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Developing Key Performance Indicators for the Customer Experience Lab

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Decision to start to study beside the daily work was not easy, but now I'm happy that I made such a decision. From the very first day at school I got the feeling that there are great people attending the same classes. The team spirit was high from the beginning and all classes were filled with good discussions and great lecturers.

I would like to thank the case company for finding this interesting topic for me as a subject of this thesis. The project group who I worked with has really inspiring persons in it and we have had fun together. I hope this continues at the same level also in the future when developing this concept forward.

Furthermore I would like to thank my instructor Juha Haimala, Head of department of Industrial Management, who was kind and calm always and kept me on the track even when I felt lost. Also warm thank you for Sonja Holappa, M.A Senior Lecturer, who had time and energy to read my thesis all over again and point out the errors and mistakes, keeping still the positive attitude when giving the feedback. I also thank Zinaida Grabovskaia, PhL, Senior Lecturer for all of the support during the studies.

The whole class of IM Masters 2017 deserves a warm thank you on my behalf and special thanks goes to my co-worker and friend, Kaisa who has been pushing me forward and keeping me on track even when I felt a bit lost. Sometimes just one message can brighten up your own thoughts.

I did this thesis along with my long days at work and still I had time also to some hobbies, just to empty my mind. Without my loving husband, Tuomas, this would not be possible since when I have been reading or writing he has been taking care of all of the household duties and along with the kids has still had time to cheer me up when needed.

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This thesis focuses on developing Key performance indicators for the case company Customer experience lab. At the same time, this study defines the process to measure the success of the Customer experience lab. The business were the case company is operating is changing from product-orientated business to service-orientated business, and there is a need to increase customer satisfaction to be able to stand out from the competition.

The study was conducted by exploring existing case company documentation including information gathering from the global and local key stakeholders through workshops, interviews and discussions. This study uses case study methodology and qualitative data as a source for the data collection.

The business challenge of this study was to measure the success of the Customer experience lab in terms of the case company employees' behavioral change, the case company employees' mindset change, and the case company customer satisfaction. Main findings from the Current state analysis was the gap in the existing processes of the Customer experience lab and expected outcomes of the management team. Processes that already existed were not addressed by this study, but the process that did not exist were the outcome of this study together with the Key performance indicators.

The result of this study will be used to measure the success of the Customer experience lab in the case company. Future will show whether the results will be in that level that this way of working is valuable for the case company.

Keywords	Key performance indicators, Customer experience, Customer co-creation, Interaction approach, Atmosphere in interaction

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1 Introduction

This study explores the usage of KPIs to enable a change from product-oriented business to service-oriented business in a global engineering company and to gain competitive edge over competitors. Practically the entire industry area where the case company operates in is in the process of changing from product-oriented business to service-oriented business. Therefore, keeping the existing customers, gaining new ones and having the customers repurchase again from the case company, new services and enhanced customer interaction are needed.

To be able to compete successfully in the markets the case company needs to ensure the interaction with both existing and prospective customers. There are several existing data sources from where the case company can measure and follow customer satisfaction. With this data, the case company has some knowledge as to what direction the current services and products should be developed. However, the existing data does not give clues regarding what kind of services the customers would like to have in the future and how the case company could help its customers to succeed in their own work.

1.1 Case Company Background

The case company is a global engineering company that operates in more than 1,000 offices in over 60 countries around the world. The case company has seven global production sites located in their main market areas, as well as eight global R&D centers. In addition, this company has authorized distributors in close to 80 countries.

Currently the case company is moving from a product centric approach to customer centric approach. The case company has realized the vital importance of offering products and services that support the customers' own business. Therefore a new way to develop services and products is needed, together with customer.

To find out what the real needs of the customers are, the case company decided to build a platform, a so-called Customer experience lab, where co-creation of services with the customers would be possible. Thus, the Customer experience lab gives the case company a platform in which the customer, Country organization and the global service design team can work closely together to improve the existing services and as well as develop new ones.

1.2 Business Challenge

In the case company, the Customer experience lab represents a new way of working. Some processes already exist for the Customer experience lab, but the process to measure the success of the Customer experience lab in terms of the case company employees behavioral change, the case company employees mindset change and the case company customer satisfaction is missing.

In order to monitor how successful the Customer experience lab is, KPIs are very much needed. Based on the KPIs the case company can see how successful this way of working is and whether it is beneficial for the Country organization in terms of customer satisfaction and case company employees' mindset and behavioral change.

1.3 Objective and Outcome of the Study

With the business challenge in mind the objective of this case study is to propose a process to measure the efficiency of the Customer experience lab as well as define the right KPIs in order to be able to verify the success of the Customer experience lab.

