy. (Hollands & Chatterton, 2003.)

However, none of the existing studies explores the utilization of service productization to bolster the performance and competitiveness of nightclubs. The dearth of research focusing on the productization of nightclubs, or the wider nightlife sector, underscores a significant gap in academic literature.

This thesis endeavors to address the underexplored realm of productization within the nightclub industry, aiming to contribute to existing literature and research in this domain. Through a comprehensive analysis of relevant literature and a review of existing research on productization, particularly within the context of service and nightlife industries, this thesis seeks to elucidate theoretical frameworks and practical implications for nightclub productization. Augmenting this theoretical foundation, a case study approach is employed to investigate how nightclub establishments can strategically implement productization strategies to bolster their competitive position. With a focus on venues in Finland, where nightlife dynamics are influenced by diverse cultural and regulatory factors, this study aims to identify opportunities for leveraging productization principles to optimize service offerings and achieve sustainable competitive advantage within the nightclub sector.

## 1.2 Justification of the study

The nightclub industry stands at the intersection of leisure, entertainment, and hospitality sectors, contributing significantly to urban culture and economy (Shaw, 2014). However, in the face of evolving consumer preferences, technological advancements, and changing regulatory landscapes, nightclubs encounter increasing pressures to innovate and differentiate their offerings to remain competitive. Service productization, a strategic approach that involves standardizing and packaging nightclub services to meet specific consumer needs, presents a promising avenue for enhancing competitiveness and sustainability within this dynamic industry.

Nightclubs traditionally focus on providing experiential services, such as music, drinks, and ambiance, tailored to diverse customer preferences. However, amid shifting market dynamics, there is a growing recognition of the need to conceptualize and deliver these services as distinct products with clear value propositions. (Skinner et al., 2005.)

Therefore, this thesis study endeavours to bridge this gap by investigating the potential benefits, challenges, and best practices associated with service productization for nightclubs. Through a comprehensive analysis of existing literature, case study with stakeholder interviews, this research aims to provide actionable insights and practical recommendations for nightclub operators, industry stakeholders, and policymakers seeking to enhance the competitiveness and sustainability of nightlife establishments in the contemporary urban entertainment economy.

This thesis study on service productization for nightclubs is timely and relevant, offering valuable contributions to both academic scholarship and industry practice. By exploring innovative strategies to package and deliver nightclub services as distinct products, this research aims to enable nightclubs to adjust to shifting market dynamics, meet the changing demands of consumers, and thrive in an increasingly competitive urban nightlife landscape.

### 1.3 Research gap

The concept of service productization, although widely discussed in business magazines and industry events, hasn't received much attention in academic research. Recent journal articles on the topic are few and lack depth and clarity in their terminology. This suggests a need for more detailed academic studies in the future. (Harkonen et al., 2015.)

Specifically, only one prior study examines productization within the nightlife sector. In their study, Hollands and Chatterton (2003) provide insights into the evolving dynamics of the nightlife sector, particularly regarding corporatization, branding, and market segmentation. In the context of productization, the authors argue that the corporatization of nightlife establishments has led to a transformation in branding strategies and market segmentation within the industry. They highlight how nightclubs, once primarily experiential venues, have increasingly adopted product-like attributes, such as standardized branding and targeted marketing campaigns, to appeal to specific consumer segments. This shift towards productization reflects a broader trend towards commercialization and commodification within the nightlife sector, as nightclubs seek to differentiate themselves and enhance their competitive position in the urban entertainment landscape. (Hollands & Chatterton, 2003.)

Given that the article discussed in the previous paragraph was published in 2003, its relevance may have diminished over time due to significant changes in the nightlife sector. Technological advancements, economic fluctuations, and global crises such as the COVID-

19 pandemic have undoubtedly reshaped the landscape of nightlife and entertainment industries. Therefore, while Holland and Chatterton's insights provide valuable historical context, their applicability to the contemporary nightlife sector may be limited. Furthermore, no additional literature exploring the productization within the context of nightclubs has been uncovered. It is important to conduct more recent research to attain a thorough comprehension of the present dynamics within the sector and the challenges confronting nightclubs.

#### 1.4 Objectives of the study

The primary aim of this study is to explore how service productization could aid nightclubs in enhancing competitiveness and attracting more customers. The study seeks not only to establish the existing correlations but also to propose practical strategies for leveraging service productization to the club's advantage. To achieve this goal, a qualitative single-case study was conducted, involving interviews with relevant stakeholders from nightclub establishments.

##### 1.4.1 Research questions

From the research objectives outlined above, the following research questions were formulated:

1. *How do nightclubs currently perceive and understand the concept of service productization?*
2. *What are the specific service productization strategies which nightclubs can apply?*
3. *Has the applied approach of service productization enhanced the competitiveness and attracted more customers?*

Defining these three research questions provides a structured approach to evaluating the current state of service productization within the nightclub industry and its potential impact on competitiveness and customer attraction.

The first research question, focusing on how nightclubs perceive and understand service productization, serves as a foundational inquiry to establish a baseline understanding of the

concept within the industry. Understanding current perceptions will inform subsequent analyses of strategies and outcomes.

The second research question delves into specific service productization strategies that nightclubs can apply, addressing the practical implementation of this concept. By identifying potential strategies, the study aims to provide actionable insights for nightclub operators seeking to leverage service productization to their advantage.

The third research question centers on evaluating the effectiveness of applied service productization strategies in enhancing competitiveness and attracting more customers. This question forms the crux of the study, as it seeks to empirically assess the impact of service productization on nightclub performance.

Through a qualitative single-case study involving interviews with relevant stakeholders, the research methodology allows for in-depth exploration of perceptions, strategies, and outcomes related to service productization in the nightclub industry. By implementing suggested automation strategies and analyzing their influence on nightclub performance, the study aims to provide valuable insights into the potential benefits and challenges of service productization in enhancing the competitiveness and attractiveness of nightclubs.

## 1.5 Delimitation of the study

The primary focus of this thesis lies in the examination of service productization, more specifically this thesis revolves around the concept of productization within the nightclub industry. The study aims to investigate the application of productization strategies within nightclubs, focusing on the transformation of nightclub services into distinct products. The thesis seeks to explore whether the productization of nightclub services can contribute to enhancing the performance of nightclub establishments, thereby improving their competitive positioning within the urban entertainment landscape.

Examining the formation of urban nightlife landscapes through a geographical perspective unveils the intricate interplay between physical, social, and economic factors. Urban layout, zoning regulations, and land use patterns emerge as pivotal influencers, shaping the spatial distribution and accessibility of nightlife venues within cities. Moreover, socioeconomic dynamics, encompassing income disparities, cultural diversity, and urban development policies, wield significant impact on the character and evolution of urban nightlife scenes. Scru-

tinizing these geographical dimensions provides valuable insights into the complex processes driving the emergence and transformation of urban nightlife landscapes, highlighting their role as dynamic spaces of social interaction, cultural expression, and economic activity within urban environments. (Liu et al., 2023.)

This study acknowledges the vast variability of nightlife culture across different countries and even within regions of a single country. Given this diversity, the scope of this thesis is delimited to examining the phenomenon of service productization specifically within the context of nightclubs in Finland. Additionally, recognizing the potential differences in nightlife dynamics between various towns and cities within Finland, the study further narrows its focus to the nightlife scene in Kokkola. By concentrating on a specific geographic location within Finland, the research aims to provide a detailed and contextually rich analysis of service productization practices within the nightclub industry in this particular setting.

## 1.6 Thesis structure

The thesis is organized into two primary sections: (1) the theoretical background and (2) the empirical case study. The theoretical section establishes the framework for the study by elucidating theoretical concepts and assumptions concerning how service productization in nightclubs can enhance competitiveness. It also delineates key concepts pertinent to the study, aiding readers in comprehending the text.

The second section of the thesis, derived from empirical data, presents the practical application of service productization within nightclub establishments. It explores how service productization influences the competitiveness of nightclubs and evaluates the validity of assumptions made in the theoretical framework. Additionally, this section assesses the transferability of existing theories to the nightclub context and proposes productization strategies to further enhance competitiveness within the industry.

The final section of the thesis draws upon a comparison between the obtained results and the theoretical framework. It summarizes the main discoveries, discusses their implications both in theory and practice, brings further service productization strategies, and proposes ideas for future research, and acknowledges the limitations inherent in the study.

## 2 Literature review

The literature review serves as a methodological approach for identifying, evaluating, and interpreting pertinent texts pertaining to a specific research question, topic, or phenomenon (Kitchenham, 2014). Within this chapter, the conceptual framework of productization is introduced, contextualizing the topic by examining its relevance within the nightlife context. These foundational discussions represent essential preparatory steps for constructing and interpreting the empirical component of this study.

### 2.1 Productization

The term "productization" originates from the fundamental concept of a "product," which constitutes a central element within this phenomenon (Harkonen et al., 2015). A product may encompass tangible, intangible, or hybrid elements, encompassing both physical and abstract attributes. For instance, services, inherently intangible and abstract, can be conceptualized as products, serving to meet customer needs without necessitating the exchange of physical goods. Similarly, software and other digital programs, despite their intangible nature, may also be regarded as products (Harkonen et al., 2015). Essentially, a product represents a composite of tangible and intangible assets that collectively deliver a value proposition capable of meeting customer requirements.

