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## Development Plan for the Outdoor Bar of Wu- kong Restaurant (Asian Buffet restaurant in Kajaani)



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## **Abstract**

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This thesis was commissioned by Wukong Restaurant in Kajaani to develop a new outdoor bar concept that remains functional in rainy weather and supports year-round operation. The development task responds to the restaurant's current challenge of being unable to use its outdoor bar during unfavorable weather, resulting in revenue loss and underutilized space. The objective is to create a practical, weather-resistant solution that aligns with the restaurant's business strategy and enhances customer satisfaction. The implementation follows the Stage-Gate Model for product development. The project progresses through idea generation, concept planning, business modeling, service blueprinting, and financial analysis.

The outcome of the thesis was a comprehensive outdoor bar concept featuring a retractable roof, heating systems, and weather-resistant materials. Operational guidelines, cost estimates, and a marketing plan support the feasibility of the solution. The solution aims to increase seating capacity, improve customer experience, and boost off-season sales. The concept not only addresses the original problem but also offers a scalable model for similar hospitality businesses in cold climates. Future development could include smart climate control technologies or expansion into event hosting services.

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## 1 Introduction

This thesis focuses on product and service development within the food and beverage industry. This subject was chosen due to its relevance to a career in the sector, offering a practical approach to understanding the intricacies of product and service innovation within this highly competitive field. By conducting this development task, valuable insights can be gained into how the industry operates, including the factors that influence successful development, consumer expectations, and market trends. This thesis also builds on foundational knowledge acquired through university studies, allowing for a deeper exploration of key product and service development concepts and their practical applications in the food and beverage sector.

### 1.1 Objectives

The thesis aims to develop a comprehensive concept for Wukong Restaurant's outdoor bar, focusing on design, functionality, and financial sustainability. The primary objective is to create a layout that ensures comfort and efficiency in various weather conditions, such as the harsh winter climate. Additionally, the project will provide the commissioner with a detailed cost analysis, enabling them to assess the feasibility and long-term sustainability of the proposed plan. The final concept is set to be completed by May and presented to the commissioner, allowing ample time for construction, material sourcing, and setup. This timeline ensures the outdoor bar is fully operational before the summer season, maximizing its potential for customer attraction and revenue generation.

### 1.2 Development task

The primary development task for this thesis is to create a comprehensive concept for Wukong Restaurant's outdoor bar that can transition into the design and construction phase by summer. The development is structured into two main components. The first focuses on selecting suitable interior and exterior materials that ensure durability and functionality in varying weather conditions; the second concentrates on establishing efficient back-office operations, including workflow design, inventory management, and staffing strategies to support seamless service delivery.

This concept should address the limitations of the current outdoor bar, which faces operational challenges due to weather constraints and inconsistent use. Through this development, Wukong Restaurant aims to enhance its outdoor space, making it both a profitable and attractive feature of the business.

### 1.3 Introduction of the commissioning party

Wukong is a buffet restaurant located in Kajaani. The restaurant was opened during the summer of 2024. Wukong offers sushi and wok as its main products, but the restaurant also provides a Korean barbecue buffet on weekends. The target customers include office workers and social workers of middle—and high-income levels, both individuals and groups. (Ha Do, personal communication, November 03, 2024)

The restaurant building holds significant historical value for the city. This second-oldest building in the center of Kajaani was completed in 1830 and initially served as the home of the district doctor Carl Carlsson. It was later converted into the city library. The library was established in Kajaani in 1860 and has operated in many different locations, but for the longest time on this old property, from 1911 until 1985. The building has been renovated and used by restaurants since 2017. (Regional Council of Kainuu, n.d.)

The commissioner's need from this thesis is to develop a functional and operational outdoor bar, maximizing its utilization while enhancing the restaurant's overall profitability. This development aims to optimize the use of the existing outdoor space, ensuring that it contributes to the restaurant's overall business performance. By addressing current limitations, such as weather-related restrictions and staffing challenges, the project seeks to create a sustainable and profitable operational model. (Ha Do, personal communication, November 03, 2024)

## 2 Theoretical frameworks

This chapter examines the theoretical frameworks that underpin the study of new product development, particularly within the context of restaurant operations. It will include the definition of essential terms and concepts.

### 2.1 Definition of New Product Development Process

The NPD process includes the activities that firms undertake when developing and launching new products. Through a systematic development cycle, NPD entails turning technical and market opportunities into products that can be sold (Mattson & Sorensen, 2019, p. 12). It promotes the sustainability of businesses, particularly in fast-paced markets with short innovation cycles.

An initial product concept or idea is evaluated, created, tested, and then released before a new product is introduced to the market in phases. Another way to conceptualize this set of tasks is as a series of steps for gathering and assessing information. Management can assess and reassess its original decision to develop or launch the new product as it gets more aware of it (or less uncertain about it). By lowering the degree of risk and reducing the resources devoted to products that ultimately fail, businesses can make better decisions about new products by adhering to this information-gathering and evaluation process. Firms and sectors use different NPD processes. It should, in fact, be tailored to the needs and resources of each business. (Booz, Allen, & Hamilton, 1982, p. 8)

Product concept design is shaped by several factors, including customer input, company strategy, and environmental uncertainties. Keinonen (2006, p. 157) highlights the value of strategic thinking in product conception, especially in markets that are unstable and where customer preferences shift quickly. In order to guarantee relevance and viability in this situation, the design team must strike a balance between creativity and feasibility, utilizing resources such as user personas, scenarios, and value propositions (Keinonen, 2006, p. 91–131).

Many academics have attempted to create a model that encapsulates the key steps of the NPD process (Ulrich & Eppinger, 2011; Wind, 2001; Cooper, 1986; Crawford, 1987; Scheuing, 1974). Over the years, many detailed NPD models have been developed, the best known of which is the Stage-Gate model, introduced by Robert G. Cooper. This widely used model covers all the

fundamental stages of models described in the literature. It is based on comprehensive surveys, in-depth interviews, and case studies. As a result, the Stage-Gate new product technique is a conceptual and useful framework for developing a new product from conception to market introduction. It is a strategy to improve efficacy and efficiency in the new product process (Cooper, 1990, p. 44-46).

## 2.2 New Product Development in the Restaurant Service Industry

Although NPD has historically been linked to the manufacturing sector, it is also important in the service sector. Especially in restaurants, the use of NPD has increased dramatically in recent years. Restaurants are under growing pressure to innovate in both their menus and the overall dining experience as customer expectations change. The food and beverage services sector has expanded and developed in all regions because of social developments like industrialization, urbanization, and globalization (Breadsworth & Keil, 1997, p. 3-5). An environment of fierce competition resulted from the growth in the number of businesses. Even while restaurants provide for people's food and drink needs, they still need to satisfy goals including giving themselves a competitive edge, increasing their market share, and staying sustainable (Kandampully & Suhartanto, 2000, p. 346-348). Additionally, restaurants must adjust to the ever-evolving tastes and preferences of their patrons, as well as health trends (such as plant-based diets and low-carb foods), sustainability concerns (such as sourcing local ingredients), and technological advancements (such as online ordering and delivery) (Food Industry Executive, 2024).

By implementing NPD, restaurants can introduce new items and services that cater to these evolving needs, ensuring they stay relevant (Barrows et al., 2012, p. 150-152). Kimes (2011, p. 31-33) mentions that external trends, such as the rise of health-conscious eating, the increasing demand for sustainable practices, and the growth of food delivery services, influence the restaurant industry. Implementing NPD ensures that a restaurant can quickly adapt to these trends and remain attractive to target audiences, failing to innovate could result in falling behind competitors who are more in tune with market demands (Espinoza-Mercado & Millán-López, 2024).

### 2.3 Service Design

Service design is a structured method and framework used to develop, analyze, and improve service experiences. It assists businesses in identifying customer needs, mapping service processes, and designing solutions that enhance user interactions (Stickdorn & Schneider, 2012, p. 384). Service design is not limited to a single industry but is applied across sectors such as hospitality, healthcare, retail, finance, and digital services. Service design goes beyond product development by considering how services are delivered, the people involved, and the infrastructure required to support them (Moritz, 2005, p. 123).

According to Stickdorn et al. (2018, p. 26-27), service design is based on five key principles that ensure a structured and effective approach to service development. User-centered design focuses on addressing real user needs rather than relying on assumptions, while co-creative design involves stakeholders in the process to enhance feasibility. Sequencing breaks down the service journey into multiple steps for better analysis, and evidencing makes intangible service experiences more tangible through elements like branding and physical touchpoints. Lastly, a holistic approach considers the entire ecosystem, integrating both front-end customer interactions and back-end operations. Together, these principles guide the application of service design tools, enabling businesses to create user-friendly, efficient, and well-integrated services.

Service design provides businesses with structured methodologies to improve service delivery, customer experience, and operational efficiency (Stickdorn & Schneider, 2012, p. 384). By leveraging tools such as customer journey mapping, service blueprinting, persona development, prototyping, and stakeholder mapping, businesses can identify pain points, test innovative solutions, and optimize their services (Moritz, 2005). Whether applied in hospitality, retail, healthcare, or digital services, these tools are essential for businesses looking to stay competitive and meet evolving customer needs (Stickdorn et al., 2018, p. 26-27). As service design continues to evolve, businesses that embrace these tools will be better positioned for long-term success (Brown, 2009).

### 2.4 Definition of Concept

A product concept serves as the foundational idea behind the development of a new product. It encompasses a detailed understanding of the product's intended function, its target users, and

the value it aims to deliver. Mattson & Sorensen (2020, p. 87) explain that the concept development phase plays a critical role in transforming early-stage ideas into a robust system-level design that aligns with customer needs. This process involves identifying potential features, assessing feasibility, and generating alternative solutions. From a marketing perspective, Hannagan (1992, p. 102) emphasizes that a product concept is not limited to tangible goods; it includes services and experiences as long as they meet a need or want in the marketplace. Thus, a product concept is both a strategic and creative tool that guides the design, positioning, and communication of a product before it enters the development stage.