The outcome of the study is a proposal for the measurement process and KPIs to illustrate the performance of the Customer experience lab.

1.4 Structure of the Study

This study is written in 7 sections. Section 1 provides the introduction to the topic. Section 2 indicates the methodology used in this study whereas section 3 presents the Current state analysis (CSA) of the Customer experience lab, to identify the existing processes and KPIs at use. Section 4 presents the literature review that will form the Conceptual framework (CF) for the study which gives the building blocks for the proposal. As a result, section 5 describes the proposed solutions for the KPIs and process to measure the success of the Customer experience lab while section 6 reveals the validation results of the initial proposal. Section 7 gives a final summary of the topic with a conclusion and thesis evaluation part.

2 Method and Material

This section introduces the methods and materials used in this study. Firstly, it discusses the research approach selected for this study. Secondly, it reviews the research design and describes each of the steps in summary level. Thirdly, it shows the data collections and analysis used for the research before finishing the study with the thesis evaluation.

2.1 Research Approach

This study strives to achieve a broad perspective of the phenomenon and therefore it uses the case study as a research method. According to Gillham (2010) a case study can be individual or group study or even a community or institutional study. This study is an individual case study, which aims to answer specific research questions and seeks a range of different types of evidence. The research question of this study is what the KPIs to measure the Customer experience lab are. The study uses multiple sources of evidence.

A case study can utilize different types of data collection and analysis methods, and all are useful for case study research. For this reason both qualitative data and quantitative data can be used. By using multiple data sources the value of a case study can be enhanced. (Woodside and Wilson, 2003)

This study uses qualitative data. Qualitative data most often involves people whereas quantitative data concentrates more on counting and measuring. The qualitative method concentrates on the kind of evidence what people tell you and what they do that enables a wider understanding of what is going on. In addition to providing a wider understanding of the case the qualitative method enables the researcher to carry out an investigation where other methods like experiments are used. The qualitative method also gives the opportunity to investigate situations where the researcher knows only little about the topic. Similarly, it can be used to explore complexities that are beyond the scope of the study. Furthermore, it gives the opportunity to see the case inside out. (Gillham, 2010:10)

According to Woodside and Wilson (2003) deep understanding of the phenomenon can be achieved by involving multiple research methods across multiple time periods to the study, i.e. triangulation. Triangulation often includes direct observations within the environments of the case, probing by asking from the case participants for explanations and interpretations of the operational data and analysis of the written documents. All of the different data collection methods used in this study can be seen from the next sub-section, which shows the research design for the study.

2.2 Research Design

This study has four main steps illustrated in Figure 1. The Figure 1 describes each of the individual steps taken in this study. Also, the outcome and data collection points can be seen in Figure 1.