Productization, as elucidated by Harkonen et al. (2015), embodies a process of amalgamating both tangible and intangible elements into a coherent product. Pyron et al. (1998) define productization as encompassing all activities necessary for a product's commercial readiness, while Floricel and Miller (2003) characterize it as the conversion of research and knowledge into tangible products. In the context of this study, productization entails a multifaceted procedure involving the identification and analysis of customer needs, the synthesis of appropriate tangible and/or intangible assets, and the creation of standardized and replicable product-like deliverables suitable for commercial marketing.

Harkonen et al. (2015) delineate productization into four distinct domains: productization of products, services, technology, and software. Defining the productization of products presents some complexity. Within this category, the scope of deliverables encompasses both tangible products and the intangible supporting activities essential to research and development, engineering, or manufacturing processes. The productization process primarily addresses the intangible elements necessary for creating a marketable offering. Ma and Fuh

(2008) emphasize product productization as a component of the development phase, alongside designing, process planning, manufacturing, assembly, selling, maintenance, recycling, and disposal processes. In essence, the productization of products involves a standardization process aimed at facilitating broader utilization (Ruohonen et al., 2006).

Software productization is increasingly prominent, particularly with the global rise of digitalization, although literature on this subject appears to be limited (Harkonen et al., 2015). With the growing prevalence of software-based solutions, electro-mechanical products are gradually being supplanted (Harkonen et al., 2015). In defining a software product, Fricker (2012) characterizes it as comprising not only the computer program itself but also associated procedures, delivery methods, and documentation. The process of software productization shares similarities with service productization, given the intangible and abstract nature of the software sector. Alajoutsijärvi et al. (2000) view software productization as a transition from entirely intangible entities to standardized tangible products. It involves a series of processes aimed at standardizing computer programs, data, and procedures into deliverable sets conducive to commercialization and marketing. Productization also enhances comprehensibility, repeatability, scalability, and tangibility.

The productization of technology encompasses advanced processes situated at the forefront of technological advancement (Harkonen et al., 2015). It serves as a pivotal link between development and technological innovations (Mathur, 2007), representing a stage between the development phase and the subsequent commercialization and market launch (Xiuli, 2011; Sahlman & Haapasalo, 2011). The transformation of technology into a product is crucial to address specific market needs, particularly given the intangible nature of technology. This transformation enables customers to perceive and appreciate the innovative capabilities of the technology. However, productization extends beyond mere technological transformation; it signifies a shift from engineering-centric to commercial-centric thinking, encompassing processes that facilitate, support, and enhance this transition.

Lastly, the productization of services can be characterized as a collection of activities aimed at enhancing the tangibility, comprehensibility, scalability, repeatability, uniformity, and other aspects of typically intangible services (Harkonen et al., 2015). This study specifically concentrates on this form of productization, warranting a dedicated chapter that delves into this subject matter in subsequent sections.

### 2.1.1 Service Productization definitions

Recent literature has increasingly emphasized the significance of service products and the process of productization in contemporary business contexts. Among these scholarly discussions, the article by Wirtz et al. (2021) stands out as a comprehensive exploration of these concepts. Titled "Service products and productization," the study delves into the transformation of service offerings into tangible products, offering valuable insights into this evolving phenomenon. Drawing on insights from various industries, Wirtz et al. (2021) provide a detailed examination of the key elements of service productization, including standardization, customization, and branding. Through their comprehensive analysis, the authors shed light on the strategies and challenges associated with productizing services, offering practical implications for service firms aiming to enhance their competitiveness and value proposition in today's dynamic business landscape.

Productized services resemble products in their packaged form, making them easily recognizable, selectable, and purchasable. The process of service productization involves integrating features commonly associated with tangible products into intangible offerings. This strategic approach enhances the leverage of service companies, potentially enabling them to generate higher revenues with reduced effort while delivering greater value to customers.

Given the exclusive focus of this study on service productization within the Finnish context, this section elucidates definitions of "service productization" as delineated in Finnish literature. Parantainen, a prolific author in the field, notes the absence of a singular paradigm for service productization, with definitions varying among authors. He characterizes it as a process involving the transformation of expertise, intangible know-how, or internal knowledge into marketable deliverables (Parantainen, 2007). Others conceptualize service productization as a strategic approach to service development aimed at achieving international market success (Jaakola et al., 2009). Sipilä (1999) extends this definition, encompassing actions such as defining, planning, developing, describing, and manufacturing services to optimize customer profitability and company earnings. Once a service product is market-ready, it is deemed successfully productized (Sipilä, 1999). Importantly, productization transcends mere service definition, constituting an integral component of research and development endeavours geared towards designing entire service deliveries into more foreseeable and manageable formats (Lehtinen & Niinimäki, 2005).

Author	Definition
Parantainen (2017)	<i>“Service productization involves the conversion of expertise, intangible knowledge, or know-how into a set of deliverables that are marketable, saleable, and easily deliverable.”</i>
Jaakola et. al (2009)	<i>“Service productization involves organizing service development in a manner that facilitates the achievement of goals such as success in international markets.”</i>
Sipilä (1996)	<i>“Service productization encompasses activities such as defining, planning, developing, describing, and manufacturing the service to maximize customer profitability and meet the company's earnings targets.”</i>
Lehtinen & Niinimäki (2005)	<i>“Service productization should be considered as a component of the research and development plan, aiming to design the entire service delivery process into a more controllable and predictable formula.”</i>

Table 1. Descriptions of service productization in Finnish academic writings, translated freely.

Drawing from global literature, the service productization concept emerges as a relatively novel idea gathering traction among industry professionals (Wirtz et al., 2021). Nagy (2013) defines it as a crucial phase occurring prior to sales, during which services undergo commodification and systematization to acquire more product-like attributes. This process underscores the importance of maximizing efficiency, configurability, scalability, and modularity, as emphasized by Morrison (2003).

The productization of services diverges from that of products. Unlike tangible products, which entail a physical exchange resulting in ownership, services involve intangible transactions without the transfer of ownership (Kotler, 1997). Traditionally, services have not been conceptualized as products, and the sale of services differs in perception from that of products (Sipilä, 1996). However, to facilitate more efficient sales on a larger scale to a broader customer base, services should undergo transformation to adopt a more product-like approach.

<b>Productization in the category of services</b>	<b>References</b>
To address various challenges, including inefficient production of services and difficulties by customers and company employees perceiving the service offering	Valminen and Toivonen (2012), Jaakkola (2011), Ardley and Quinn (2014)
To make services more product-like, repeatable and tangible	Salmi et al. (2008), Chattopadhyay (2012), Valminen and Toivonen (2012), Djellal et al. (2013), Stone (2010), Karmarkara and Apte (2007), Skalen and Hackley (2011), Morrison (2003), Nadim and Singh (2008), Rissanen et al. (2010), Mattila et al (2013), Gupta (2011)
Facilitates the development of customer understanding	Valminen and Toivonen (2012)
Packaging the service offering	Leon and Davies (2008), Ukko et. Al (2011), Bruce et al. (2008)
Linked to content and pricing of services	Arrto et al. (2008), Chattopadhyay (2012)
Developing well-defined service packages	Lukka and Partanen (2014)
Making services tangible and providing more product-like services through systematization of their components	Nagy (2013)
Refers to heterogeneity – to visualise, model and scale the offering	Rintala et. al (2013)
Highlighted as a pre-sales activity	Nysten-Haarala et al. (2010), Hanninen et al. (2013)
Relates to modularity in services	Rajahonka (2013)

Relates to enhancing services	Anupam et al. (2006)
Follows R&D	Daim et. al (2013)

Table 2. Descriptions of service productization as presented in the literature (Harkonen et al. 2015).

These definitions demonstrate the variability in perspectives and formulations of service productization. However, they collectively underscore the comprehensive nature of the productization process, which aims to transform intangible services into a more product-like format, thereby enhancing value for customers and increasing profitability for sellers.

### 2.1.2 Standardization

Service productization can be attained through the process of standardization. Standardization converts services into discernible deliverables with identifiable characteristics, thereby facilitating commoditization. By standardizing service processes, the service attains stability and consistency, becoming easier to replicate and predict, particularly in terms of production costs and time (Apunen & Parantainen., 2011). Standardization also enhances compatibility, repeatability, scalability, comprehensibility, modularity, predictability, safety, and quality, while mitigating risks associated with differentiation and divergence. These attributes contribute to decreased production expenses and a service packaging more akin to a product, which carries less market and sales risk (Apunen & Parantainen 2011).

However, despite the numerous advantages of standardization and service productization, Nagy (2013) highlights certain drawbacks. Converting intangible service offerings and associated knowledge into tangible standardized products makes them more susceptible to being copied or stolen by competitors (Nagy 2013).