In the context of service industries, such as hospitality or restaurant businesses, this distinction becomes especially important. A service concept defines the core idea of the service being offered and how it creates value for customers. According to Goldstein, Johnston, Duffy, and Rao (2002, p. 121-134), a service concept is “the customer’s perception of the service in terms of form, function, and experience.” It acts as a bridge between the organization’s service strategy and the actual service delivery. Developing a service concept involves identifying the customer experience goals, the service outcomes, and the operational elements needed to support them.

## 2.5 Development models

This chapter will introduce theoretical models for producing new products, ultimately contributing to the overall success and profitability of restaurant businesses. These models, such as the Stage-Gate Model, Service Blueprint and Business Model Canvas, provide structured approaches that help businesses systematically generate, evaluate, and implement new concepts.

### 2.5.1 Stage-Gate model

The Stage-Gate model offers a structured perspective on how businesses can efficiently transform ideas into viable products while mitigating risks. The perspective involves considering various factors, such as market needs, technological feasibility, and financial constraints, in each phase of development. The model divides the NPD process into a series of stages (where development activities take place) and gates (decision points to continue, modify, or stop the project). (Cooper, 1999, p. 93-95) It is widely used across industries, including manufacturing, technology, and the service sector, such as the restaurant industry (Stage-Gate International, n.d.).

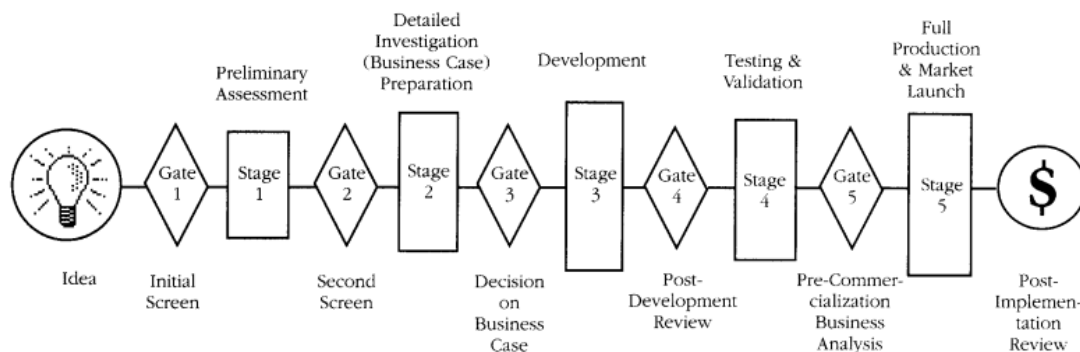


Figure 1. An overview of a Stage-Gate System (Cooper, 1999, p. 119).

By limiting risks and resource waste, the Stage-Gate Process offers an organized method for product development, guaranteeing that only workable ideas advance. In order to identify poor concepts early on, the process starts with preliminary assessment, which involves rapidly evaluating several ideas using desk research. A proposal that seems promising advances to Detailed Investigation, where business case creation and market research are used to support the concept's viability and likelihood of success. (Cooper, 1999, p. 113-120)

Once approved, the project moves on to Concept Development, when marketing tactics, user testing, and prototype creation are carried out. The Business Model Canvas will be utilized in this phase to assist in defining the distinct value that the product will offer the company. A large amount of money must be spent on research and development during this era. After that, testing and validation use real-world trials to make sure the product is feasible for manufacturing, commercialization, and consumer acceptance. The product is finally released onto the market during the Full Market Launch, during which time its performance is continuously tracked and any necessary modifications are made. (Cooper, 1999, p. 121-124)

Gates act as checkpoints in between each step, where choices are made on whether to continue, modify, or end the project. To ascertain whether the idea merits more investigation, Gate 1 (Initial Screening) entails a preliminary examination (Cooper, 1999, p. 112-113). Before moving forward, Gate 2 (Second Screen) reassesses the project with new information (Cooper, 1999, p. 115-116). Gate 3 (Decision on the Business Case) is a critical checkpoint before significant investment in development (Cooper, 1999, p. 120-121). Gate 4 (Post-Development Review) evaluates whether the product aligns with the original vision and includes an updated financial analysis (Cooper, 1999, p. 123). Gate 5 (Pre-Commercialization Business Analysis) serves as the final approval before full market release (Cooper, 1999, p. 125).

After launch, a Post-Implementation Review assesses the product's performance against its initial goals. Some businesses conduct an early review shortly after launch to allow for course corrections, followed by a final evaluation once business results are available. (Cooper, 1999, p. 126-127)

The Stage-Gate Process is particularly useful in technology-intensive and competitive industries, providing a disciplined, risk-reducing approach to product development. It enhances decision-making with clear Go/Kill checkpoints, optimizes resource allocation, fosters innovation through structured iteration, and ensures cross-functional collaboration for seamless execution. (Cooper, 1999, p. 127)

### 2.5.2 Business Model Canvas

During the Preliminary Assessment stage and Business Case stage of the Stage-Gate Model, Business Model Canvas (Figure 2) will be used. One of the most effective tools for visualizing, analyzing, and innovating a business model is the Business Model Canvas, introduced in Business Model Generation by Alexander Osterwalder and Yves Pigneur. This strategic framework provides a structured approach to understanding how a business creates, delivers, and captures value. By breaking down a business into nine essential components, the BMC helps entrepreneurs and business owners refine their operations and explore new growth opportunities. (Osterwalder & Pigneur, 2010, p. 14-15)

## TOOLS | BUSINESS MODEL CANVAS

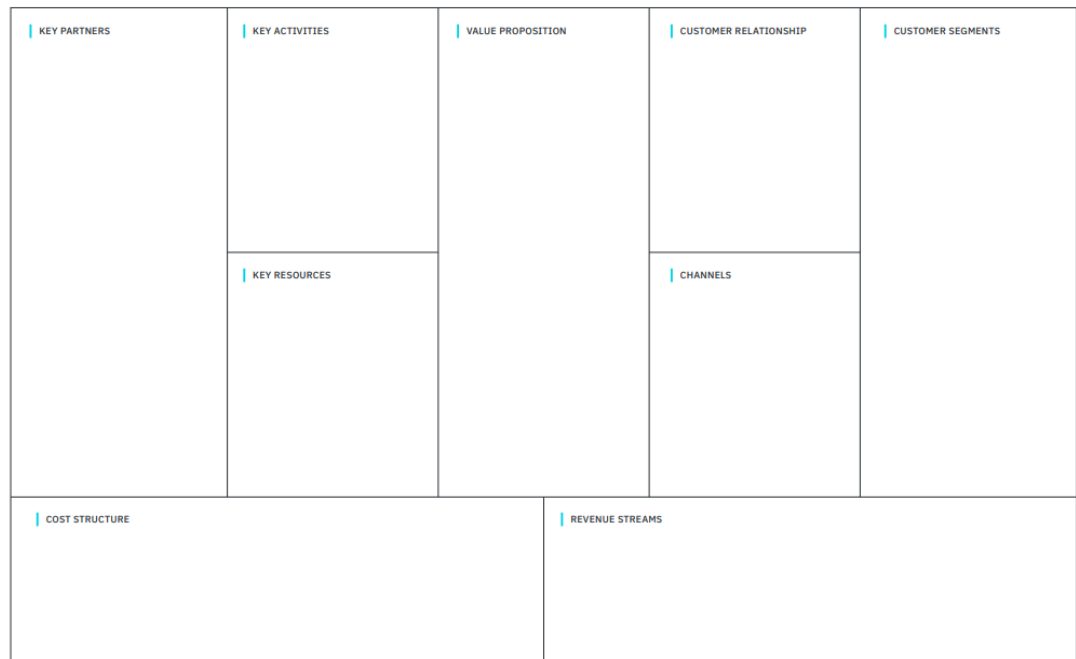
sdt | [www.servicedesigntools.org](http://www.servicedesigntools.org)

Figure 2. Business Model Canvas (Service Design Tools, n.d.).

The Business Model Canvas consists of nine interconnected elements that define the core aspects of a business. Customer segments, the first component, identify the groupings of people or businesses that a company wants to serve. Companies can target a multi-sided market, where several consumer groups engage (such as buyers and sellers on platforms like eBay), a mass market, or a specialized market. Building a successful company model requires a thorough understanding of client wants and habits. (Osterwalder & Pigneur, 2010, p. 20-21)

Value Propositions, the second element, outlines the special advantages that draw clients. A business's value proposition could be founded on innovation (like Tesla's electric cars), low prices (like Ryanair's inexpensive flights), personalization (like NikeiD's customized shoes), or brand recognition (like Louis Vuitton's upscale appeal). Businesses can differentiate themselves in competitive marketplaces by addressing client pain points and providing distinctive offerings. (Osterwalder & Pigneur, 2010, p. 22-25)

Channels are how a company offers its value proposition to clients. These can be indirect (via distributors or retailers who are not affiliated with the brand) or direct (through company-owned storefronts and online platforms). Businesses can improve consumer awareness, evaluation, purchase, delivery, and after-sales service by implementing effective channel strategies. For instance,

consumers may simply access material with Netflix's digital streaming service, which offers a seamless experience. (Osterwalder & Pigneur, 2010, p. 26-27)

Customer relationships, which explain how companies communicate with their clients, are another crucial element. Relationships can be community-driven (like Harley-Davidson's biker organizations), self-service (like IKEA's do-it-yourself model), or personalized (like premium businesses providing one-on-one consultations). Long-term engagement and client loyalty are increased by companies that cultivate solid relationships. (Osterwalder & Pigneur, 2010, p. 28-29)

How a business makes money is determined by its revenue streams. Asset sales (selling tangible goods), usage fees (like Uber charges per ride), subscription fees (like Netflix and Spotify), licensing (like Microsoft licenses software), and advertising (like Facebook's ad-based strategy) are examples of common revenue strategies. Businesses can lower their financial risks and boost profitability by diversifying their sources of income. (Osterwalder & Pigneur, 2010, p. 30-33)