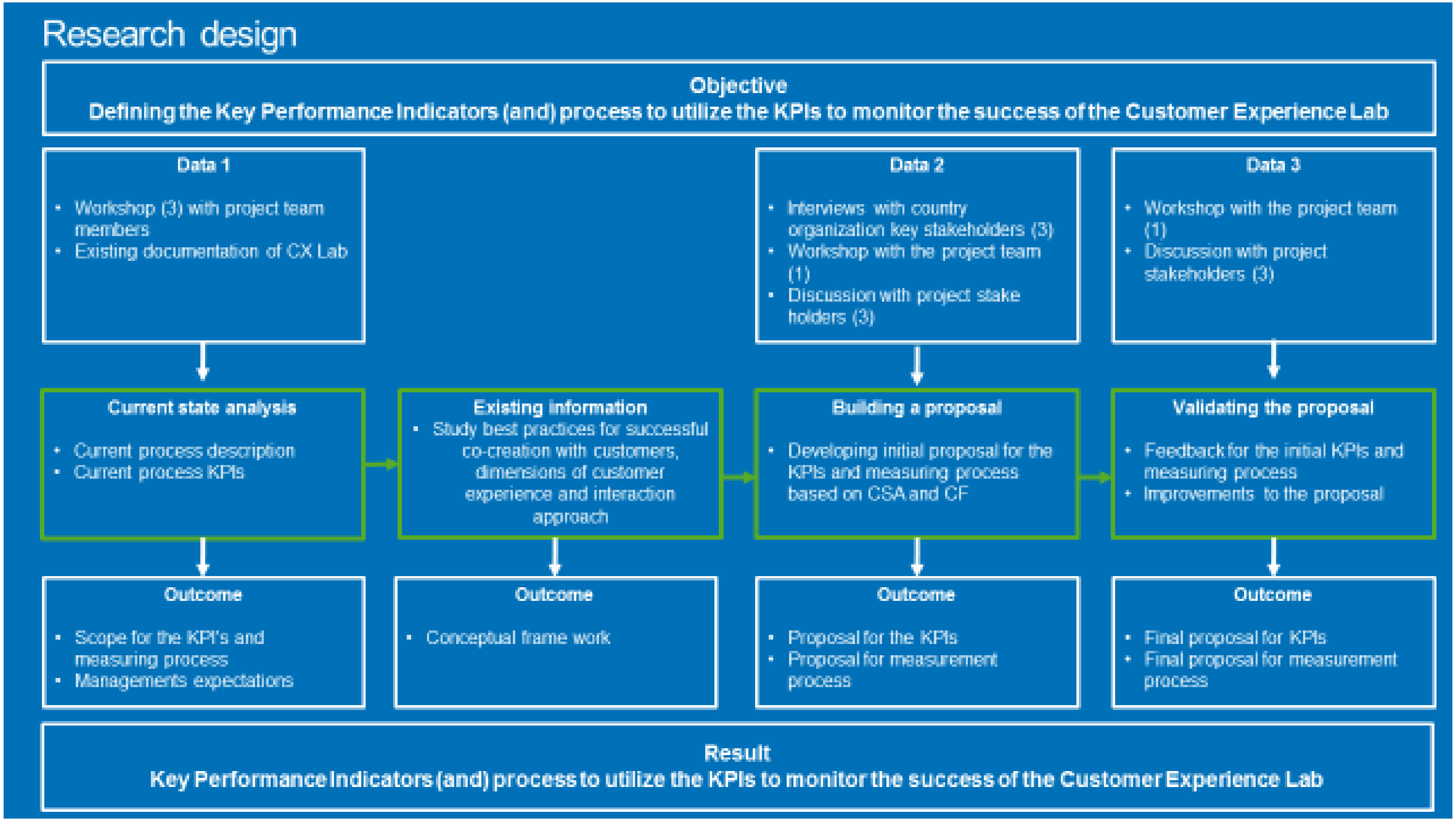

Figure 1. Research design of this study.

As seen in Figure 1, the first step of this study is to gather existing data from project group members. Furthermore, existing data and knowledge will be analysed to be able to conduct a solid Current state analysis on the measurement processes and existing KPIs in the case company. The outcome of the Current state analysis is the scope of the KPIs and measurement process including management expectations for the Customer experience lab.

The second step is to start studying literature based on the findings of the Current state analysis. Since strong expectations from the case company management exist, the Conceptual framework is built on that. The purpose is to enhance the knowledge about successful co-creation with the customer, dimensions of the customer experience and interaction in terms of coherent process to measure the Customer experience lab. The outcome of this is the Conceptual framework for this study.

After the literature review is completed the key stakeholders and project group members will be engaged in terms of second data collection to have the last input for the proposal building based on the findings of the CSA and CF. The outcome of this will be the preliminary proposal for the measurement process and KPIs for the Customer experience lab.

The next phase is the validation of the proposal which will include the third data collection point where the key stakeholders and project group members can still comment on the proposal. The outcome of this is the final proposal for the KPIs and process to measure the success of the Customer experience lab. To have a solid research the data collection conducted for this study is presented in the next subsection.

2.3 Data Collection and Analysis

This section describes the data collected for this study. In this study, data were used from several sources. The data collection was carried out in three rounds. The first data collection was performed for the Current state analysis. The second data collection was done for the proposal building and the third data collection round was performed in connection with the solution validation.

Data collection was conducted at different stages along the study to be able to gain a holistic view of the case company situation and knowledge for the KPI measurements. Hence the research is aiming for a rather narrow solution that will concern only a small part of the case company business. This study involved altogether twenty persons for the interviews and workshops but not all of them were interviewed in every stage of this study. The details for Data collection 1 are shown in Table 1.

Table 1. Research Data 1 collection.

	Data type	Participant / role	Topic, description	Date	Length	Documented as
1	Workshop	Global project team + Country Organization project team	CX Lab kick-off meeting	23.1.2017	1 hour	Meeting memo
2	Workshop	Global project team	Brainstorming what are the goals of the Customer experience Lab	12.1.2017	1,5 hours	Meeting memo + picture from the white board notes
3	Workshop	Global project team	Measurement validation process	13.2.2017	1 hour	Meeting memo + picture of the white board notes
4	Company documentation	Internal use	Process charts, list of existing experiment KPIs, existing process descriptions	January and February 2017	3 weeks	ppt. presentations

As Table 1 shows, Data 1 was collected mainly through workshops where the participants were from the local team and from the global team. Topics of these workshops were to clarify the goals of the Customer experience lab, develop the experiment result validation process and the first kick-off meeting with the pilot country. Also the extensive existing case company documents were analysed to be able crystalize the current state of the Customer experience lab.