## 2.2 Productization in nightlife industry

Within the scholarly discourse, service productization in the nightlife industry has emerged as a significant area of investigation. Authors such as Harkonen, Tolonen, and Haapasalo

(2015) have explored the corporatization and branding of nightlife establishments, shedding light on how productization is intertwined with urban entertainment economies. Nagy (2013) contributes to the discourse by examining the challenges and opportunities associated with service productization across diverse industries, offering valuable perspectives applicable to the nightlife sector. Parantainen (2007) further enriches the discussion by providing insights into the productization of services in specific geographic contexts, which may inform our understanding of productization dynamics within the nightlife industry. These scholarly contributions collectively underscore the significance of service productization in shaping the experiences, operations, and competitive strategies of nightlife establishments.

<b>Author</b>	<b>Article's name</b>	<b>Content</b>
Harkonen, J., Tolonen, A., & Haapasalo, H. (2015)	<i>"Producing nightlife in the new Urban Entertainment Economy: Corporatization, branding and market segmentation"</i>	This article explores the corporatization and branding of nightlife establishments, including the concept of productization within the context of the urban entertainment economy.
Nagy, P. (2013)	<i>"The long and winding road of service productization."</i>	Nagy's work delves into the challenges and opportunities associated with service productization across various industries, including the nightlife sector.
Parantainen, J. (2007)	<i>"Productization of Services—A Glimpse from the Finnish Industry."</i>	Parantainen's research provides insights into the productization of services in the Finnish context, which may include aspects relevant to the nightlife industry.

Table 3. Scholarly authors who have written about productization in the nightlife industry

While these authors may not exclusively focus on productization in the nightlife industry, their work contributes valuable insights into the broader concept of service productization, which can be applied to understanding and analyzing productization within the nightlife sector.

Based on the literature findings above, for the purposes of this theses, service productization within the nightlife sector encompasses the process of transforming intangible experiences, such as entertainment, ambiance, and customer service, into tangible and standardized offerings. It involves packaging and standardizing nightlife services to enhance customer experiences, operational efficiency, and marketability. This transformation aims to create consistent and recognizable brand identities, increase customer satisfaction and loyalty, and facilitate marketing efforts within the dynamic and vibrant nightlife industry.

### 2.2.1 Productization of night clubs

While extensive scholarly literature specifically focused on productization in nightclubs may be limited, several authors have addressed related concepts within the broader context of the hospitality and entertainment industries. While Johan Harkonen, Marianna Fritze, Kaisa Gelbrich, Erik Jaakkola, Stephen Brown, and Philip Kotler, among others, have provided insights into service innovation, customer experiences, marketing strategies, and consumer behavior within leisure and entertainment settings, the direct application of these principles to the productization of nightclubs remains relatively unexplored. This gap in research presents an opportunity for further investigation into how nightlife establishments can effectively transform their services into tangible products to enhance customer experiences and competitiveness. Thus, this study aims to bridge this gap by examining the applicability of productization principles within the unique context of nightclubs, offering valuable insights for both academia and industry practitioners.

### 3 Methodology

Methodology serves as the framework within which a study is conducted, encompassing a set of techniques, methods, approaches, and tools used to investigate a specific field, activity, or problem. In the subsequent chapters of this thesis, the methodology employed in this study is delineated. This entails the elucidation of the research strategy and methodological approach, along with justification for their selection. Additionally, the processes of data collection and analysis are explained, offering clarity on the steps taken to gather and analyze relevant information for the study.

#### 3.1 Research strategy and methods

The research strategy encompasses two primary approaches: qualitative and quantitative. The selection between these approaches is contingent upon the nature and characteristics of the research problem (Eriksson & Kovalainen, 2016). Qualitative research strategy is particularly suitable for exploring new areas or deriving theory from existing knowledge, rendering it a recommended choice for such endeavors (Corbin & Strauss, 2008). Given the nature and objectives of this study, qualitative research methodology was deemed the most suitable approach.

The qualitative research employed in this study was conducted through an in-depth single case study approach. Case studies are designed to investigate specific problems within their unique contexts. Yin (2013) distinguished between two types of case studies: single and multiple. Single case study analysis was particularly well-suited for exploring phenomena that were difficult to measure or quantify and inherently subjective in nature (Yin, 2013).

In light of the aforementioned considerations, a single case study methodology emerged as the most appropriate approach for this thesis study. This approach enabled an in-depth exploration of the dynamics of a specific nightclub in Finland, allowing for a comprehensive analysis of its operations, challenges, and strategies. Within this single case study framework, four embedded cases were examined. These embedded cases involved conducting interviews with various stakeholders closely associated with the nightclub. Specifically, three of these cases represented the perspectives of customers, providing insights into their experiences, preferences, and perceptions. The fourth embedded case involved interviewing the owner and CEO of the nightclub, offering valuable perspectives on management

strategies, business decisions, and overall organizational dynamics. Through this multi-faceted approach, the study aims to gain a holistic understanding of the influential factors affecting the effectiveness and success of the nightclub in connection to service productization within the context of the broader nightlife industry in Finland.

### 3.2 Case selection process

For the exploratory purposes of this research, a case company was required. The case selection criteria were as follows:

- Well-established nightclub.
- Located in Finland.

After careful consideration of these criteria, West Coast Bar was selected as the case company for this study. It meets the criterion of being a well-established nightclub, having operated for a significant period in the nightlife industry. It is situated in Kokkola, Finland, making it an ideal candidate for the study's geographical focus.

The selection of West Coast Bar is particularly advantageous as it facilitates the interview process. Being located in Kokkola, the interviewer, who is also the author of this thesis, could easily conduct interviews with stakeholders at the nightclub premises. Also, the interviewer and author of this thesis has a prior or ongoing stakeholder relationship with West Coast Bar. This pre-existing relationship provides valuable insights into the operations, management, and culture of the nightclub, thereby enhancing the depth of the study.

By selecting West Coast Bar as the case company, this research aims to provide a comprehensive analysis of service productization within the nightlife industry, leveraging the convenience of its location and the author's stakeholder relationship for insightful data collection and analysis.

### 3.2.1 West Coast Billiard

Established in 1992 and situated in the heart of Kokkola, adjacent to the town square and Chydenia shopping center, West Coast Billiard nightclub has maintained a consistent presence in the local nightlife landscape. For over two decades, it has operated under the same ownership and within the same premises, earning the distinction of being the longest-standing nightclub in Kokkola. (West Coast Bar.)

Offering a comprehensive range of amenities, West Coast Billiard provides customers with diverse avenues for nocturnal enjoyment. These include a fully stocked bar area, a dedicated dance floor animated by resident DJs on Wednesdays, Fridays, and Saturdays, and a billiards room furnished with four high-quality tables. The venue's musical repertoire spans from retro classics of the 1980s and 1990s to contemporary dance anthems, complemented by periodic happy hour specials on select evenings. (West Coast Bar.)

Additionally, West Coast Billiard occasionally hosts live music performances, featuring both local and international artists, such as Olavi Uusivirta, Don Johnson Big Band, and The Bellrays. With its strategic location, inviting ambiance, diverse entertainment offerings, and dedicated personnel, West Coast Billiard epitomizes a premier nightlife destination, catering to the discerning tastes of Kokkola's social scene. (West Coast Bar.)

West Coast Bar operates as a public limited company with two owners. One owner assumes the role of a silent partner, while the other oversees the day-to-day operations and functions as the CEO. The CEO actively manages the business, making strategic decisions and ensuring smooth operations. Additionally, West Coast Bar employs approximately 15 part-time workers, including DJs, bartenders, cleaners, bouncers, and a marketing manager.

Juha-Matti Johannes Tornikoski, the CEO of West Coast Bar, played a pivotal role in this thesis. As the main interviewee, Tornikoski provided insights into the historical productization situation at the nightclub. Furthermore, he actively participated in testing suggested productization strategies and offered valuable feedback afterward. Tornikoski's involvement and contributions were integral to the study's examination of service productization in the nightlife industry.

### 3.3 Data collection

Interviews represent a prevalent method in qualitative research, characterized by purposeful discussions between individuals (Saunders et al., 2012). Structurally, research interviews tend to adopt either a semi-, or highly structured, or in-depth format (Bryman & Burgess, 1996). In this thesis, semi-structured interviews were utilized, aligning with the aim to explore respondents' perspectives while providing some level of guidance. Highly structured and in-depth interviews, more conducive to prolonged investigations where participants freely express their views (Corbin & Morse, 2003), were deemed less suitable for this study's objectives.

The data collection process for this thesis commenced with an initial meeting with the CEO of West Coast Bar in fall 2023, specifically on November 12th. During this meeting, a semi-structured interview was undertaken with the CEO to assess the current state of service productization within the nightclub.

Following the interview, approximately two weeks later on November 26th, a second meeting with the CEO was held to review the findings and discuss potential productization strategies. Couple selected strategies were then implemented by the bar. To evaluate the effectiveness of these strategies, a follow-up meeting took place in February 2024, specifically on February 20th, to analyze the outcomes of the productization efforts.

To gain insights from the customer perspective, customer interviews were conducted in March 2024, spanning from March 3rd to March 6th. These interviews followed a semi-structured format and focused on gathering feedback on customer experiences with the changes resulting from the productization initiatives.