The essential assets required to operate a firm are listed in the Key Resources section. These could be financial resources (like investor money), human capital (like skilled workers), intellectual property (like patents and trademarks), or physical resources (like industrial facilities). Strong critical resources provide businesses with a competitive edge in their sector. (Osterwalder & Pigneur, 2010, p. 34-35)

Similarly, Key Activities outlines the fundamental duties that an organization must fulfill in order to function effectively. A consulting organization focuses on problem-solving, whereas a manufacturing corporation prioritizes production. Platform management and logistics are given top priority on digital marketplaces like Amazon. (Osterwalder & Pigneur, 2010, p. 36-37)

Key Partnerships are outside alliances that assist companies in growing and lowering risks. Suppliers, joint ventures, strategic alliances, and competitor collaborations (co-opetition) are all examples of partnerships. For instance, Starbucks teamed up with Pepsi to distribute bottled coffee throughout the world, while Apple depends on vendors like Foxconn to build its devices. (Osterwalder & Pigneur, 2010, p. 38-39)

Lastly, the costs necessary to operate a business are listed in the Cost Structure. Companies may have a value-driven strategy (giving premium quality priority, like Gucci) or a cost-driven strategy (concentrating on efficiency and cheap costs, like Ryanair). Financial sustainability requires an understanding of both fixed costs (like rent and salaries) and variable costs (like raw materials and shipping). (Osterwalder & Pigneur, 2010, p. 40-41)

### 2.5.3 Service Blueprinting

The relationships between various service elements, such as people, procedures, and props (digital or physical evidence), that are directly connected to touchpoints in a particular customer journey, are depicted in a service blueprint (Shostack, 1984, p. 137). In complex situations involving a wide range of service-related offers, service plans are essential. They are especially helpful for omnichannel experiences, involve several touchpoints, or call for a cross-functional effort (i.e., collaboration of multiple departments) (Nielsen Norman Group, 2016). The service process, as defined by Lovelock & Wirtz (2007), is a tool for providing services that illustrates how an operating system develops the value proposition that clients have been promised. The service process is difficult to visualize since it is primarily intangible.

Lovelock & Wirtz (2007, p. 205) mentioned two crucial elements for creating a blueprint. It must first concentrate on all of the important aspects of developing and providing the service; second, it must outline the connections between these aspects. To define the "big picture," it is best to keep these operations largely combined. Afterwards, it might be possible to refine the given activities by "drilling down" to reach higher levels of detail (Lovelock & Wirtz, p. 205). Service blueprinting, as described by Lovelock & Wirtz (2007, p. 206), is as a strategic tool that visually maps out service processes by clearly separating the "front stage" which is the aspects of the service that customers experience - from the "backstage," which consists of the support systems and employee actions that take place behind the scenes but are hidden from the customer. This approach makes clear the points of contact between clients and customer service representatives as well as the internal procedures that facilitate those contacts. Crucially, it helps managers to pinpoint possible weak points - parts of the service process where mistakes are most likely to happen and hurt service quality.

A service blueprint corresponds to a specific customer journey and the specific user goals associated with that journey. There may be more than one design for the same service to accommodate various circumstances. A restaurant, for instance, can have different service blueprints for take-out and in-restaurant eating (Nielsen Norman Group, 2016).

Figure 3 below illustrates the structure and components of a service blueprint map, a visual tool used in service design to detail the interactions between customers and service providers, both frontstage and backstage.

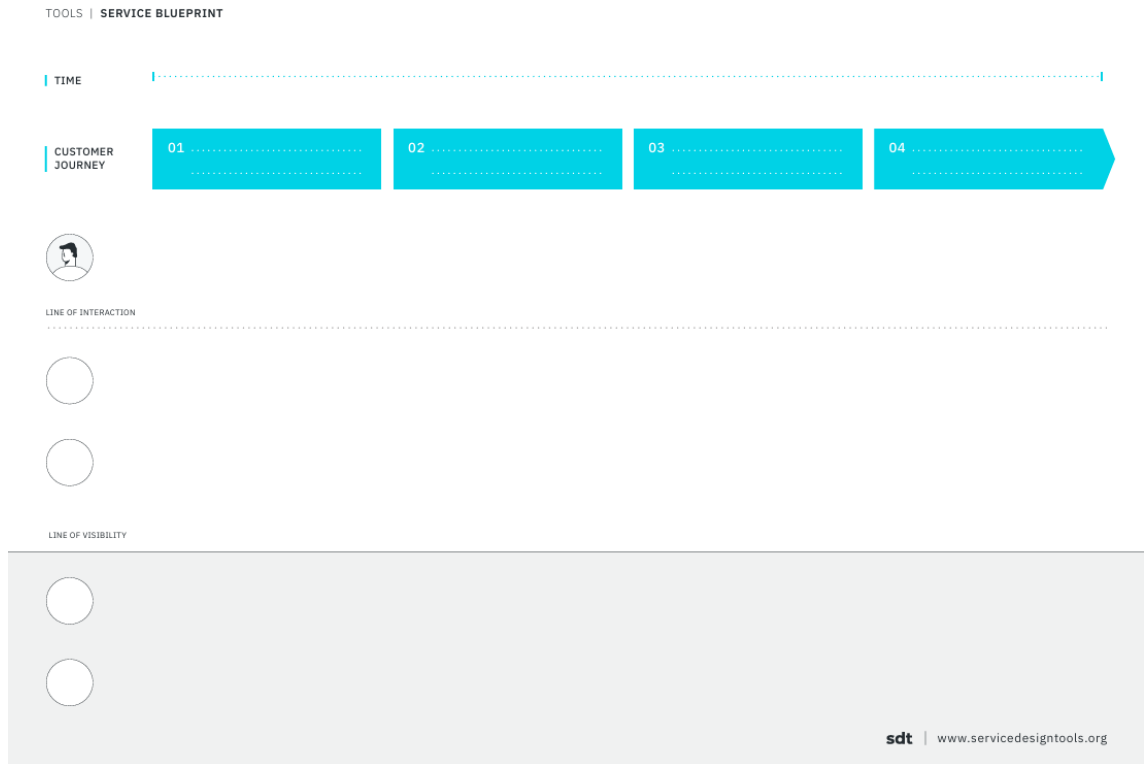


Figure 3. Service Blueprint (Service Design Tools, n.d.).

By mapping the visible and invisible processes that go into providing services, service blueprinting gives businesses a thorough grasp of their offerings. This comprehensive approach aids in identifying underlying flaws that could impair user experience; these problems are frequently caused by organizational inefficiencies rather than discrete interface difficulties. Service designs provide areas for optimization, including removing duplications or enhancing information flow, by highlighting these dependencies. Additionally, by coordinating individual touchpoints with more general organizational goals, they promote cross-departmental coordination and guarantee that departments collaborate to achieve common goals (Nielsen Norman Group, 2016).

A service blueprint is made up of a number of essential elements that work together to create a thorough illustration of the service delivery procedure. Customer actions are the decisions, actions, and interactions that consumers take within the service to accomplish a certain objective (Bitner, Ostrom, & Morgan, 2008, p. 66-67). These are closely related to front-stage employee activities, which encompass both in-person and virtual contacts and are visible to the consumer (Bitner, Ostrom, & Morgan, 2008, p. 68-70). These public interactions are supported by backstage staff activities that take place behind the scenes and are not visible to the consumer (Bitner, Ostrom, & Morgan, 2008, p. 71-73). The internal procedures and activities that allow staff members to provide the service efficiently are known as support processes (Bitner, Ostrom, & Morgan,

2008, p. 75-78). Furthermore, actual components that clients encounter, including websites, menus, or invoices, are referred to as physical proof. The blueprint is organized along three main lines: the line of interaction, which delineates the points of direct engagement between the customer and the service; the line of visibility, which differentiates between frontstage and backstage actions; and the line of internal interaction, which divides customer-facing staff from internal support roles (Bitner, Ostrom, & Morgan, 2008, p. 90-94).

### 3 Food and Beverages Industry

A restaurant is any establishment where patrons can buy and consume food and beverages. A restaurant sets itself apart by providing a dining area for patrons to enjoy their meals, even though it may also offer food and drinks for delivery or takeout. Food styles and standards vary depending on the type of establishment. Service models also vary widely. This definition states that a restaurant is a business establishment that prepares meals and charges customers for the use of the space (Barten, 2024).

#### 3.1 Types of Restaurants

**Vending Machine:** Vending machines provide a quick and easy way for consumers to buy food on the run in various big cities. (Walker, 2022, p. 14)

**Café:** The French term "café," which means "coffee," is where the word originated. Cafés are usually more casual, smaller eateries that provide tea, coffee, and light fare like salads, sandwiches, and pastries. A café usually provides a calm, cozy atmosphere with cozy seats and welcoming décor. Since many cafes are designed to entice patrons to stay, they are popular locations for people to work, study, or hang out with friends. They might serve a range of baked goods, snacks, and sometimes breakfast or lunch in addition to coffee drinks. Cafés with free Wi-Fi and a peaceful atmosphere attract a wide range of customers, including professionals and students. In addition to occasionally promoting local customs or themes, they usually showcase high-quality coffee and handcrafted goods. Cafés are the ideal location for informal, fast lunches. Kahvila, which translates to "coffee shop," is the name of the café in Finland. (Gawkoski, 2024)

**Bistros:** Originally from France, bistros are tiny, welcoming eateries that are well-known for their delicious yet simple meals at affordable prices. Rich, tasty meals are the main attraction, and they are presented in a calm, comfortable, and private setting. Soups, salads, roasted meats, and stews are among the classic dishes on the menu, which are typically accompanied by wine or house made drinks. Bistros with a cozy, homey menu are famous for their simple yet delicious food. Because of the friendly service and laid-back atmosphere, bistro is a popular choice for people seeking a straightforward but filling dinner. Bistros bridge the gap between fine dining and casual dining by offering a warm, welcoming environment without sacrificing the quality of the food.