Table 2 shows the details for the data collection 2 and 3. As Table 2 shows, interviews, discussions and a workshop with the global project team were conducted for the data 2 part.

Table 2. Research Data 2 and Data 3 collection.

Data 2	Data type	Participant / role	Topic, description	Date	Length	Documented as
1	Workshop	Global project team	Proposal building and idea sharing	2017	1,5 hour	Meeting memo
2	Discussions	Stakeholders (3)	KPI Measurements	March 2017	1 hour	Field notes
2	Skype meeting	Respondent 1. Country Organization, Sales manager	Idea's & thought's about the measurements	1.2.2017	30 minutes	Field notes
3	Skype meeting	Respondent 2. Country Organization, Installation Manager	Idea's & thought's about the measurements	1.2.2017	30 minutes	Field notes
4	Skype meeting	Respondent 3. Country Organization, Installation Director	Idea's & thought's about the measurements	2.2.2017	30 minutes	Field notes
5	Video greetings	Global Management team (4)	Greetings from the company management to the project team involved	November and December 2017	1 min – 4 min	Video
Data 3	**Data type**	**Participant / role**	**Topic, description**	**Date**	**Length**	**Documented as**
1	Workshop	Global Project team	Proposal building and idea sharing	2017	1,5	Field notes
2	Discussions	Stakeholders (3)	KPI Measurements	2017		Field notes

As the Table 2 shows, respondents for the interviews were selected from the Country organization key stakeholders to be able to get feedback to make sure that the proposal contains the correct items that are needed to measure the success of the Customer experience lab. The aim for the workshop was to collect the feedback from the project group. Also the video greetings from the case company global management team were used as a source for information. For Data 3, the global project team and global key stakeholders were involved to have a valid proposal.

To proceed with the study, the next Section describes the analysis done for the current state in the case company in order to find out the current process and KPI's in use.

3 Current State Analysis of the Customer Experience Lab

This section describes the Current state analysis for the Customer experience lab. It draws on data from interviews and studies conducted earlier for this study. The next subsection gives an overview of the Current state analysis.

3.1 Overview of the Current State Analysis

The first phase of the Current state analysis describes the Customer experience lab for which the KPIs and measurements process are developed. It is based on case company documents and earlier studies that were conducted in connection with the Customer experience lab concept definition.

The second phase of the Current state analysis describes the process how the experiments are performed in collaboration with customers, Country organization and global team. It is based on interviews conducted with the key persons involved within this project and case company documents that describe the process of the Customer experience lab.

The third phase of the Current state analysis introduces the different roles and responsibilities of the Customer experience lab. It is also based on the case company documents that describe the Customer experience lab.

The fourth phase of the Current state analysis describes the existing KPIs set for the experiments and also describes the experiment measuring process and how the results are validated against the set targets. This information is based on the case company internal documentation.

Finally the Current state analysis clarifies the expected outcomes of the Customer experience lab. After that the key findings will be concluded that will end the Current state analysis.

3.2 Description of the Customer Experience Lab

Customer experience lab is a platform where the customers, sales persons and case company service designers can work together and develop better services for the customers. The case company believes that offering better services for the customers typically leads to better customer satisfaction which then leads to many other positive customer behaviors like returning customers or loyal customers. In current strategy of the case company, customer satisfaction is one of the most top priorities as well as one of the key themes.

When establishing the Customer experience lab the studies showed that 90 % of customer insights related to customer experience are about people. This is why the case company empowers its customer facing people to improve the way they serve their customers. Figure 2 shows the basic idea behind the Customer experience lab.