Finally, the last meeting with the CEO took place on March 20th. During this meeting, with information from interviewed customers, the overall results of the productization efforts, along with any limitations encountered during the process, were discussed. Additionally, future managerial suggestions for further service productization were deliberated upon.

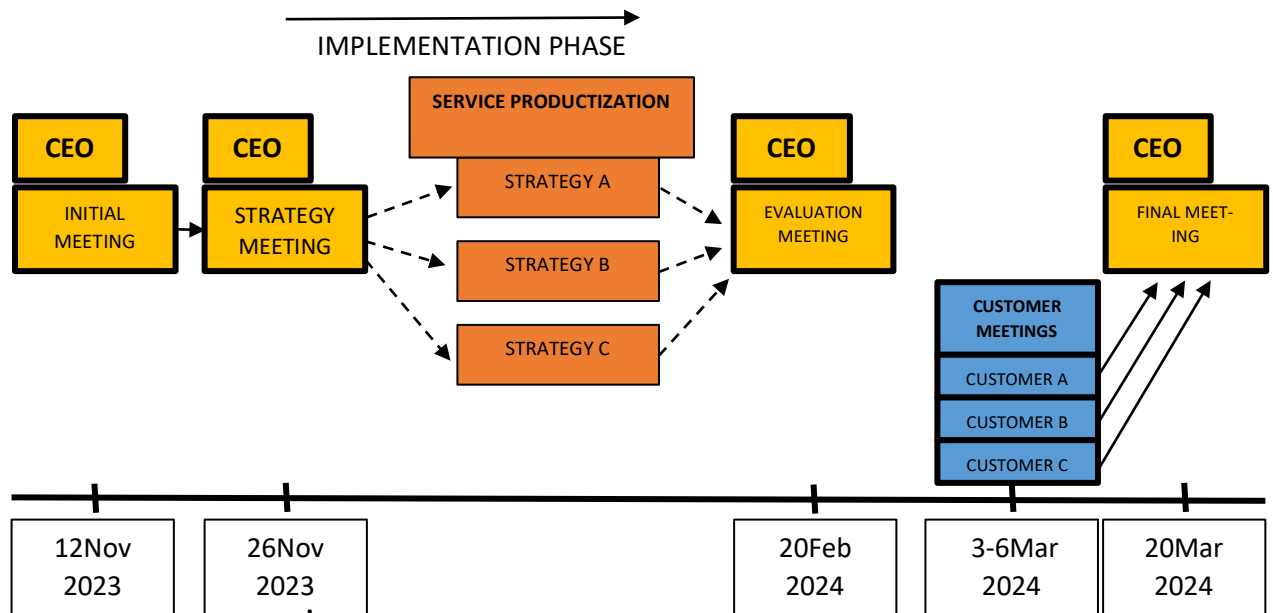


Figure 1. Data collection & research structure diagram

### 3.4 Data analysis

In the realm of qualitative research, various methodologies exist for analyzing data, each offering distinct approaches and techniques. Common options for analyzing qualitative data in case studies include discourse analysis, narrative analysis, conversation analysis, and content analysis (Eriksson & Kovalainen, 2016). In this study, content analysis was chosen as the method for data analysis. This approach involves systematically coding transcript materials to identify similarities, patterns, and frequencies within the data (Eriksson & Kovalainen, 2016). Through literal transcription of interview recordings, the content of the interviews was meticulously coded and categorized into first-level concepts. Subsequently, emerging concepts were scrutinized and grouped into second-level themes. This process enabled the refinement of second-level themes into aggregate dimensions, thereby facilitating a deeper understanding of the data.

According to Gioia et al. (2012), upon delineating first-level concepts, second-level themes, and aggregate dimensions, the research methodology reaches a critical juncture – the establishment of a data structure. This data structure serves as a visual framework to elucidate the process of transforming raw data into terms and themes, thereby showcasing the methodological rigor of the research (Tracy, 2010). Subsequently, the identified terms, themes, and aggregate dimensions underwent iterative rounds of analysis, involving comparisons

and integrations with pertinent literature to identify theoretical underpinnings and potential novel concepts. To ensure transparency, the data structure employed in the first meeting with the CEO is explained the following sub-chapter chapter.

### 3.4.1 Example of data analysis

In the analyzed data from the initial meeting with the CEO of West Coast Bar, various dimensions, themes, and concepts emerged, providing valuable insights into the perception of service productization within the organization. These elements serve as building blocks for understanding the CEO's perspective on current operational challenges and envisioned strategies for improvement.

Dimensions represent overarching categories that encapsulate key aspects of the CEO's perception of service productization. These dimensions include service quality and efficiency, strategic planning and decision-making, and organizational culture and adaptability. Each dimension encompasses a range of related themes and concepts that collectively contribute to the CEO's understanding of the bar's operational landscape and opportunities for enhancement.

Themes delve deeper into specific areas within each dimension, highlighting distinct patterns or issues identified during the discussion. For instance, under the dimension of service quality and efficiency, themes may include customer satisfaction, staff training, and process optimization. These themes provide a structured framework for organizing the CEO's perceptions and observations regarding service delivery and operational effectiveness. Concepts represent the fundamental building blocks of the data, comprising the CEO's articulated ideas, perceptions, and insights related to service productization. These concepts are the raw data points that are categorized and organized into themes and dimensions for analysis. Examples of concepts may include "customer feedback mechanisms," "inventory management practices," and "employee morale and motivation."

Overall, the dimensions, themes, and concepts extracted from the initial meeting with the CEO serve as critical components for understanding the current state of service productization within West Coast Bar and formulating strategies for improvement.

## 4 Findings

In the subsequent findings section, we will delve into the outcomes of the research conducted within the framework of this thesis. For clarity and consistency, the CEO of the nightclub under study, Juha-Matti Johannes Tornikoski, will be referred to as the CEO throughout this section. Additionally, to uphold confidentiality and protect the anonymity of the participants, the identity of the customers interviewed will remain anonymous. Instead, they will be denoted as Interviewees A, B, and C.

### 4.1 Initial meeting

In this chapter, we present the findings derived from the initial semi-structured interview conducted with the CEO of West Coast Bar on 12<sup>th</sup> of November 2023. The interview aimed to evaluate the current situation of the bar from a productization perspective and gain insights into the CEO's perceptions, challenges, and strategies related to service delivery and customer experience.

According to the CEO, West Coast Bar primarily operates as a service-oriented establishment, offering a range of entertainment and hospitality services to its customers. However, he expressed a view that the level of productization at the bar is relatively low at the moment of the interview (fall 2023).

#### 4.1.1 Smart bartending tools and drink sales

During the interview, the CEO highlighted only a few automated or productized services currently in operation at the bar. These included smart bartending tools, such as beer and soda taps equipped with automated dispensing features, aimed at streamlining drink preparation and ensuring consistency.

The bar employs a beer tap system equipped with features that measure the volume of beer dispensed, allowing for precise portioning based on customer preferences. This technology enables the bar to offer various serving sizes, including small, large, and happy hour portions, catering to diverse customer preferences and promoting flexibility in pricing strategies.

Moreover, the availability of soda drink taps facilitates the creation of special cocktails without the need to open entire bottles of soda. By utilizing this system, the bar can efficiently mix custom cocktails and accommodate customer requests for unique beverage combinations, enhancing the overall beverage service experience. This approach not only minimizes waste but also maximizes operational efficiency, enabling the bar to offer a diverse range of drinks while optimizing resource utilization.

Despite the bar's convenient way of serving beer and other soda beverages, there remains a notably old-school method of serving water to customers. When customers request fresh water, a common occurrence in the context of alcohol consumption, the bartender simply pours a glass from a standard water tap. This manual process lacks automation, precision measurement, and a dedicated water dispenser, representing a missed opportunity for improvement and productization. Implementing an automated water tap system with measured dispensing capabilities could enhance the customer experience, streamline service operations, and contribute to the bar's overall modernization efforts.

Additionally, the bar offers pre-packaged drink specials during designated happy hours (from 9 pm to 11 pm) on Wednesdays, Fridays, and Saturdays. During this period, a select few drinks are offered at discounted prices, enticing customers with better value and encouraging them to make purchasing decisions. This strategy not only appeals to customers seeking affordable options but also streamlines operations for staff by reducing the variety of drinks to prepare and serve during peak hours. By concentrating sales promotions within a specific timeframe, the bar enhances overall operational efficiency, maximizes revenue potential, and creates a dynamic atmosphere conducive to customer satisfaction and enjoyment.

#### 4.1.2 Ticket sales

The CEO explained that the bar arranges approximately thirty live music events or concerts each year. These events encompass a diverse range of offerings, with some requiring an admission fee while others are provided to customers free of charge.

During the interview, it was revealed that there is untapped potential for automation in ticket sales at the bar. The CEO indicated that currently, the bar does not engage in any pre-sales for ticketed events, relying solely on on-the-spot sales at the door before concerts begin.

This approach was described as outdated and inefficient. Instead, the CEO expressed interest in implementing an online ticketing system to streamline the ticket sales process and boost overall ticket sales.