Depending on their location and menu, bistro restaurants may see seasonal fluctuations in revenue, particularly if they cater to a specific demographic or rely on outdoor dining. (Gawkoski, 2024)

**Ethnic Restaurants:** Ethnic restaurants specialize in the food of a specific area or country, such as Thai, Indian, Chinese, Japanese, Mexican, or Italian. These eateries place a high value on providing authentic flavors and food that honors the culinary traditions of a particular country. The mood, music, and decor all contribute to the eating experience and frequently reflect the culture being served. In a casual or elegant eating atmosphere, ethnic restaurants can provide everything from intricate multi-course meals to street cuisine. They frequently employ imported products and traditional culinary techniques to maintain authenticity. People who wish to taste more traditional foods like pizza and tacos or more unusual ones like sushi or curries, are drawn to ethnic restaurants when it comes to sampling new flavors and cuisines. These restaurants offer a flavor of another culture through their cuisine. In Finland, sushi restaurants are becoming more and more popular these days. You may find these sushi eateries in practically every Finnish city. (Gawkoski, 2024)

**Grocery Stores and Gas Stations:** As a convenience, a number of grocery stores and gas stations provide a range of hot and cold quick-service foods to patrons. They are making quick-service eateries more competitive. (Walker, 2022, p. 14)

**Pop-up Restaurant:** A pop-up is a transient eatery that enables an idea and culinary skills to be presented for a limited time in an enticing setting. (Walker, 2022, p. 14)

**Food Truck:** A food truck is a mobile restaurant that is typically located in a neighborhood and serves a modest menu that is made in a mobile kitchen. Simple sandwiches, burgers, and fries, as well as tacos, burritos, kebab, and regional cuisine, are frequently offered on the menu. (Walker, 2022, p. 14)

**Quick-Service Restaurants (QSRs):** QSRs place a strong emphasis on convenience and quickness. They cater to customers who are hurried and on the go. The market leader in this area is McDonald's, but there are other independent QSRs and other brands, including Subway, KFC, Taco Bell, and many more. (Walker, 2022, p. 14)

**Quick Casual Restaurant (QCRs):** QCRs are well-liked because of their limited selections on the menu, laid-back atmosphere, and speedy service. Pei Wei, Panera Bread, and Chipotle are some

of the leaders in this group. Customers place their orders at the counter and are either "buzzed" when their orders are ready for pickup or served at their table. (Walker, 2022, p. 14)

Family restaurants: As the name suggests, a family restaurant is a type of informal dining establishment where patrons help themselves to food that is frequently served on platters. However, alcoholic beverages are frequently not served at the family restaurant. (Donald Wade, 2006, p. 16)

Buffet: These eateries can provide a wide variety of food to a large number of patrons simultaneously. They are typically inexpensive and within a family's means. (Donald Wade, 2006, p. 16-17)

Fine-dining Restaurant: Most full-service, fine-dining restaurants are independent, tiny businesses, with some having less than 100 seats. These restaurants are successful due to their exceptional quality, even with their low capacities. Fine dining establishments are full-service eateries with first-rate standards for food quality, service, atmosphere, and overall experience. Fine dining establishments typically employ highly skilled wait personnel who dress more formally. (Tom Powers, 1999, p. 66)

### 3.2 Restaurant Operations

Numerous operational, strategic, and customer-facing decisions must be made when running a restaurant. Restaurant operators must navigate a tough and ever-changing industry, from picking the ideal site to developing a strong brand. The most important factors to consider are as follows.

#### Location

Just as crucial to a restaurant's success as the quality of its food and service is its location. Among other aspects of the business, it directly affects the menu and overall concept. When selecting a potential location, a number of crucial factors must be taken into account. Primarily, the local population base is essential—enough people need to reside in the area to sustain the business. Second, parking needs to be sufficient to accommodate the expected volume of guests, especially during peak hours. Third, accessibility is important, which is why big restaurant chains usually put their locations near highways or freeway exits to make it simple for customers to get to them. Lastly, visibility and accessibility are closely linked, with visibility being particularly important for emerging businesses. If the restaurant is difficult to see, people may not even know it there.

Together, these factors have a significant impact on the restaurant's total profitability as well as customer traffic. Even the most creative and well-executed restaurant concept may fail due to a badly selected site. (Manglik, 2023, p. 33)

#### Menu design

Menu design and food presentation are crucial elements in the restaurant industry that significantly impact customer satisfaction, the whole dining experience, and the sense of quality. A well-designed menu and visually appealing food presentation can boost a restaurant's income, customer engagement, and brand image (Baiomy et al., 2019). Food presentation is another significant aspect in increasing customer satisfaction. Careful plating, garnishing, and overall presentation make food visually beautiful and appetizing, which enhances the dining experience (Putra et al., 2020).

#### Staffing and training

Employee empowerment and training are crucial for ensuring exceptional customer service and overall performance in the restaurant sector. Restaurants that empower their staff and invest in extensive training programs create a positive work environment and boost employee satisfaction to enhance customer experiences. Having empowered and well-trained employees is essential to delivering outstanding customer service. Restaurants invest in comprehensive training programs to equip staff with the skills and knowledge necessary to interact with customers courteously and professionally (Fowler et al., 2019). Allowing employees to make decisions and take ownership of their interactions with customers can lead to more personalized service and quicker problem-solving. Employees with more authority are more likely to go above and beyond to exceed client expectations, which raises overall satisfaction levels (Waqanimaravu & Arasanmi, 2020).

#### Use of Technology

Technology and data analytics are revolutionizing the restaurant industry by offering innovative approaches to raise overall profitability, operational efficacy, and customer pleasure (Roy et al., 2022). The importance of technology in increasing customer happiness is growing. By using technology and data analytics to get valuable insights into customer preferences and habits, restaurants can continuously improve service and anticipate customer needs. Mobile ordering, reservation platforms, point-of-sale systems, and delivery integrations are now considered industry norms (Simons & Neman, 2019, p. 109).

## Marketing

Effective marketing attracts consumers and strengthens brand identity. In addition to online strategies like social media, SEO, and influencer partnerships, restaurants also benefit from offline strategies like community service and local events (NRA, 2022, p. 6). The owner of the restaurant must consider a number of things while choosing social media. The restaurant should limit its use of social media to one or two platforms in order to focus their efforts (Manglik, 2023, p. 34).

### 3.3 Restaurant Trends

As veganism and plant-based diets become more popular, there is an increasing need for plant-based and alternative protein substitutes. Many restaurants are including animal alternatives like Impossible Foods or Beyond Meat on their menus to cater to vegan, vegetarian, and flexitarian customers (NRA, 2022).

According to industry experts, patrons' selections to eat at a restaurant will be influenced by its commitment to sustainability. On a generational level, we can expect that customers will keep supporting businesses that use sustainable materials, local sourcing, and less wasteful cooking as ways to demonstrate their dedication to the environment. (NRA, 2025)

Plant-based meals, gluten-free recipes, and low-calorie alternatives are examples of healthy dining options that are growing in popularity. As consumers get more health conscious, they are searching for restaurants that can meet their dietary needs (Kimes, 2020). Restaurants are under pressure to deliver healthier meals in fewer servings. Americans are overweight and suffer from long-term conditions like diabetes. In response to consumer demand, several restaurants have started offering healthier meal options and smaller portion sizes on their regular menus. (Manglik, 2023, p. 40)

### 3.4 Outdoor Bar

An outdoor bar is a space set aside for the preparation and dispensing of drinks in an open-air setting, like a patio, garden, or terrace. From straightforward configurations like portable bar carts to intricate buildings with sinks, refrigerators, storage cabinets, and seating arrangements, these bars can range widely in complexity. An outdoor bar's main objective is to promote social

gatherings by offering a fun and practical area for entertaining visitors outside. (Better Homes & Gardens, 2020)

By expanding seating capacity, designing event-friendly areas, and drawing patrons looking for informal, social drinking experiences, outdoor bars also contribute to revenue development. According to the National Restaurant Association (2022, p. 4), outdoor dining and bar areas have become increasingly popular, especially post-COVID-19, as they allow for more space and align with consumer preferences for open-air environments. As noted by Simons and Neman (2019, p. 123), integrating outdoor bars into a restaurant's business model can be a strategic advantage in enhancing ambiance and driving sales during peak seasons.

### 3.5 Trends in Outdoor Bars

The use of sustainable materials in outdoor bar designs is becoming increasingly popular. Ash-crete, clay bricks, bamboo, recycled steel or aluminum, recycled glass, reused wood, and recycled composite decking are all growing in popularity. These materials provide durability and visual appeal in addition to lessening their negative effects on the environment. (House Digest, 2025)

Smart technology is being used in modern outdoor bars to improve the patron experience. Convenient and pleasurable outdoor entertainment is made possible by features like integrated lighting, weather-resistant electrical outlets, and built-in USB connections that enable the use of appliances and device charging. (People, 2025)

The goal of design is to create smooth transitions between interior and outdoor areas. The distinction between the two spaces is blurred by this integration, creating a spacious and unified living space that improves the outdoor bar's overall atmosphere. (Fun Outdoor Living, 2025)

Outdoor bars are being created with a variety of uses in mind, such as entertainment, leisure, and dining. This versatility guarantees that the area is used effectively, supporting a range of activities and improving the outdoor area's overall usability. (Grillo, 2025)

Creating immersive and customized experiences at outdoor bars is becoming more and more popular. This entails providing distinctive drink selections, themed décor, and interactive features that draw visitors in and produce lifelong memories. (Food and Wine, 2025)

## 4 Product Development Process for the Outdoor Bar

For developing an outdoor bar, Cooper's Stage-Gate theory will be adapted, with some changes to the original process made to consider Wukong Restaurant's opportunities and the time constraint of this thesis.