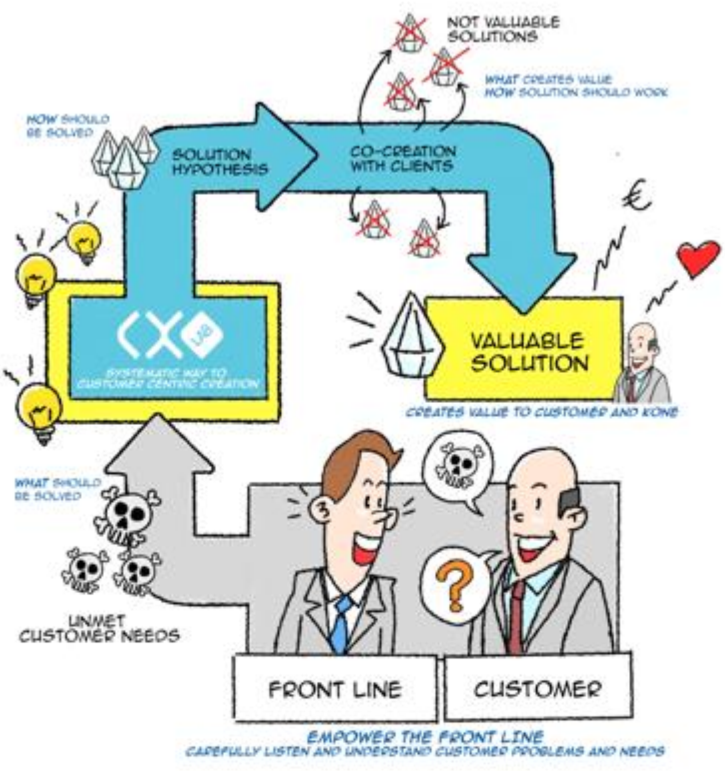

Figure 2. Basic idea of the Customer experience lab.

Figure 2 visualizes the basic idea of the Customer experience lab. Customer experience lab gives the opportunity for the case company to learn from its customers. It shows that all starts when the Country organization sales person and customer start discussing together. From those discussions the sales person identifies the customer's problems and brings those to Customer experience lab. In the Customer experience lab the problem is turned in to an experiment, which can then be worked together with the customer and turned into a valuable, co-created solution after the experiment is finished and the results are validated.

3.2.1 Way of Working in the Customer Experience Lab

The Customer experience lab provides a platform for the case company to do experiments together with customers, Country organization and global service design team. The Figures and Tables in this section are based on the case company document on the Customer experience lab. Figure 3 illustrates the process how the experiments are conducted in the Customer experience lab.