The absence of a ticketing system and online pre-sales for music concerts at the bar represents a missed opportunity for streamlining operations and maximizing revenue potential. Without an efficient online platform for ticket sales, the bar relies solely on on-site purchases made at the door before each concert, which can lead to logistical challenges and inefficiencies. This outdated approach not only results in longer wait times and potential congestion during peak hours but also limits the bar's ability to capture sales in advance and effectively manage event attendance. Additionally, the lack of online pre-sales overlooks the convenience and accessibility that modern consumers expect, potentially deterring potential attendees who prefer to purchase tickets in advance from the comfort of their own homes. Overall, the absence of a ticketing system and online pre-sales represent a significant operational constraint and hampers the bar's ability to optimize revenue generation and enhance customer satisfaction.

#### 4.1.3 Billiards section

Discussions also revolved around the billiards section of the bar, which is frequented by a diverse clientele. It was noted that three billiards tables are available, attracting a range of customers, including professionals seeking competitive play, groups of friends seeking leisurely enjoyment, and companies hosting team-building events and holiday parties. The versatility of the billiards area was highlighted as a key feature, contributing to the overall appeal and revenue generation of the bar.

No productization was identified in the utilization of the billiards section during the investigation. For tailored events, companies typically made arrangements in advance by emailing the CEO. However, for individuals seeking to play or practice, the process involved checking in and paying directly at the bar counter, with no option for advance booking available.

Furthermore, by not offering online booking options for tailored events like team-building activities, the bar misses out on the opportunity to cater to the needs of corporate clients efficiently. These clients often seek convenient solutions and are more likely to book venues and activities online. Introducing packages that combine billiards sessions with other offerings like happy hour drinks, which can be purchased online, would streamline the booking

process and enhance the overall experience for both individual customers and corporate clients. This approach would not only increase customer satisfaction but also boost revenue through enhanced productization and streamlined operations.

#### 4.1.4 Initial meeting conclusions

Several potential areas for productization within the bar were discussed with the CEO, but in this thesis, the focus will be specifically on three key perspectives: smart bartending tools, the implementation of a ticketing system, and optimizing billiards utilization. These aspects were identified as pivotal areas where productization could enhance operational efficiency, customer experience, and revenue generation.

In the subsequent chapters, strategies aimed at enhancing productization within these three areas will be delineated. These strategies were devised with the intention of augmenting operational efficiency and customer satisfaction. Furthermore, the results stemming from the implementation of these productization strategies will be expounded upon, considering both the perspective of the bar and that of the customers. Through this comprehensive examination, insights into the effectiveness and impact of these strategies on the overall service delivery and customer experience will be elucidated.

The following illustration provides an overview of the initial level of productization across the three selected areas at the outset of the productization enhancements. It is important to note that the graph serves solely as a visual aid for reference, and the levels of productization depicted are not quantitatively measured. Rather, they are marked based on mutual agreement between the CEO and the researchers to provide a general indication of the starting point for each area of focus.



fresh water at their convenience. This initiative not only saves time for staff but also promotes additional sales opportunities as staff members can focus on serving profitable drinks.

Secondly, a targeted approach to happy-hour and special offers has been proposed. Specifically, on Wednesdays, the bar will feature a standard happy hour alongside a discounted beer option available throughout the evening, offering a 0.3L beer for €2.50. This dual-pronged strategy aims to attract a broader customer base, particularly students and other clientele, by providing attractive pricing options and simplifying the selection and decision-making process.

The strategy implemented for enhancing productization on the most profitable days, Friday and Saturday, involved offering pre-designed drink packages or bundles that combined popular or seasonal beverages at discounted prices. Curated enticing drink packages tailored to the preferences of the target audience will be promoted through targeted marketing campaigns, both online and in-venue, to enhance visibility and drive customer engagement. Specifically, during December, the bar will offer traditional Christmas drink Glöggi with a shot of hard alcohol for a special price. This strategy streamlined the decision-making process for customers and maximized profitability by capitalizing on consumer demand for value-driven offerings on peak business days.

The possibility of implementing a hard alcohol shot measuring system was explored as a means to automate the measuring process and expedite service. However, upon further consideration, several drawbacks were identified. Firstly, the installation of a completely new wall attachment system to accommodate all the bottles and shot measuring devices would be required, necessitating significant structural modifications. Additionally, the process of changing bottles, particularly during peak hours, would be time-consuming and inconvenient, potentially disrupting workflow efficiency. Moreover, staff members would require training to operate and maintain the system, adding to operational complexities. Consequently, despite the potential benefits, the logistical challenges and operational disruptions associated with this approach outweighed its advantages.

#### 4.2.2 Productization strategy for ticket sales

Selected productization strategy for ticket sales was decided to be the implementation of a simple online ticketing system using an existing ticket portal. With this approach, tickets

could be purchased in advance by customers, streamlining the ticketing process and reducing wait times at the door before concerts. By providing a convenient online platform for ticket sales, the bar could expand its reach and attract a wider audience, including those who prefer to plan ahead. Additionally, the online system will facilitate easier management of ticket sales and attendance tracking, enhancing operational efficiency. This innovation represents a significant advancement in service productization for the bar, catering to modern consumer preferences and enhancing the overall customer experience.

It was agreed with the CEO that he would organize a concert and list tickets for sale in advance using the ticketing platform called *bilieti.fi*. Following the concert, an evaluation will be conducted to determine if ticket sales were significantly higher compared to previous events where tickets were sold only from the door right before the concert started. Additionally, the efficiency of the entry process into the bar will be assessed to determine if any improvements were made in terms of speed and ease of entry.

#### 4.2.3 Productization strategy for billiards section

The productization strategy for the billiards section presented the greatest challenge. Although the concept of implementing an online booking system was discussed, the CEO ultimately decided against it. While such a system could potentially offer benefits such as improved organization, reduced wait times, and enhanced customer experience, the CEO expressed concerns about the feasibility and cost-effectiveness of this solution. Given the relatively small size of the bar and the limited number of billiard tables (3), he believed that the investment required to implement and maintain a booking system may outweigh the potential benefits. Additionally, he was apprehensive about potential resistance from customers accustomed to the current system and uncertain whether the perceived improvements would justify the associated costs and efforts.

Despite the challenges with implementing an online booking system for the billiards section, an alternative productization strategy was agreed upon. It was decided to explore the possibility of offering packaged deals to companies seeking team-building or event hosting opportunities. As part of these packages, the CEO would curate product-like service bundles tailored to the needs of corporate clients. These packages could include exclusive access to the bar outside of regular hours for enhanced privacy, provision of billiard tables for team bonding activities, organization of a customized bar quiz facilitated by bar staff, and special

drink offerings. By offering these comprehensive packages, the bar aimed to attract corporate clientele seeking unique and memorable experiences for their events, thereby leveraging productization strategies to enhance its service offerings and generate additional revenue streams.

Furthermore, these service packages would boast ease of replication and marketability, making them readily available for future sales. By featuring these packages prominently on the bar's website and social media platforms, potential clients would have convenient access to comprehensive offerings, facilitating their decision-making process. This approach would not only streamline the purchasing experience for companies but also enhance the visibility and attractiveness of the bar's offerings in the corporate event market.

### 4.3 Evaluation meeting

On February 20th, 2024, a follow-up evaluation meeting was convened with the CEO of the bar to assess the implementation and outcomes of the proposed strategies for productization. During this session, we delved into a comprehensive review of how the suggested strategies had been executed and the resulting impact on service delivery and customer experience. Through a collaborative discussion, we scrutinized the effectiveness of each strategy and analyzed the quantitative and qualitative data obtained during the implementation phase. The CEO provided valuable insights into the practical implications and observed outcomes, shedding light on areas of success and potential areas for improvement. The outcomes of this evaluation meeting serve as a foundation for the subsequent chapters, where detailed results and analyses of the productization strategies will be presented.

#### 4.3.1 Improvements in smart bartending tools and drink sales

The implementation of strategies aimed at enhancing productization within the realm of smart bartending tools and drink sales yielded promising results. The introduction of a self-service water tap, directly connected to the drinking water pipe, proved to be a practical and efficient solution. By empowering customers to procure fresh water independently, this initiative not only streamlined service but also created additional sales opportunities by freeing up staff to focus on promoting profitable drinks. Moreover, the targeted approach to happy-

hour and special offers, particularly the introduction of discounted beer options on Wednesdays, successfully attracted a wider customer base and simplified the decision-making process, ultimately driving increased sales and revenue.

The images below depict promotional flyers utilized by West Coast Bar to advertise their new Beer Wednesday strategy across their social media platforms, including Instagram and Facebook. These flyers were also reproduced as posters and prominently displayed within the bar's premises, strategically positioned on walls and near the entrance to maximize visibility and entice potential customers.



Figure 3. Promotional materials showcasing West Coast Bar's Innovative Productization Strategies - discounted beer option on Wednesdays. (West Cost Bar Instagram account)

Similarly, the strategy devised for maximizing productization on peak business days, namely Fridays and Saturdays, through the offering of pre-designed drink packages, delivered positive outcomes. By curating enticing drink bundles tailored to customer preferences and promoting them through targeted marketing campaigns, the bar successfully streamlined the decision-making process for customers and capitalized on consumer demand for value-driven offerings. For example, the introduction of a special Christmas drink package, featuring Glöggi with a shot of hard alcohol at a discounted price during December, proved to be particularly popular among customers, further contributing to increased sales and profitability.