### 4.1 Stage 0: Idea generation

The idea for the outdoor bar came from the restaurant manager, who believed it was the most important improvement needed for the business. The manager explained that the outdoor space already existed but was not being used effectively, especially during bad weather. This outdoor space is identified as a key opportunity area and emphasized that activating this area was the most urgent improvement needed for the business. For a while, the manager has been thinking of ways to enhance the space's usability year-round.

### 4.2 Gate 1: Initial Screening

A quick evaluation of the outdoor bar idea was carried out to determine whether it supports the restaurant's overall business objectives, such as expanding seating capacity and increasing sales during off-peak seasons. Since the idea showed potential based on available space, seasonal demand, and alignment with the restaurant's growth strategy, it was considered promising. As a result, it was approved to move forward into Stage 1 of the Stage-Gate process for more detailed exploration and development.

### 4.3 Stage 1: Preliminary Investigation

The first step of this stage is doing the Business Model Canvas for the outdoor bar concept, identifying a viable opportunity to expand the operations of Wukong Restaurant through the development of a seasonal outdoor bar concept. The idea was inspired by the underutilized outdoor space adjacent to the restaurant and the potential to capitalize on Kajaani Castle's popularity as a tourist attraction. Using the Business Model Canvas framework (Figure 4), this initiative

demonstrates a comprehensive approach to service innovation, highlighting key partnerships, resources, and value creation targeted at specific customer segments.

TOOLS | BUSINESS MODEL CANVAS

<p><b>KEY PARTNERS</b></p> <ul style="list-style-type: none"> <li>- Asian market: import Asian alcohol (Soju, Sake) with wholesale price</li> <li>- Contracting contractors (roof, heating system)</li> </ul>	<p><b>KEY ACTIVITIES</b></p> <ul style="list-style-type: none"> <li>- Bar operations</li> <li>- Marketing and Social Media Management</li> <li>- Staff training and scheduling</li> <li>- Setup and takedown (weather-related logistics)</li> </ul>	<p><b>VALUE PROPOSITION</b></p> <ul style="list-style-type: none"> <li>- A unique outdoor drinking spot with a view of Kajaani Castle</li> <li>- Seasonal atmosphere</li> <li>- High-quality drink</li> <li>- Instagram worthy venue</li> </ul>	<p><b>CUSTOMER RELATIONSHIP</b></p> <ul style="list-style-type: none"> <li>- Friendly, relaxed service</li> <li>- Engaging social media presence</li> </ul>	<p><b>CUSTOMER SEGMENTS</b></p> <ul style="list-style-type: none"> <li>- Tourists visiting Kajaani Castle</li> <li>- Local office workers and social workers of middle—and high-income levels, both individuals and groups</li> <li>- Food &amp; beverage enthusiasts</li> </ul>
<p><b>COST STRUCTURE</b></p> <ul style="list-style-type: none"> <li>- Infrastructure investment</li> <li>- Staff wages &amp; training</li> <li>- Heating and electricity expenses</li> </ul>		<p><b>REVENUE STREAMS</b></p> <ul style="list-style-type: none"> <li>- Outdoor bar beverage sales</li> <li>- Private event bookings</li> <li>- Optional for commissioner: seasonal promotions</li> </ul>		
<p><b>KEY RESOURCES</b></p> <ul style="list-style-type: none"> <li>- Retractable roofing system</li> <li>- Outdoor heaters and weather-resistant furniture</li> <li>- Skilled bar &amp; service staff</li> </ul>		<p><b>CHANNELS</b></p> <ul style="list-style-type: none"> <li>- Wukong Restaurant's existing customer base</li> <li>- Social media &amp; website</li> <li>- Potential influencer partnerships</li> </ul>		

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Figure 4. Business Model Canvas for Wukong's Outdoor Bar Concept

The business model's key partnerships is a major component that is essential to ensure cost-effective procurement and efficient operations. Partnerships with Asian alcohol suppliers, especially for drinks like Sake and Soju, offer distinctive product offerings that set the bar apart from rivals. Additionally, the infrastructure is made durable and seasonally adaptive through collaborations with contractors who specialize in heating and roofing systems.

The outdoor bar's key activities comprise a variety of tasks. These include personnel scheduling and training, daily bar operations, continuous marketing and social media management, and logistics pertaining to the setup and breakdown of weather-sensitive equipment. To maintain the service's functionality, client attention, and seasonal alignment, these actions are crucial.

The outdoor bar offers a value proposition that is both exciting and practical. It is a visually appealing and culturally significant site because of its location, which offers a picturesque view of Kajaani Castle Ruins. The ambiance is intended to be seasonal yet always of high quality, providing customers with a laid-back and artistically decorated space that encourages social media sharing. Additionally, the bar offers a unique drink menu that emphasizes high-quality and imported

drinks, appealing to both local and international tastes. Regarding customer relationships, the bar prioritizes laid-back, amiable service, which is supported by an engaging online presence. Social media is essential for consumer interaction and communication, and possible partnerships can increase the bar's exposure and appeal to important market niches.

This project targets a variety of customer segments. They include visitors to the neighboring Kajaani Castle, local social workers and office workers, and those from higher-income groups looking for unusual recreational opportunities. Food and drink aficionados who are drawn to innovative and superior products will also find the concept appealing.

The retractable roofing system, weatherproof furniture, and outdoor heating units that guarantee patron comfort in a range of weather situations are some of the key resources that make up the bar's operation. Having skilled employees with training in hospitality and beverage service is also essential to provide reliable and excellent client experience. The channels through which the bar reaches its customers are both digital and physical. These include Wukong Restaurant's existing clientele, its website and social media platforms, and marketing efforts involving local influencers. These channels help drive both awareness and engagement, ultimately supporting customer acquisition and retention. From a financial perspective, the cost structure includes an infrastructure investment, along with operational costs such as staff wages, training, and utilities, particularly heating and electricity. These investments are necessary to establish and maintain a reliable and attractive venue. Lastly, direct beverage sales, reservations for private events, and perhaps seasonal specials are the sources of income. The bar will be able to diversify its revenue streams and adapt to the various demands and usage patterns of its clientele. In summary, Wukong Restaurant's outdoor bar project is an example of a business plan that uses partnerships, physical infrastructure, and customer experience design to provide value. Business Model Canvas does a good job of showing how each element supports the feasibility and sustainability of this new service concept.

#### 4.4 Gate 2: Second Screen

Based on these findings, the concept shows significant promise and will be further explored and validated in the next stage of the Stage-Gate process.

## 4.5 Stage 2: Detailed Investigation

During this stage of the development process, benchmarking will also be used to examine successful outdoor bars from around the world. The objective is to extract valuable lessons in terms of design, infrastructure, atmosphere, and operational practices that could be adapted to the unique needs of the local context. By analyzing internationally recognized outdoor bars, such as Sky Bar by Seen (Lisbon), Le Perchoir (Paris), Terrasse William Gray (Montreal), and Vertigo (Bangkok), the development process gains a stronger foundation for informed decision-making. These venues were selected for their distinctive approaches to customer experience, innovative use of space, and adaptability to weather conditions—factors particularly relevant for a year-round outdoor venue in northern Finland.

### 4.5.1 Benchmarking

#### Sky Bar by Seen (Lisbon, Portugal)

Sky Bar by Seen, located in Lisbon, offers a luxurious rooftop experience with panoramic views of the city and the Tagus River. The bar is situated on the 9th floor of the Tivoli Avenida Liberdade hotel and features a retractable roof. This allows the bar to remain open regardless of weather conditions. The roof can be closed during rain or cold weather, ensuring that guests are protected while still enjoying panoramic views of the city and the river. Its breathtaking views make it a prime destination for both locals and tourists. One of the primary attractions of Sky Bar by Seen is its location, which capitalizes on the stunning views to draw in customers. This type of positioning—offering exceptional views serves as a unique selling point (USP) that can set an outdoor bar apart from competitors. The design of the bar is sleek and modern, with luxurious seating and ambient lighting that enhances the overall atmosphere. Table service is a key element of customer care, with staff providing personalized attention to guests. (Seen Lisboa, n.d.)

From this case study, incorporating a scenic or elevated location into the design of an outdoor bar can significantly impact its success. Additionally, creating a sophisticated, modern atmosphere with comfortable seating and high-quality service will attract customers seeking premium experience.

### Le Perchoir (Paris, France)

Le Perchoir is a well-known rooftop bar in Paris, offering fantastic views of the Eiffel Tower and the city skyline. Located in a bohemian area of Paris, the bar attracts a trendy crowd with its casual, laid-back ambiance. The design combines rustic elements with modern touches, creating a relaxed yet stylish atmosphere. The open-air setting allows patrons to enjoy the Parisian weather while sipping cocktails. Le Perchoir also hosts regular events, such as DJ nights, which add a lively, dynamic element to the venue. The rooftop terrace is equipped with a retractable roof and heaters, making it a year-round venue that remains open and airy during summer while providing shelter and warmth during colder months. (Le Perchoir Ménilmontant, n.d.)

The takeaway from Le Perchoir is the importance of creating an inviting atmosphere through thoughtful design, with an emphasis on natural elements like wood and greenery. Hosting events is another effective strategy for attracting a regular crowd and creating buzz around the venue. Event-driven marketing can be an excellent way to differentiate an outdoor bar and generate excitement in the community.

### Terrasse William Gray (Montreal, Canada)

Terrasse William Gray, located at the William Gray Hotel in Old Montreal, is another successful outdoor bar that emphasizes a cozy and stylish atmosphere. Its location in a historic part of Montreal draws both tourists and locals (Hotel William Gray, n.d.). The design incorporates a sophisticated blend of modern furniture, comfortable lounge seating, and ambient lighting, while the views of Old Montreal and the St. Lawrence River add to the charm. The menu focuses on fresh, seasonal ingredients, with a selection of craft cocktails and local specialties. The terrace features glass enclosures and retractable roofing that can be adjusted depending on the weather, keeping guests dry during rain and warm during colder seasons with the help of installed heaters (Terrasse William Gray, n.d.).