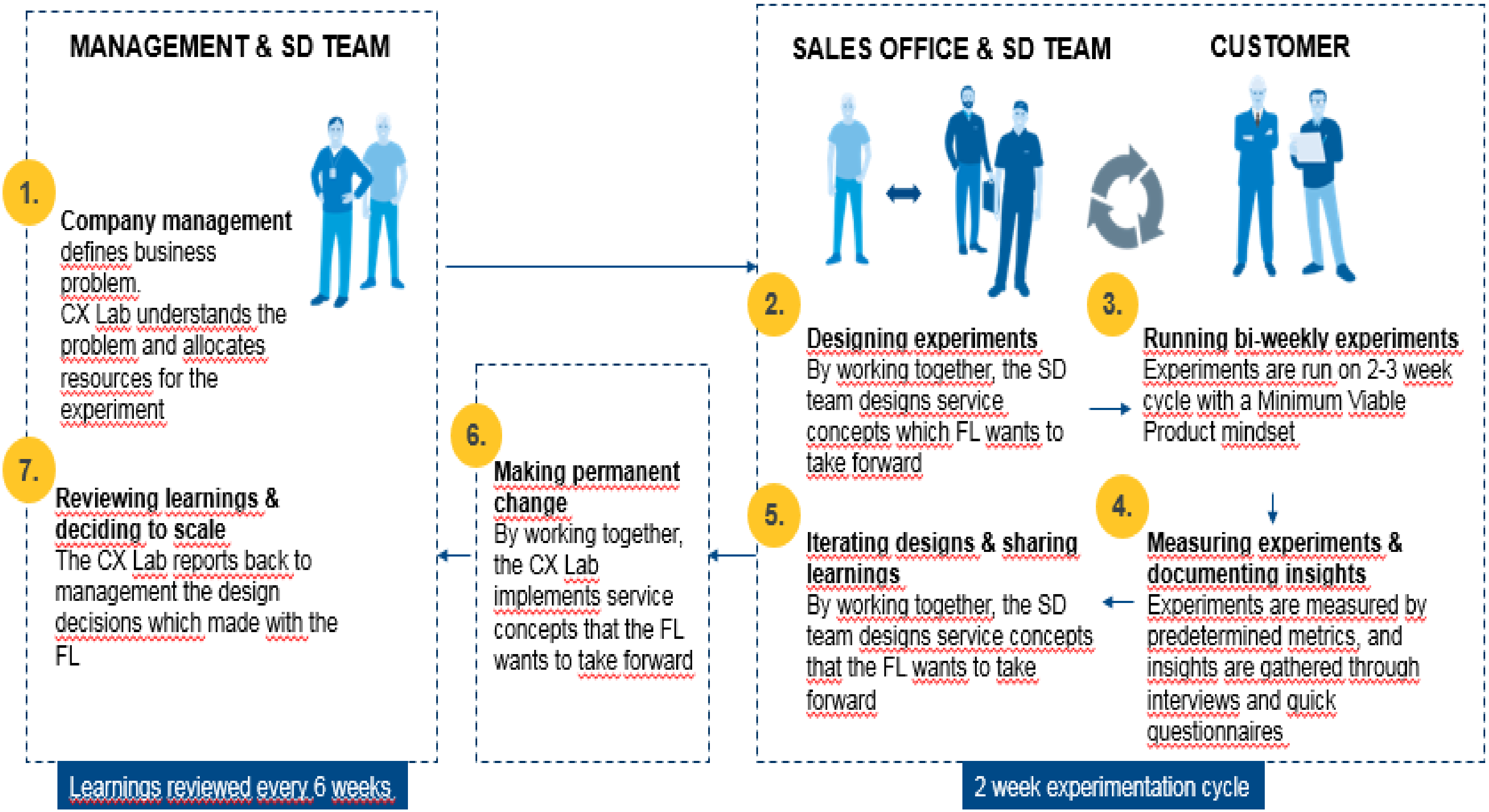

Figure 3. Way of working in the Customer experience lab.

As it can be seen from Figure 3, first the case company management defines the business problem of a certain country. With the business problem in mind the global service design team, who is running the Customer experience lab, understands the problem, allocates resources and starts planning the experiments together with the country sales organization staff.

In the Customer experience lab the case company is experimenting new services that are designed together with the customer and the case company local and global team. Experiments are planned individually for different business problems. Experiment is a kind of a test to solve problem in a certain business area i.e. communication. One example is that the country organization is having a repeating problem in the process where the customer receives lot of different communications from the different persons in the case company. This is causing confusing situation for the customer. When this kind of problem is known the local and global Customer experience lab team defines and plans a solution for that certain problem. Solution can be process improvement or tool or even a communication template, so anything that might help to solve the customer problem. Then the planned solution will be tested with the real customers to be able to define if the solution would work. Feedback is collected from the customers and also from the team who participated to that experiment and decision how to continue is based on that, this is called an experiment.

Once the experiments are planned the Customer experience lab can start operating. This means that the country sales organization runs the experiments on a weekly basis with the customers. After the experiment phase is over measurements for a single experiment can be conducted and the results are reviewed and shared. If needed, an iteration round for the single experiment can be performed if the results are leading to the direction where some other type of an experiment would be needed for that specific business problem. After every experiment round, a review and learning sharing session is held. Takeaways from those sessions are either a new service concept that can be scaled in to other sales offices or a decision stating that the experiment was not useful for the business and will not lead to any new services. In order to have a functional Customer experience lab different persons from different organizations need to be involved. Thus the next sub-section describes the needed roles and responsibilities.

3.2.2 Customer Experience Lab Roles and Responsibilities

To have a functional Customer experience lab different persons are needed from the different organizations. Two teams operate inside the Customer experience lab, i.e. global team and Country organization local team. The different roles and responsibilities of the teams can be seen from Table 3 below.

Table 3. Customer experience lab roles and responsibilities.

Responsibility	Country organization role
FL Sponsor	MD or Business Director
FL CX Lab Owner	Business Director / Sales Manager
Key Stakeholders	Sales Manager and Operations Manager
Local Service Design support	Local external partner
Sales and Operations persons to run the experiments	Sales Manager / Sales person, Installation Manager / Installation
Responsibility	**Global role**
Global Sponsor	Global Business Director
Area Sponsors	Area business Director
Global CX Lab Business Owner	Project Manager from business organization
Global CX Lab Design Owner	Service Design Manager and Service Designer
Global Service Design support	External partner
Set-up support	All above

As the Table 3 shows, the roles between the global and local teams are different. The global team is mainly responsible for setting-up the Customer experience lab and supporting the functions inside the Customer experience lab. The local team, in turn, runs the daily experiments inside the lab with the customers, records the findings, learnings and measures how successful the experiment was. The next sub-section describes the experiment measuring process and what kind of KPIs are already existing to measure a single experiments.

3.2.3 Experiment Measuring Process and Existing KPIs

To be able to measure the Customer experience lab both lagging and leading indicators are needed. The difference between these two is the time needed for the results to be actualized. All the figures used in this section are from the case company documentation that were created for the Customer experience lab. Figure 4 shows the difference between the leading and lagging indicators.