### 4.3.2 Improvements in ticket sales

The implementation of the online ticketing productization strategy yielded positive outcomes for the bar. Firstly, it significantly improved ticket sales by providing customers with the convenience of purchasing tickets in advance through the billeti.fi platform. This approach expanded the bar's reach to a broader audience, including those who prefer to plan ahead and purchase tickets online. Moreover, the streamlined ticketing process resulted in a notable reduction in wait times at the door before concerts, enhancing the overall customer experience and satisfaction. Additionally, the online ticketing system facilitated efficient management of ticket sales and attendance tracking, allowing the bar to better organize and prepare for upcoming events.

The implementation of the online ticketing productization strategy proved to be highly successful for the bar, with approximately 80% of the tickets being sold beforehand, 10% being sold from the door right before the concert started, and only 10% of the tickets were left unsold. Compared to a similar sized event where 70% of the tickets were sold at the door, resulting in 30% remaining unsold, the implementation of the online ticketing system resulted in a 20% improvement in ticket sales. This significant enhancement underscores the effectiveness of the productization strategy in maximizing ticket revenue and optimizing event attendance.

This high pre-sale rate provided the bar with a sense of stability and assurance, as they could anticipate a successful turnout for the concert. With the majority of tickets already sold, the bar could accurately gauge the expected attendance and accordingly hire an appropriate number of staff for security, changing room attendants, and waitstaff, ensuring a smooth and well-organized event.

Moreover, the online ticketing system simplified the check-in process for attendees, with QR codes generated upon ticket purchase facilitating quick and efficient entry into the venue. This streamlined approach not only enhanced the overall customer experience by minimizing wait times and congestion at the entrance but also allowed the bar to effectively monitor attendance and ensure compliance with capacity limits.

From a financial perspective, the online ticketing system proved to be advantageous for both the bar and customers. Tickets were sold at their full price, providing the bar with revenue certainty and financial stability. Additionally, customers were charged a nominal fee, typically around €2, for using the billeti.fi platform during the checkout process. This fee,

while minimal, helped cover the operational costs associated with the online ticketing service and ensured that the bar incurred no additional expenses. Overall, the successful implementation of the online ticketing strategy exemplifies the benefits of service productization in enhancing efficiency, profitability, and customer satisfaction within the bar's operations.

#### 4.3.3 Improvements in billiards section

The exploration of productization strategies for the billiards section revealed both successes and challenges. While the introduction of tailored service packages for corporate bookings presented an innovative approach to leveraging the billiards space, the implementation of an online booking system was deemed impractical for the bar's current size and operational needs. Despite this setback, the adoption of service packages showed promise in enhancing revenue streams and attracting corporate clientele.

When initially contacted by a company seeking to book the billiard tables for a team-building event, the CEO presented the option of a comprehensive service package, which offered additional services, goods, and entertainment at a higher price point. During the busy Christmas season, the CEO successfully sold three of these premium packages via email correspondence, generating increased revenue compared to standard billiard table rentals. While two other companies declined to purchase the package, the CEO expressed satisfaction with the offering, noting that it proved more lucrative than traditional billiards table bookings. This success highlights the potential of service packages to enhance revenue and customer value within the billiards section of the bar. Moving forward, further refinement and promotion of these packages could optimize the utilization of the billiards space and contribute to overall business growth.

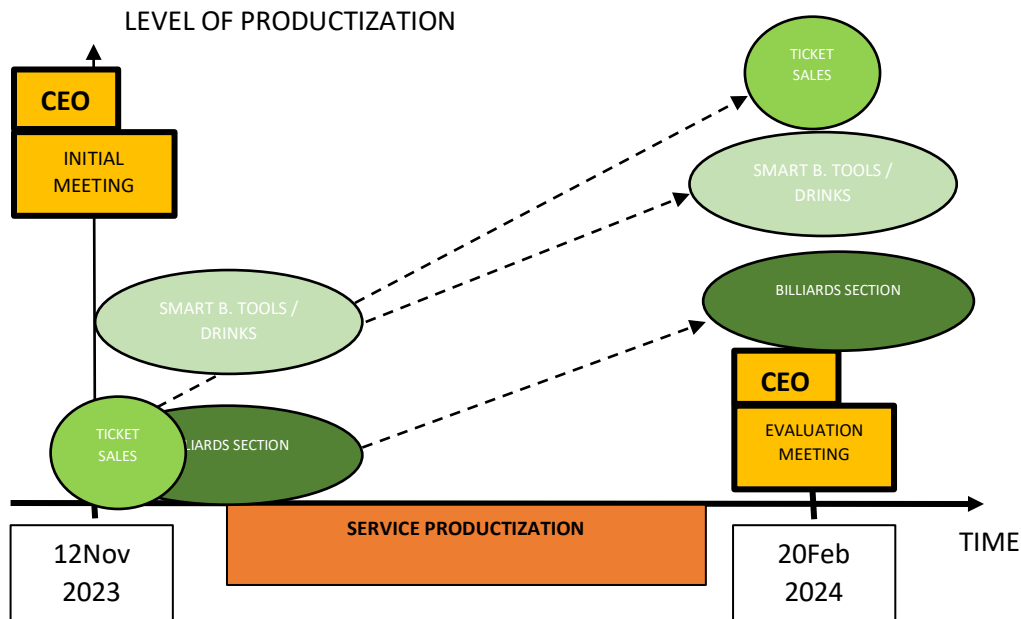


Figure 4. Current levels of productization at West Coast Billiard.

#### 4.4 Customer perspective

To comprehensively assess the impact and outcomes of the productization enhancements, interviews were conducted with three customers of the bar. For confidentiality purposes, their identities will remain undisclosed, and they will be referred to as customers A, B, and C. These individuals comprised two women and one man, all of whom are middle-aged and have been relatively frequent customers of West Coast Bar, with a history of visiting the establishment between one to three times per month over the past decade. The interviews took place between March 3rd, 2024, and March 6th, 2024, employing a semi-structured interview format to solicit their perspectives on the changes introduced in the aforementioned three areas of productization.

Through these interviews, insights into the perceived impact of the productization initiatives from the customer's standpoint were sought, offering valuable qualitative data to complement the internal evaluation conducted with the CEO.

#### 4.4.1 Customer perspective on smart bartending tools enhancements and drink sales

The customers interviewed expressed positive sentiments regarding the enhancements in smart bartending tools and drink sales at West Coast Bar. They noted that the introduction of a self-service water tap was particularly convenient, allowing them to easily access fresh water without having to wait for the bartender. This improvement was perceived as a positive step towards enhancing customer experience and satisfaction. Additionally, the streamlined happy-hour and special offer strategy was well-received by customers, who appreciated the simplified pricing options and the opportunity to enjoy discounted drinks. Many customers mentioned that these promotions made it easier for them to make purchasing decisions and encouraged them to visit the bar more frequently, especially on designated happy-hour days.

Moreover, customers B and C highlighted the efficiency of the bar's new drink packages and bundles, which offered curated selections of popular beverages at discounted prices. They found these packages to be convenient and cost-effective, allowing them to sample a variety of drinks without breaking the bank.

For Customer A, the happy-hour and special bundle offers were not particularly enticing, as they typically stick to their favorite drink rather than exploring different options. Consequently, the discounted prices and bundled offers did not hold much appeal, as they prefer to consistently enjoy their preferred beverage choice.

Overall, the smart bartending tools enhancements and drink sales strategies were positively received by customers, contributing to an improved overall experience at West Coast Bar.

#### 4.4.2 Customer perspective on new ticketing system

Customers interviewed shared their favorable views on the implementation of the new ticketing system at West Coast Bar. They appreciated the convenience of being able to purchase tickets online in advance, which allowed them to secure their attendance to events without the need to queue at the door.

Two customers noted that the online ticketing system saved them time and effort, enhancing their overall experience with the bar. However, one customer encountered challenges with

the online ticketing system at billeti.fi platform. Customer C faced difficulties navigating the online ticketing process and encountered technical issues during the purchasing process.

However, customers expressed satisfaction with the seamless check-in process facilitated by the QR code scanning method, which expedited entry to the venue and reduced waiting times. Overall, the introduction of the online ticketing system was regarded as a positive improvement.

Furthermore, customers acknowledged the financial benefits of the new ticketing system, as it provided them with the opportunity to purchase tickets at their convenience and avoid potential sell-out situations. The ability to plan ahead and secure tickets online was particularly appreciated by customer A who frequently attended events at the bar, as it offered peace of mind and assurance of admission. Additionally, customers noted that the online ticketing system improved transparency and accountability in ticket sales, as they received digital receipts and confirmations for their purchases. Overall, the new ticketing system was well-received by interviewed customers, contributing to a more efficient and customer-friendly ticketing process at West Coast Bar.