A key takeaway from Terrasse William Gray is that well-designed infrastructure with retractable roofs, windbreaks, weather-resistant furniture, and heating systems can help them operate effectively during bad weather.

### Vertigo - Rooftop Restaurant (Bangkok, Thailand)

Vertigo, located at the Banyan Tree Hotel in Bangkok, offers a fine-dining rooftop restaurant experience. The bar provides an upscale, intimate atmosphere, with modern seating arrangements

that allow guests to enjoy both the food and the view of the city's skyline. The menu at Vertigo features premium cocktails, wines, and Asian-inspired small plates. The combination of a fine-dining experience with a rooftop bar creates a unique offering that appeals to both those seeking a luxurious dining experience and those interested in a sophisticated bar atmosphere. (Banyan Tree Bangkok, n.d.)

Vertigo's success underscores the importance of blending dining and drinking experiences in one space. Offering both high-end food and beverages in a setting that prioritizes comfort and exclusivity is an effective way to attract a diverse range of customers. Additionally, the panoramic views of the city are a key selling point that can set the venue apart from other bars in the area.

In developing an outdoor bar for Wukong Restaurant, key elements from successful examples like Sky Bar by Seen, Le Perchoir, Terrasse William Gray, and Vertigo can be applied to create a unique and appealing space. The prime location offering a stunning view of Kajaani Castle is a key asset that should be fully leveraged, similar to how Sky Bar by Seen capitalizes on its panoramic views of Lisbon. To enhance this, the bar could feature a retractable roof and weather-resistant infrastructure, as seen in Le Perchoir and Terrasse William Gray, allowing the venue to operate year-round despite varying weather conditions. The design should combine modern elements with comfort, such as cozy seating and ambient lighting, while maintaining an inviting atmosphere. Additionally, hosting events and offering specialized services, like DJ nights or themed evenings, as done at Le Perchoir, can help drive traffic and create a lively atmosphere. Integrating high-quality food and drinks, like Vertigo's upscale dining experience, would elevate the Wukong outdoor bar's offering, appealing to both locals and tourists seeking premium experience. By combining these elements - scenic views, adaptable infrastructure, dynamic atmosphere, and high-end offerings - Wukong's outdoor bar can stand out in a competitive market and provide a memorable experience to its customers year-round.

#### 4.5.2 Budget Planning

According to the commissioner, Wukong Restaurant currently generates an average of €1,000 in daily revenue, translating to approximately €365,000 annually. In considering the development of an outdoor bar, it is essential to approach budgeting strategically to ensure both financial viability and potential profitability. According to Scarborough (2013, p. 306) and Schmidgall (2016, p. 257–259), capital investments in hospitality often follow the rule of allocating 10% to 20% of

annual revenue. For Wukong Restaurant, this translates to an investment range of approximately €36,500 to €54,750, assuming an allocation of 10% to 15% of the total annual revenue. This provides a realistic framework within which the outdoor bar project can be planned and executed.

Budget planning for the outdoor bar must consider several cost components. One of the most significant areas of investment is infrastructure. This includes structural elements such as a retractable roof, heating systems, and durable, weather-resistant furniture. These features are vital for ensuring the outdoor space remains operational throughout the year, particularly given the variable weather in Finland.

According to information provided by Tamar (n.d), the Pratic-Rialto Pergola retractable roof system begins at a base price of €16,720 for 4mx3m, excluding value-added tax (VAT). This system features a customizable design that can be integrated with either wooden or steel support structures, making it adaptable to a variety of architectural and environmental conditions. It is specifically engineered for all-weather use, enhancing its suitability for year-round outdoor applications. For a coverage area of 50 square meters of the Wukong bar, it would need two pieces of this roof, therefore, the total cost would be €33,440.

Another essential component of the budget is climate control. Given the Nordic climate, the installation of an efficient heating system, such as patio heaters or electric heat lamps, is crucial to maintain guest comfort during colder months. The current outdoor seating arrangement consists of six long tables with benches on both sides, providing accommodation for up to 20 individuals. To maintain a comfortable temperature for patrons, especially during cooler weather, it is necessary to install appropriate heating solutions. According to Hobbybox (n.d), a wall- or ceiling-mounted heating lamp is priced at €119. In addition, a standing lamp is recommended to supplement the heat distribution, with Clas Ohlson (n.d) offering suitable models for €69 each. Assuming that each table requires one heating lamp and one standing lamp, the total estimated cost for equipping all six tables amounts to €1,128. A portion of the budget would be used to invest in a POS System to make the process more convenient and faster for the employees as well as customers. According to Flatpay (n.d), the hardware cost for their POS System would be approximately €1,400 to €2,000. Additionally, a portion of the budget should be dedicated to marketing and promotional efforts to ensure that the launch of the new bar is well publicized. A focused social media campaign, combined with event-based promotions, could significantly boost early customer interest and traffic. Regarding the labor costs, according to Statistics Finland (2020), the average labor cost in the construction sector was approximately €30.8 per hour for enterprises with 10–49 employees in 2020. Assuming a project requiring 100–160 labor hours, the labor

component alone would range from €3,000 to €5,000. Optionally, allocating €1,000 to €3,000 for design and decor elements is reasonable if the budget allows. This would cover aspects such as aesthetic enhancements, custom finishes, and specialized lighting, contributing to the overall ambiance of the restaurant space.

Taking all factors into consideration, the total estimated costs for the project is projected to fall approximately between €40,000 to €45,000, which is aligned with the budget.

#### 4.5.3 Cost Analysis

According to the commissioner, the monthly cost for inventory and supplies is estimated to be between €1,000 and €2,000. This includes alcohol products, specialty Asian beverages, and associated shipping fees. These are considered variable costs and are incurred consistently each month, as the outdoor bar is designed to operate throughout the entire year. Similarly, labor costs are estimated at €2,000 to €3,000 per month for two employees. Since the terrace will remain open year-round due to the weatherproof upgrades, these wages are also treated as ongoing monthly variable costs rather than seasonal expenses.

In addition, investment costs such as construction expenses for the retractable roof, heating systems, and other fixed installations are considered annual costs. These are typically incurred once but are allocated over a longer period, often calculated monthly across the entire year to understand their long-term financial impact. The total investment is approximately €40,000 to €45,000, this cost would be distributed evenly across 12 months, resulting in an investment allocation of around €3,500 per month in financial planning models.

Below is the breakdown cost table (Table 1), which indicates the expenses for the outdoor bar each month.

Table 1. Cost Breakdown

<b>Category</b>	<b>Cost Estimate/month</b>
Inventory/Supplies	€1,000–€2,000
Labor Costs (1 bartender & 1 server)	€2,000–€3,000
Investment allocation	€3,500
Total Estimated Costs/month	€6,500–€8,500
Total Estimated Costs/year	€78,000–€102,000

#### 4.5.4 ROI Analysis

If the newly developed outdoor bar space successfully attracts more customers or enhances the overall dining experience, it is expected to generate additional daily revenue. Based on a conservative estimate, the additional revenue could range from €300 to €500 per day. Assuming year-round operation (365 days), this would result in an annual gross revenue increase of approximately €109,500 to €182,500. To calculate the turnover, value-added tax (VAT) must first be deducted. Assuming a VAT rate of 24% (standard rate in Finland), the annual turnover would be approximately €88,220 to €138,700.

From a return on investment (ROI) perspective, the outdoor bar has promising potential. If the new space successfully attracts more guests or enhances the overall dining experience, it could increase daily turnover. The ROI would be approximately 30%, so the bar earns a 30% return on the initial investment over the year.

The payback period for the outdoor bar investment can be estimated by evaluating projected net monthly profits concerning the initial capital expenditure. With an upfront investment of €40,000 to €45,000 and yearly operating expenses of approximately €78,000–€102,000, the outdoor bar is expected to generate an additional annual turnover of approximately €88,220 to €138,700. This translates to a yearly net income of €10,220 to €36,700, depending on customer volume and

weather conditions. Assuming the best-case net annual income of €18,700, consequently, the estimated payback period is about 4 years.

In conclusion, considering Wukong Restaurant's current financial performance and strategic location with a view of Kajaani Castle, the development of an outdoor bar represents a sound investment opportunity. A budget allocation between €40,000 to €45,000 would allow for the creation of a functional and attractive outdoor space capable of operating in various weather conditions. With thoughtful design, effective marketing, and infrastructure suited to year-round use, the outdoor bar could significantly increase customer traffic and enhance the restaurant's revenue potential, offering both immediate and long-term benefits to the business.

#### 4.6 Gate 3: Decision on Business Case

The concept is aligned with the objectives. Therefore, it is moved to the next phase, which is building a business case.

#### 4.7 Stage 3: Development / Concept Plan

The Development stage involves turning the conceptual business case and design plan into an actionable and technically feasible development plan aimed at enabling year-round bar operation despite weather limitations. A separate concept plan, which was given to the commissioner, will be submitted alongside this thesis.

##### Summary

This concept plan proposes a weather-adaptive upgrade to the outdoor bar at Wukong Restaurant, located near Kajaani Castle. By installing a retractable roof and an efficient heating system, the bar can be transformed into a year-round destination. The investment is expected to increase overall restaurant revenue by up to 30% annually, turning the current seasonal space into a high-return asset that capitalizes on its scenic view.

##### Problem Statement / Opportunity

The outdoor bar at Wukong Restaurant currently operates only during favorable weather conditions, typically from July to September. This limited operational window severely restricts revenue potential, especially considering its premium location overlooking Kajaani Castle—a major tourist attraction. The concept plan identifies a clear opportunity to extend usage throughout the year by installing a retractable roof, heating system, and weather-resistant furniture. This transformation would allow the business to capture unmet demand during spring, autumn, and even milder winter days.

According to Tarpio (2015), investing in adaptive outdoor infrastructure can significantly enhance the functionality and sustainability of hospitality venues by extending operational seasons and increasing space utilization. This is reinforced by the Business Model Canvas (Figure 4), where the value proposition includes an “Instagram-worthy” and scenic outdoor drinking spot that can attract both local patrons and visiting tourists throughout the year.