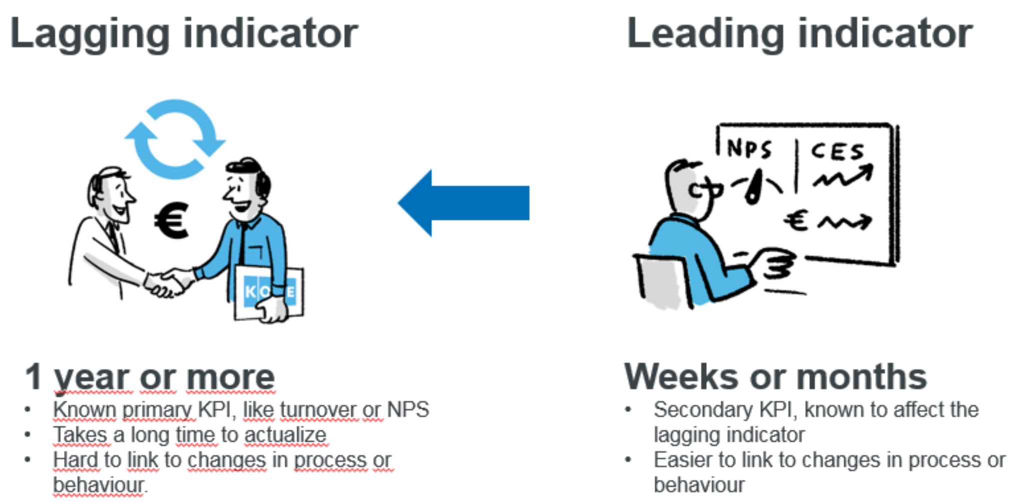

Figure 4. Difference between lagging and leading indicators.

As seen from the Figure 4, difference between the lagging and leading indicators is the time. Lagging indicator is the ultimate indicator that can be achieved later on in the projects whereas the leading indicator can be actualized in weeks or months.

In the case company, customer satisfaction is measured with the Net Promoter Score (NPS). NPS is measured globally and locally once a year. Eventually the Customer experience lab should have an effect on the Country organization NPS score and in the end on also to the case company global NPS level, since it should improve the customer satisfaction.

Currently KPIs are available only at the experiment level. All experiments are measured individually and the KPIs are planned separately for all the experiments. KPIs for the experiments have been established in such a way that all can be linked to a lagging indicator, NPS. Right KPIs for each experiment reflect the Country Organization NPS results, the top most negative and top most positive themes. Figure 5 depicts the process to define experiment KPIs.

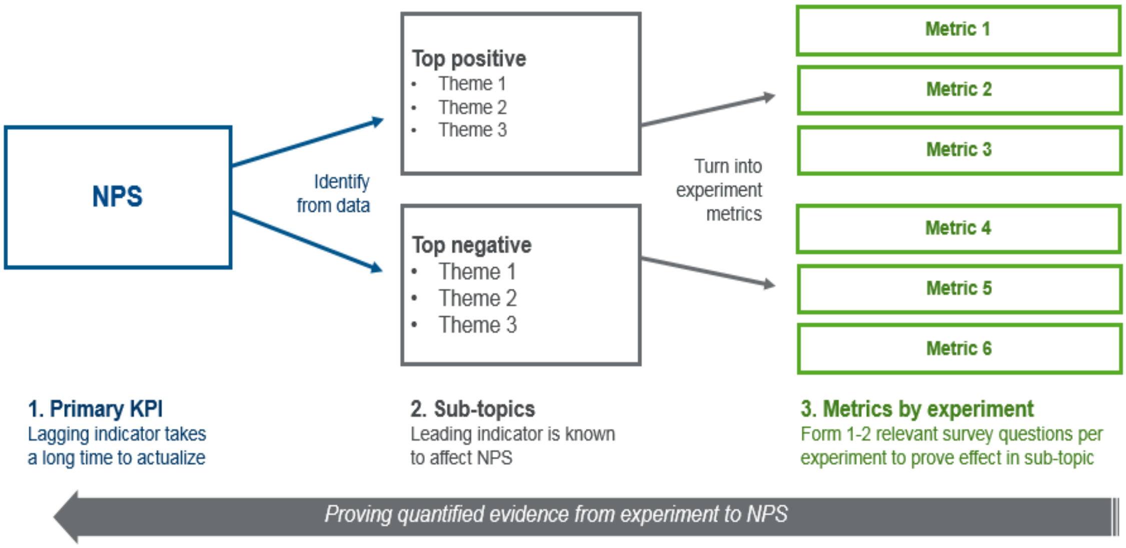

Figure 5. Process to define experiment KPIs in the Customer experience lab.

As seen in Figure 5, the NPS is the primary KPI for all the experiments, but as it is a lagging indicator it takes a long time to actualize. Therefore all the experiments have also leading indicators that are identified from the Country organization most recent NPS data.

Although the experiments have their individual measurements, the process to measure is the same. Figure 6 shows the process to measure a single experiment.