#### 4.4.3 Customer perspective on billiards

Customer feedback regarding the billiards improvements at West Coast Bar varied among the interviewees. While Customer A expressed satisfaction with the existing billiards facilities and did not perceive the need for significant changes, Customer B, and Customer C highlighted potential areas for improvement. Customer B emphasized the importance of enhancing the booking process for billiards tables, suggesting that an online booking system would streamline the reservation process and ensure greater convenience for customers. Additionally, both Customer B and Customer C suggested that introducing themed billiards events or tournaments could enhance the overall experience and attract a wider audience to the bar. These insights underscore the value of considering customer feedback in shaping productization strategies and the potential for innovation in leveraging the billiards section as a key revenue driver.

Moreover, Customer C expressed interest in exploring package deals or promotions specifically tailored to billiards enthusiasts, such as discounted rates for extended play sessions or special offers for group bookings. This perspective highlights the opportunity to further

capitalize on the popularity of billiards among certain customer segments by offering targeted promotions and enhancing the overall value proposition. By aligning productization efforts with customer preferences and interests, West Coast Bar can maximize the appeal of its billiards section and foster greater customer engagement and loyalty.

Customer feedback regarding the product-like packages for companies seeking billiards bookings was limited, as none of the interviewees had participated in such events. Therefore, it was challenging to assess the perceived value and effectiveness of this productization strategy from the customer's standpoint. However, the absence of feedback does not necessarily indicate a lack of interest or potential for success.

#### 4.5 Final meeting

During the final meeting with the CEO on March 20, 2024, various aspects of the productization strategies and their outcomes were discussed. The CEO provided insights into the implementation process and shared observations regarding the effectiveness of the strategies. We reviewed the results of the initiatives undertaken in the areas of smart bartending tools, ticket sales, and billiards utilization, reflecting on the challenges encountered and successes achieved. Additionally, the CEO offered reflections on the overall impact of the productization efforts on the bar's operations, customer satisfaction, and financial performance.

One key topic of discussion was the reception of the online ticketing system among customers and its impact on ticket sales and operational efficiency. The CEO provided feedback on the usability of the *billeti.fi* platform and shared insights into customer experiences with the new ticketing process. Furthermore, we evaluated the success of the happy-hour and special bundle offers in driving sales and enhancing customer engagement. The CEO discussed any adjustments made to these promotions based on customer feedback and market dynamics.

Moreover, the CEO provided updates on any additional measures taken to further enhance productization in response to customer feedback and changing market conditions. This included considerations for future productization strategies and opportunities for continued improvement. Overall, the meeting served as a culmination of the productization efforts, allowing for reflection on achievements and insights for future enhancements.

## 5 Conclusions

In conclusion, service productization in the context of the nightlife industry involves the strategic enhancement of service offerings to create more tangible and marketable products, thereby increasing value for both customers and businesses. As discussed by Eriksson and Kovalainen (2016), service productization entails transforming intangible services into more structured and standardized offerings, often through the integration of technology and process improvements. This aligns with the findings of Wirtz et al. (2021), who emphasize the importance of developing service products to meet evolving customer demands and market trends. Through initiatives such as smart bartending tools, online ticketing systems, and curated drink packages, businesses can streamline operations, enhance customer experiences, and drive revenue growth.

In the next section, the main findings of this study will be explored, highlighting the effectiveness of specific productization strategies implemented in a real-world nightlife setting. Additionally, the limitations of the study, such as sample size and scope, will be addressed, and avenues for future research to further explore the dynamics of service productization in the nightlife industry will be proposed.

### 5.1 Key findings

In this chapter, the key findings derived from the implementation of productization strategies within the nightlife industry, specifically focusing on a case study of West Coast Bar, are presented. Through a combination of qualitative interviews with the CEO and customers, as well as an internal evaluation of the implemented strategies, the impact and effectiveness of various productization initiatives in enhancing service delivery and customer satisfaction are assessed.

Evaluating the smart bartending tools and drink sales, the implementation of a self-service water tap and targeted happy-hour promotions proved effective in streamlining service delivery and enhancing customer experience. The introduction of self-service water taps reduced staff workload and facilitated additional sales opportunities, while happy-hour promotions simplified decision-making processes for customers and increased sales efficiency.

Concerning the ticketing system enhancement, the implementation of an online ticketing system via *billeti.fi* significantly improved ticket sales and reduced wait times at the door before concerts. Approximately 80% of tickets were sold in advance, providing stability for

the bar and enabling better resource allocation for event management. Despite initial challenges with platform integration and user-friendliness, the overall success of the online ticketing strategy underscores its effectiveness in enhancing service productization.

Efforts to enhance billiards utilization through targeted service packages for corporate bookings yielded mixed results. While the introduction of tailored packages generated additional revenue and enhanced customer offerings, feedback from customers was limited, highlighting the need for further evaluation and refinement of the strategy.

The findings of this study underscore the importance of tailored productization strategies in the nightlife industry to enhance service delivery and customer satisfaction. While initiatives such as smart bartending tools and online ticketing systems demonstrated significant improvements in operational efficiency and sales, further refinement and evaluation are necessary to maximize the effectiveness of billiards utilization strategies.

Various strategies were implemented, and challenges were encountered that influenced the outcomes. Firstly, efforts to make it easier for customers to access water and offer special deals during happy hours were well-received by both staff and customers. However, the success of these initiatives was influenced by factors such as the bar's location and the preferences of its clientele. Limited resources, both in terms of finances and technical capabilities, also impacted the extent to which these strategies could be implemented effectively.

Moving on to the online ticketing system, it was found that while it significantly boosted ticket sales and improved efficiency, there were initial challenges with platform integration and user-friendliness. These technical hurdles, along with financial constraints, underscored the importance of considering the bar's capabilities and limitations when implementing such strategies.

Regarding the billiards section, offering tailored packages for corporate events proved to be a promising avenue for revenue generation. However, the lack of customer feedback highlighted the need to better align these offerings with customer preferences and expectations.

Despite these limitations, the findings demonstrate the potential of productization strategies to enhance the bar experience. By carefully considering the unique circumstances and constraints faced by the West Coast Bar, these strategies can continue to be refined and optimized to better meet the needs and expectations of both staff and customers alike.

## 5.2 Research questions – outcomes and conclusions

The primary objective of this thesis was to address the three research questions posed at the outset of the study: understanding nightclubs' perceptions of service productization, identifying specific strategies for implementation, and evaluating the impact on competitiveness and customer attraction.

Nightclubs currently perceive service productization as a strategic approach to transform intangible knowledge or expertise into marketable and deliverable offerings. This understanding encompasses various actions, including defining, planning, developing, describing, and manufacturing services, all aimed at maximizing customer profitability and meeting company earnings targets. Moreover, nightclubs view service productization as an integral part of research and development plans, focusing on designing service delivery into more controllable and predictable formulas. However, their understanding may vary based on factors such as location, clientele, and available resources.

To enhance their offerings, nightclubs can employ various service productization strategies. These include implementing smart bartending tools, offering pre-designed drink packages or bundles, introducing digital ordering systems, establishing loyalty programs, and automating inventory management. These strategies aim to streamline service delivery, improve operational efficiency, and enhance customer satisfaction. However, the feasibility and effectiveness of these strategies may vary depending on factors such as the nightclub's location, clientele, financial resources, and technical capabilities.

The applied approach of service productization has shown promising results in enhancing competitiveness and attracting more customers for nightclubs. Initiatives such as smart bartending tools and online ticketing systems have significantly improved operational efficiency, increased ticket sales, and reduced wait times at the door before concerts. Additionally, tailored service packages for corporate events have generated additional revenue and enhanced customer offerings. However, challenges such as technical hurdles, financial constraints, and logistical considerations may impact the effectiveness of these strategies. Overall, while service productization has enhanced competitiveness and attracted more customers, ongoing refinement and optimization are necessary to maximize its impact.

## 5.3 Contribution of this study

This study contributes to both academic understanding and practical applications within the realm of service productization in the nightlife industry. Theoretical advancements emerge through an exploration of productization strategies within experiential service environments, providing nuanced insights into service management and marketing concepts. Empirical contributions stem from a real-world case study conducted at West Coast Bar, furnishing valuable data for future research endeavors and theoretical frameworks in this domain. Methodological innovation is evident in the study's mixed-methods approach, which combines qualitative interviews with stakeholders and customers alongside internal evaluations to comprehensively assess the impact of productization initiatives. This methodological rigor enhances the toolkit available for investigating service management and marketing complexities in organizational settings.

Practically, this study offers strategic guidance to nightlife establishments seeking to enhance service delivery and customer satisfaction. By identifying effective productization strategies such as smart bartending tools and online ticketing systems, the study provides actionable insights for bar owners and managers. Moreover, the implementation of self-service water taps and targeted promotions can bolster operational efficiency and sales performance, yielding tangible benefits for industry practitioners. Insights gleaned from customer perspectives on productization initiatives inform the development of customer-centric service strategies, thereby enriching overall customer experiences and fostering greater loyalty among clientele.

In conclusion, this study contributes to the ongoing dialogue between academia and industry by bridging theoretical understanding with practical applications in the realm of service productization within experiential service environments. By elucidating the complexities of service management and marketing in the nightlife industry, this research aims to facilitate continuous improvement and innovation, ultimately enhancing the quality of service delivery and customer experiences in nightlife establishments.