The concept aligns well with Wukong Restaurant’s existing brand and operations. The project leverages current strengths, such as a skilled bar staff, an established customer base, and prime location, while enhancing the business model with added flexibility and revenue resilience. The key partners (such as Asian alcohol importers and infrastructure contractors) and key activities (social media marketing, weather-related setup logistics) are already partly in place, ensuring a smoother path to implementation.

Additionally, offering high-quality imported drinks like Soju and Sake, as mentioned in the canvas, creates a culturally distinctive edge that ties into current global beverage trends.

### Objectives

The primary objective of the proposed concept plan for Wukong’s outdoor bar is to enable full-year operation through the integration of weather-protective features such as a retractable roof and heating systems. By transforming the currently seasonal bar into a climate-resilient venue, the restaurant can maximize the return on its underutilized outdoor space, which offers a unique and scenic view of Kajaani Castle. Beyond regular service, the upgraded space will also support private bookings during colder months, creating a new stream of revenue while enhancing the restaurant’s value proposition as a year-round destination for both locals and tourists.

Below is the table that indicates the options that the commissioner can decide to do for the outdoor bar (Table 2).

Table 2. Suggested options for the outdoor bar

<b>Options</b>	<b>Description</b>	<b>Cost Estimated</b>	<b>Benefit</b>	<b>Risk</b>
Do Nothing	Continue seasonal operation	€0	No change	Underutilized asset
Full Weather-Proof Setup (Recommended)	Retractable roof, heaters	€40,000- €45,000	Year-round use, premium experience	High Upfront cost

#### Proposed Solution

The first element to be added to make the bar weather-proof is to install a retractable polycarbonate or glass roof. These roofs offer a flexible solution that provides shelter from rain, snow, and harsh sunlight while maintaining an open-air feel when retracted. According to Palram (n.d.), polycarbonate roofing is highly durable, lightweight, and resistant to impact and UV radiation, making it ideal for outdoor commercial use. Glass roofs, while heavier, offer a more premium aesthetic and excellent visibility of the sky, enhancing the atmosphere of rooftop or outdoor bars. Retractable systems can be either manual or motorized, and when integrated properly, allow operators to quickly adapt to changing weather conditions without disrupting customer comfort. These roofing systems are commonly used in patios, rooftop lounges, and open-air restaurants seeking to extend their operating season.



Figure 5. Example of a retractable roof system suitable for outdoor bar areas (Alunotec, n.d.).



Figure 6. Example of a retractable roof system suitable for outdoor bar areas (Alunotec, n.d.).

The next element that can be added to the bar is energy-efficient heating lamps and optionally, wind/rain side panels. RS Components (n.d.) explains that outdoor heat lamps are built to withstand the elements. Constructed from weather-resistant materials, these lamps may include features like waterproof casings and rust-resistant finishes. Most outdoor heat lamps also use short wave infrared technology as this is more resistant to wind as compared to other wavelengths, further improving their outdoor functionality. Some models are designed with aesthetics in mind

and can seamlessly integrate into outdoor spaces. They can commonly be found on decks, patios, and even at some restaurants with outdoor seating in the winter.

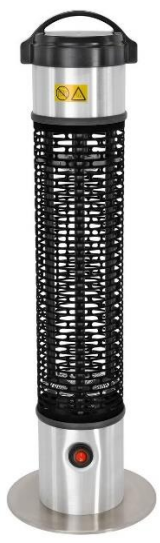


Figure 7. Example of standing heating lamps (Clas Ohlson, n.d.).



Figure 8. Example of ceiling heating lamps (Hobbybox, n.d.).

Optionally, if the budget permits, the commissioner can also opt for options such as weather-resistant furniture and light landscaping, lighting upgrades. Having such features can complement the aesthetic of outdoor space and create a more inviting atmosphere seating area.

#### Benefits

The proposed upgrades to the outdoor bar are projected to generate a yearly net income of €10,220 to €36,700, based on an estimated €300-€500 in additional daily sales. This financial gain

is driven by the ability to operate the bar more consistently throughout the year, especially during colder or rainy months when it would otherwise remain closed. By weatherproofing the space, the bar's usable seating capacity is effectively expanded, providing year-round comfort for customers and maximizing the use of the venue's available square footage. Furthermore, the location's unique view of Kajaani Castle presents a valuable opportunity for premium branding. Enhancing the bar's atmosphere and accessibility can help position it as a distinctive destination for both locals and tourists, thereby strengthening the restaurant's overall market appeal.

The following table (Table 3) explains the risks that can happen during this project, it explains the likelihood each risk can happen and the impact it can have on the project. Additionally, the table provides suggested mitigation strategies to help prevent or reduce the effects of these risks.

Table 3. Risks and Mitigation

<b>Risk</b>	<b>Likelihood</b>	<b>Impact</b>	<b>Mitigation</b>
Construction delays	Medium	Medium	A buffer is built into the timeline
Energy usage	Medium	Medium	Use efficient heating systems
Permit complications	Low	High	Early coordination with the city planning office
Cost overrun	Medium	Medium	Detailed budgeting with contingency

Table 4 indicates the cost estimate of each material required in the project.

Table 4. Financial Analysis

<b>Category</b>	<b>Cost Estimate</b>
Retractable Roof	€33,440
Heating System	€1,000
POS System	€1,400–€2,000
Installation & Labor	€3,000–€5,000
<b>Total Estimated Costs</b>	<b>€40,000–€45,000</b>
Projected Additional Profit	€10,220 to €36,700/year
Estimated Payback Period	~4 years

Like mentioned above in the Budget Analysis section, the project budget includes several key components to enhance the functionality and customer experience of the Wukong outdoor bar. According to information provided by Tamar (n.d), the Pratic-Rialto Pergola retractable roof system would cost around €33,440 for a coverage area of 50 square meters of the Wukong bar. The price of the heating system is around €1,000, which is the combined cost of wall-mounted and standing heating lamps for six tables according to the pricing from Hobbybox (n.d.) and Clas Ohlson (n.d.). A POS System, according to Flatpay (n.d.) is projected to cost between €1,400 and €2,000. The labor cost would range from €3,000 to €5,000. Optionally, sparing €1,000 to €3,000 for design and decor elements is reasonable if the budget allows.

#### Conclusion & Recommendation

Upgrading the outdoor bar at Wukong Restaurant represents a strategic investment with both short-term and long-term gains. With a budget of €40,000 to €45,000, the project is expected to boost revenue, enhance customer experience, and position the restaurant as a year-round destination in Kajaani. Approval is recommended to move forward with implementation in early summer 2025.

#### 4.7.1 Design and Technical Specifications

Based on the findings and insights gathered from the Business Model Canvas and concept planning phases, the development of the outdoor bar centered around integrating modular weather-proof solutions that aligned with customer expectations, cost-effectiveness, and visual appeal. The final concept emphasizes both practicality and ambiance, with design elements that respond to seasonal climate challenges while supporting a pleasant customer experience.

The first component is a retractable roof constructed from polycarbonate or tempered glass. This material was selected for its durability, transparency, and aesthetic compatibility with the existing structure. Such roofing offers flexibility by enabling an open-air atmosphere during the summer months while ensuring full coverage in inclement weather such as rain or snow. To further support year-round functionality, infrared heating lamps, both ceiling-mounted and freestanding, were chosen for heating.

Should the budget permit, additional upgrades include weather-resistant furniture and ambient lighting features. These enhancements are intended to contribute to a warm and inviting atmosphere, aligning with best practices in restaurant exterior design, where customer comfort and aesthetic quality are considered essential for attracting and retaining guests.

These specifications were aligned with insights from literature, which emphasize the importance of flexibility, durability, and aesthetic cohesion in outdoor hospitality spaces (Tarpio, 2015; RS Components, n.d.).

#### 4.7.2 Implementation and Timeline Planning

To ensure the timely and efficient execution of the outdoor bar project ahead of the high-demand summer season, a structured project timeline was developed. The implementation process has been divided into three critical phases, each with specific objectives and deadlines to maintain progress and minimize disruptions to restaurant operations.

The first phase, Design and Permitting, is scheduled from June 1 to June 15. During this period, final architectural plans will be completed, and all necessary safety and compliance documentation will be prepared. These materials will be submitted to local authorities to obtain the required

construction permits. This step is essential for ensuring that the project adheres to municipal regulations and is approved for timely commencement.

The second phase, Construction and Installation, will occur between June 20 and June 28, leaving 3 days for buffering between June 29 and July 1. This stage involves physical site preparation, including any structural modifications needed to support the new installations. Key activities include installing the retractable roofing system, placing infrared heating units, and, if the budget permits, integrating additional design enhancements, such as transparent wind-resistant side panels and weatherproof furniture.

The final phase, Soft Opening and Launch, is planned from July 1 to July 7. This brief but essential period will allow for system testing, staff training, and adjustments based on real-time feedback. The soft launch serves as a rehearsal for full-scale operations, ensuring that all elements—from equipment functionality to customer service procedures—are fully operational prior to the grand reopening.

#### 4.7.3 Operational Planning

During this stage, operational elements such as staff scheduling, service workflow adjustments, and maintenance routines would be developed. Heating and weatherproofing introduce new operational considerations such as energy monitoring. Staff training will cover safe handling of heating equipment, managing transitions between open and enclosed modes, and maintaining guest comfort.

A service blueprint is created in this phase to map out every touchpoint in the upgraded bar operation, from guest arrival to order and exiting the venue (Figure 8). This ensures a seamless service experience, especially as private bookings and events become a strategic focus in off-peak months.

## TOOLS | SERVICE BLUEPRINT

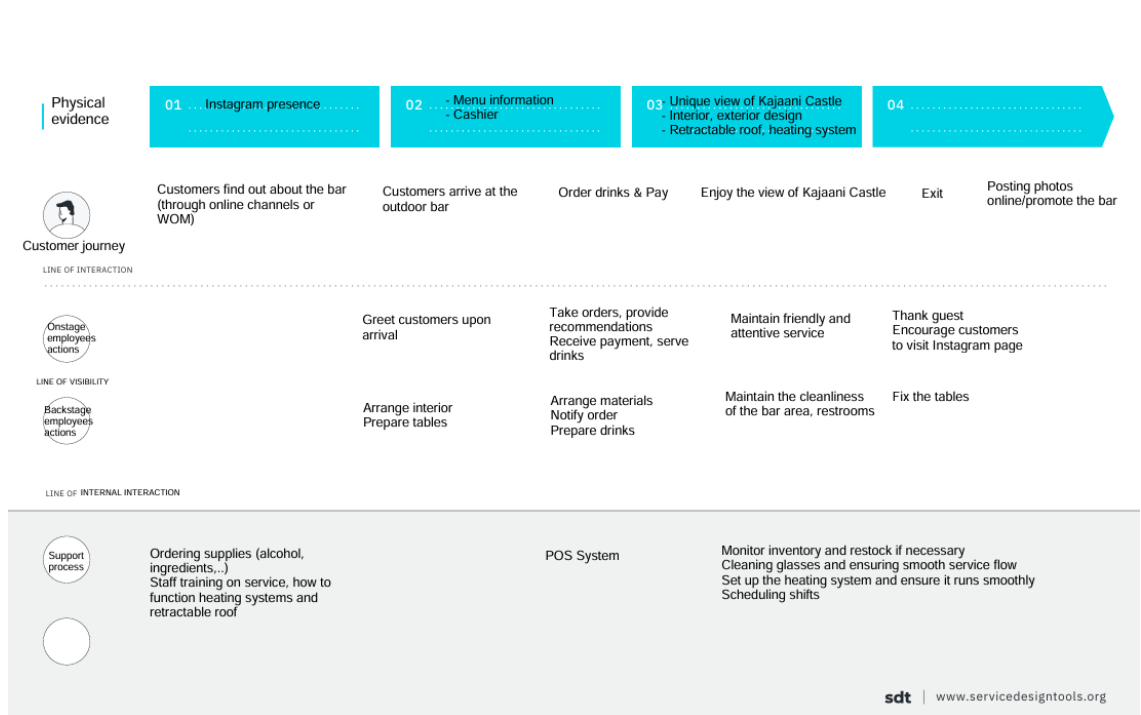


Figure 8. Service Blueprint for the outdoor bar

The customer journey begins with potential guests discovering the bar through digital channels such as Instagram or word-of-mouth, highlighting the importance of a strong online presence in attracting visitors. In the new concept of the outdoor bar, a key focus is placed on standardized service behavior among the employees to enhance the overall customer experience and establish a consistent brand image. As part of this system, every employee is instructed to greet incoming customers warmly and professionally the moment they enter the outdoor bar area. This action is not merely a gesture of politeness, but a deliberate service design element aimed at making guests feel welcomed, valued, and acknowledged. The consistency of this greeting practice is critical, and to ensure that it becomes a habit for the employees, it is closely monitored by the manager. The manager is responsible for observing employee performance and providing immediate feedback if the greeting is missed or executed in a manner that lacks enthusiasm or professionalism. The backstage employees should start arranging the interior and preparing the tables.

The ordering process is streamlined, with employees offering menu recommendations, processing payments efficiently with the help of the POS system and maintaining attentive service throughout the customer's visit. While guests are encouraged to relax and enjoy the unique view of Kajaani Castle Ruins, supported by environmental enhancements such as a retractable roof and a heating system to ensure comfort in varied weather conditions, employees should still maintain

a friendly and attentive service to the customers. Which will include paying attention to the guests and noticing the moment guests might need some help. At the same time, the backstage employees can assist with maintaining the cleanliness of the bar area and the restrooms. The support activity in this stage involves continuous monitoring of inventory levels, including alcoholic beverages, mixers, garnishes, and other consumables essential to bar service. Staff are trained to conduct routine inventory checks, track consumption patterns, and restock supplies promptly to prevent shortages that could disrupt operations or diminish customer experience. This process also includes managing supplier relationships and ensuring timely deliveries to maintain product availability throughout varying seasonal demands. Another essential component of the support process is the cleaning and maintenance of glassware and utensils. Clean glasses are a basic but crucial aspect of food and beverage hygiene, and maintaining a steady supply is vital for smooth service flow, especially during peak hours. Designated staff or rotating shifts are responsible for ensuring that all glassware is promptly washed, sanitized, and restocked at the bar station to minimize delays and uphold health and safety standards.

In addition, due to the outdoor nature of the bar, operational efficiency is closely tied to the performance of installed environmental technologies. The bar's heating system and retractable roof are key investments aimed at enabling year-round service. These systems must be set up and tested daily before opening hours to ensure they are functioning correctly. Technical issues are to be reported immediately, and backup procedures are in place in case of malfunctions. Staff are trained in how to operate these systems safely and efficiently, contributing to customer comfort regardless of weather conditions. Effective workforce scheduling forms a vital part of the support infrastructure. Scheduling shifts involves aligning staff availability with anticipated customer traffic, seasonal fluctuations, and weather conditions. It also accounts for role-specific coverage, ensuring that each shift includes employees trained in technical operations, customer service, and product knowledge. This systematic approach to staff management ensures operational continuity and optimal service delivery, while also supporting employee satisfaction and productivity through balanced workload distribution.

When customers are leaving, the onstage employees should make sure to courteously thank them for their visit while also encouraging them to visit the Instagram page of the restaurant. This interaction serves multiple purposes: it leaves a positive final impression, fosters continued brand engagement beyond the physical dining experience, and supports the restaurant's broader marketing goals. By guiding customers toward the restaurant's Instagram page, employees help to strengthen Wukong's online visibility, which is especially valuable in attracting new visitors

through social proof, user-generated content, and aesthetic appeal. Instagram serves as a dynamic platform where potential guests can view images of the outdoor bar's unique features, such as the scenic view of Kajaani Castle, the modern retractable roof, or seasonal drink offerings, which can inspire future visits or social media shares. Employees should also invite customers to tag the restaurant in their photos or stories, thereby organically expanding Wukong's digital reach through word-of-mouth in online networks.

After exiting, customers are prompted to share their experience online, which further promotes the bar. This new concept demonstrates an integrated approach to the service that leverages physical space, digital presence, and internal coordination to deliver memorable experiences for customers.

#### 4.7.4 Financial and Resource Planning

Detailed cost estimates were reviewed and refined, covering materials, labor, and optional enhancements. The budget ranges from €40,000 to €45,000, with an estimated payback period of 4 years based on projected additional revenue. Resource allocation for the development phase includes a project manager, a contractor specializing in outdoor architecture, and suppliers for heating and roofing materials.

## 5 Evaluations

As the commissioning party for this thesis project, Wukong Restaurant is pleased to provide a formal evaluation of the outdoor bar development initiative. The primary objective of this project was to design a feasible and weatherproof outdoor bar concept that would allow year-round use while improving profitability, customer satisfaction, and brand positioning. They are satisfied with the plan.

Throughout the project, the student demonstrated professionalism, creativity, and a clear understanding of the hospitality industry. The use of tools such as the Business Model Canvas, Stage-Gate Model, and Service Blueprint provided a strong theoretical foundation for the development process. These frameworks enabled a comprehensive analysis of operational, structural, and financial elements, which are critical for the successful implementation of a new business concept.

One of the most commendable aspects of the project was its pragmatic focus. The proposed solution, featuring retractable roofing and infrared heating systems effectively addresses the limitations we have previously faced due to weather conditions. Additionally, attention was given to design, functionality, and customer experience, aligning well with our brand image and customer expectations.

The implementation timeline is realistic and thoughtfully structured, ensuring minimal disruption to our core operations. Furthermore, the marketing and service design recommendations, including social media integration and staff training plans, add value by enhancing customer engagement and operational consistency.

Overall, the commissioner believes that the results of this project are not only well-researched and practical, but also directly applicable to our business. The proposed concept will serve as a strong foundation for investment decisions and long-term development planning. Wukong Restaurant sees significant potential for this project to increase revenue and brand equity, especially during the off-season months.

In the end, the commissioner thanked the student for the commitment and contribution and would be open to future collaboration should additional development stages or refinements be pursued.

## 6 Conclusions

This thesis explored the practical aspects of new product development within the restaurant industry, with a specific focus on service design and outdoor dining innovation. The aim was to create a fully functional, weather-resistant outdoor bar concept for Wukong Restaurant in Kajaani, addressing operational limitations caused by seasonal weather conditions. Drawing on academic models such as the Stage-Gate process, Business Model Canvas, and service blueprinting, the thesis demonstrated how structured development and customer-centered design can lead to profitable service innovation.

The central outcome of the thesis was a comprehensive outdoor bar concept designed for year-round use. The solution includes a retractable polycarbonate roof and infrared heating, features selected for their functionality, cost-efficiency, and visual appeal. Each component was considered in relation to operational feasibility, aesthetic coherence with the existing restaurant, and enhancement of customer experience. Additionally, optional upgrades such as design lighting and durable outdoor furniture were proposed for future consideration depending on budget flexibility.

The development process also addressed internal operations, including staff training, scheduling, and service routines to ensure consistent and high-quality customer service. A phased implementation plan was provided, aligning construction and launch activities with the peak summer season. Marketing recommendations were included to strengthen the restaurant's digital presence and customer engagement.

Overall, the proposed concept aligns with Wukong Restaurant's strategic goals by expanding service capacity, improving customer satisfaction, and generating new revenue streams. The project provides a practical blueprint for implementation and offers the flexibility to be further developed or adapted for similar venues. As consumer preferences and climate challenges continue to shape the hospitality landscape, the value of weatherproof, service-oriented dining spaces will only increase. Therefore, this concept holds strong potential for long-term application and scalability within the industry.

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