#### 5.4 Managerial implications and future productization strategies

Bar, several innovative ideas emerge that could enhance service delivery and customer satisfaction. One avenue for improvement is the implementation of Digital Ordering Systems, such as self-service kiosks or mobile apps, allowing customers to place orders directly from their tables. This would reduce wait times and streamline the ordering process, improving efficiency and convenience for customers.

Introducing a Loyalty Program presents another opportunity to foster customer loyalty and repeat business. By offering a digital loyalty program where customers can earn points for purchases, redeemable for discounts or free drinks, the bar can incentivize repeat visits and enhance customer retention.

Automated Inventory Management is another area where technological solutions can optimize operations. Implementing software to track inventory levels in real-time, automate re-ordering processes, and minimize wastage can improve stock management efficiency and reduce costs.

Utilizing customer data and preferences to offer personalized drink recommendations or promotions via digital signage or mobile notifications represents a more tailored approach to customer engagement. By leveraging technology to deliver targeted marketing messages, the bar can enhance customer satisfaction and drive sales.

Investing in Smart Bartending Tools, such as automated cocktail dispensers or drink-making robots, offers potential benefits in terms of consistency, speed, and precision in drink preparation while also reducing labor costs.

However, it is essential to recognize that these strategies may not be feasible or suitable for West Coast Bar due to factors such as high costs, clientele preferences, or location constraints. Therefore, careful consideration and evaluation are necessary before implementing any new initiatives to ensure they align with the bar's goals and capabilities. Ultimately, while these ideas hold promise for enhancing service productization, practical considerations must guide decision-making to ensure successful implementation and positive outcomes for the bar and its customers.

## 5.5 Limitations of the study

Despite the insights gained and contributions made, it is important to acknowledge the limitations inherent in this study. These limitations impact the generalizability, validity, and reliability of the findings, thus warranting careful consideration and interpretation.

One notable limitation is the sample size and composition. The study focused on a single case study of West Coast Bar, limiting the ability to generalize findings to other nightlife establishments. Additionally, the sample size of customer interviews was relatively small,

comprising only three participants. While efforts were made to select participants with diverse perspectives and experiences, the findings may not fully capture the breadth of customer perceptions and preferences.

Another limitation concerns the scope and duration of the study. The research was conducted over a relatively short timeframe, spanning from initial data collection to final evaluation. This limited timeframe may have constrained the depth of analysis and precluded the exploration of long-term effects or trends. Additionally, the study focused primarily on three specific areas of productization – smart bartending tools, ticketing systems, and billiards utilization – neglecting other potential avenues for enhancement within the nightlife industry.

Furthermore, the study's reliance on qualitative methods may introduce biases and subjectivity in data collection and analysis. While qualitative research offers valuable insights into complex phenomena, the interpretation of findings may be influenced by the researcher's perspectives and biases. Moreover, the absence of quantitative data limits the ability to quantify the impact of productization strategies objectively.

Lastly, external factors beyond the control of the researcher may have influenced the study outcomes. Factors such as changes in market conditions, competitor actions, or unforeseen events could have affected the implementation and effectiveness of productization strategies. These external influences highlight the dynamic and unpredictable nature of the nightlife industry, which may present challenges for researchers seeking to draw definitive conclusions.

Despite these limitations, this study provides valuable insights into the complexities of service productization in the nightlife industry. By acknowledging and addressing these limitations, future research can build upon this foundation and contribute to a deeper understanding of effective strategies for enhancing service delivery and customer satisfaction in nightlife establishments.

## 5.6 Suggestions for future research

This study has illuminated various aspects of service productization within the context of nightlife establishments, yet opportunities for further inquiry remain. These prospective avenues aim to enrich understanding, broaden the scope of investigation, and advance service innovation and management practices within the hospitality sector.

One avenue for future research could involve undertaking comparative analyses to discern the efficacy of divergent productization strategies across a spectrum of nightlife venues. By juxtaposing outcomes across bars, clubs, lounges, and similar establishments, researchers can discern the determinants of strategy efficacy and performance outcomes.

Additionally, longitudinal inquiries tracking the trajectory of productization strategy implementation and impact over protracted durations could yield deeper insights into their sustainability and enduring effects. By scrutinizing temporal trends and patterns, researchers may assess the resilience of productization initiatives and pinpoint factors underpinning their success or failure.

Further research may also delve into the segmentation of nightlife clientele based on nuanced preferences, behaviors, and demographic attributes, thus facilitating the tailored calibration of productization strategies. By discerning the idiosyncratic needs and proclivities of distinct customer segments, establishments can refine bespoke offerings and experiences to augment customer satisfaction and allegiance.

Explorations into the assimilation of nascent technologies—such as artificial intelligence, augmented reality, and virtual reality—into service productization within nightlife venues could furnish fertile ground for future inquiry. Investigating the potential applications of these technologies in enriching customer experiences, optimizing operational processes, and fostering personalized interactions could unveil novel vistas for innovation.

Given mounting apprehensions regarding environmental stewardship and social accountability, prospective investigations might delve into the integration of sustainable practices and endeavors into service productization strategies within nightlife establishments. By scrutinizing the implementation of eco-conscious measures, waste mitigation protocols, and community involvement endeavors, researchers can guide the formulation of more conscientious and ethically grounded approaches to service delivery.

Drawing parallels from analogous domains—such as retail, entertainment, and tourism—could furnish invaluable perspectives and inspiration for refining service productization within nightlife settings. Inquiries probing successful productization strategies in kindred contexts and industries could yield transferable insights and exemplars for refining service delivery and customer experiences within nocturnal venues.

Finally, explorations into the roles and interplay of stakeholders—including employees, suppliers, local communities, and regulatory bodies—in shaping and executing productization strategies could yield valuable insights into the broader ecosystem of nightlife establish-

ments. By discerning the dynamics and interrelationships among diverse stakeholders, researchers can inform more holistic and participatory approaches to service innovation and management.

By embracing these trajectories for research, subsequent inquiries can enrich comprehension of service productization in the nightlife domain and catalyze ongoing innovation and enhancement in hospitality management practices.

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## Appendix 1. The semi-structured interview script for the initial meeting with the CEO.

1. Introduction:
  - Greet the CEO and express gratitude for their time.
  - Briefly introduce the purpose of the meeting and the research project.
2. Background Information:
  - Could you please provide an overview of West Coast Bar and its operations?
  - How long have you been in your current role as CEO?
  - Can you describe your role and responsibilities within the company?
3. Understanding of Service Productization:
  - How do you define service productization within the context of West Coast Bar?
  - What is your understanding of the concept of service productization?
  - Have you implemented any service productization strategies in the past?
  - If so, could you please elaborate on them?
4. Current Challenges and Opportunities:
  - What do you perceive as the main challenges facing West Coast Bar in terms of service delivery and customer satisfaction?
  - Are there any specific opportunities you see for improving the competitiveness of West Coast Bar?
5. Goals and Expectations:
  - What are your primary goals or objectives for implementing service productization strategies?
  - What outcomes or results do you hope to achieve through these strategies?
6. Past Experiences and Lessons Learned:
  - Can you share any past experiences or initiatives related to service productization that were particularly successful or unsuccessful?
  - What lessons have you learned from these experiences that you believe could inform future strategies?
7. Collaboration and Input:
  - How do you envision collaboration between the research team and West Coast Bar throughout this project?
  - Are there any specific areas where you would like to provide input or guidance during the research process?
8. Closing Remarks:
  - Thank the CEO for their insights and participation in the interview.
  - Confirm any follow-up actions or next steps.

Appendix 2. The semi-structured interview script for the meeting with customers to gain their opinion on the three productization areas.

1. Introduction:
  - Greet the customer and thank them for participating in the interview.
  - Briefly explain the purpose of the meeting, which is to gather their feedback on various productization strategies implemented at West Coast Bar.
2. Background Information:
  - Can you please tell us a bit about your experiences as a customer at West Coast Bar?
  - How frequently do you visit West Coast Bar, and what are some of the main reasons for your visits?
3. Perception of Service Productization:
  - How would you describe the overall experience of visiting West Coast Bar in terms of service delivery and customer satisfaction?
  - What are your thoughts on the concept of service productization, particularly in the context of a nightlife establishment like West Coast Bar?
4. Specific Productization Areas:
  - Smart Bartending Tools:
    - Have you noticed any changes in the efficiency or quality of service since the implementation of smart bartending tools?
    - How do you feel about the self-service water tap and targeted happy-hour promotions?
  - Online Ticketing System:
    - Have you used the online ticketing system for events at West Coast Bar?
    - What was your experience like with the online ticketing process?
  - Billiards Section Utilization:
    - Have you booked or participated in any events or activities at the billiards section of West Coast Bar?
    - What are your thoughts on the proposed service packages for corporate events or team-building activities?
5. Suggestions and Feedback:
  - Are there any other productization strategies or improvements you would like to see at West Coast Bar?
  - Do you have any suggestions or feedback for enhancing the overall customer experience at the bar?
6. Closing Remarks:
  - Thank the customer for their time and valuable input.
  - Invite them to share any additional thoughts or comments they may have.