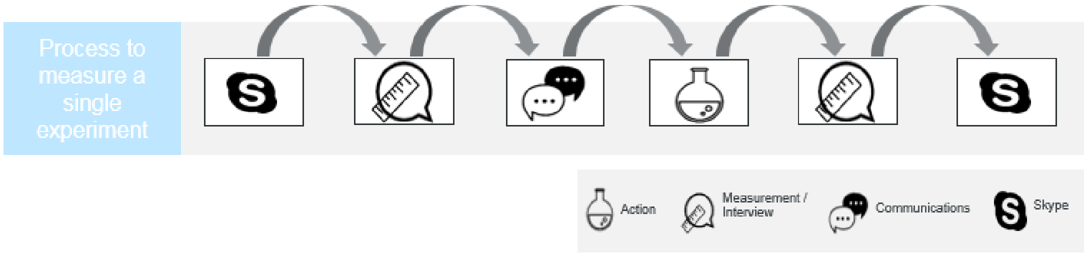

Figure 6. Process to measure a single experiment in the Customer experience lab.

As seen in Figure 6, the basic process to measure a single experiment starts with a skype call to define the target customers and content for the communication. The next step is to make a baseline measurement, if that is possible and or needed. For every experiment this step will not be conducted. Then the local team communicates to the customers that they have been selected to a certain experiment before the experiment is started. The communication need depends on the experiment type. The next phase is to start the actual experiment with the customer before the measurement of how successful the experiment was. The results and learning are then shared in the skype meeting among the global team and local team. That way the measurement process is established in experiment level.

After the experiment is conducted, validating the results against the set KPIs is needed. The validation process is the same for all experiments to be able to confirm the success of each experiment. Figure 7 shows the metric validation process.

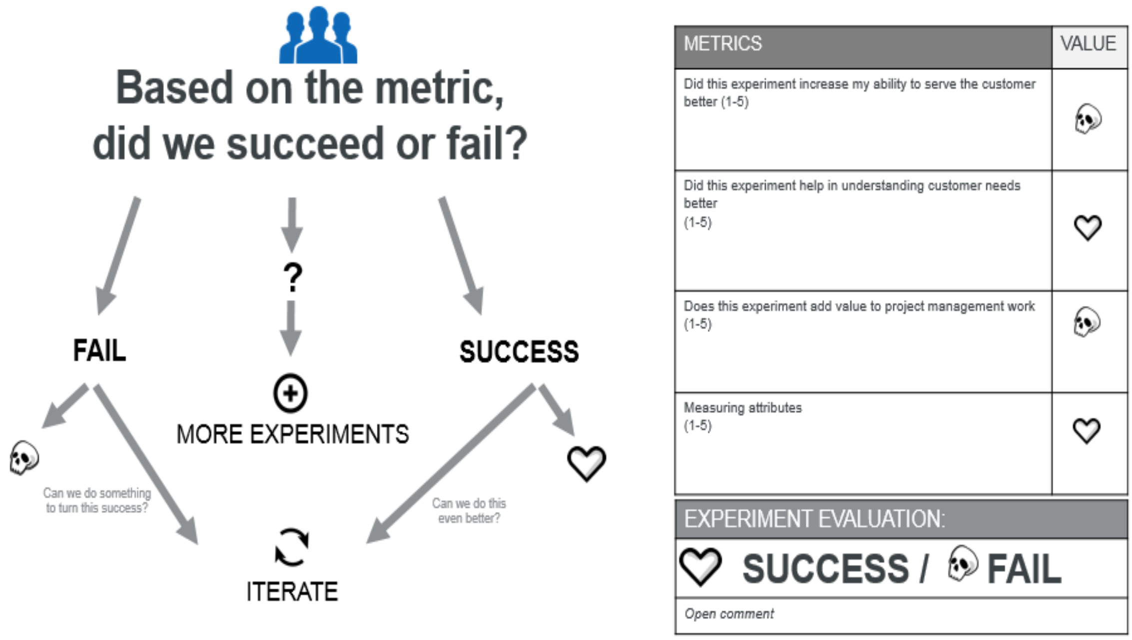

Figure 7. Metric validation process for the experiment KPIs.

As seen in Figure 7, the validation is based on the KPIs of each experiment. First in the validation round the result of the experiment will be checked in terms of whether the experiment succeeded or failed. If that question cannot be answered then more experiments need to be conducted. If the experiment fails, there are two options, either it can be stated as a failure or if the project team thinks that there is still something left to do, iteration for that experiment can take place. Alternatively, if the experiment succeeded it is then a successful experiment and can be turned into a service concept. Additionally a successful experiment can be also iterated if some fine tuning is needed.

Based on this validation process the experiments will be either turned into new service concepts or will remain as a fail status. Failing in these experiments is acceptable and that way there are also learnings gathered from the customers.

At the moment the top level KPIs and process to measure the Customer experience lab are missing so there is no possibility to measure its success in a country level. What to measure and how, is the end result of this study.

3.2.4 Expected Outcome of the Customer Experience Lab

The biggest expected outcome of the Customer experience lab is increased customer satisfaction. To achieve that goal it is important that the employee behaviour and mindset change will occur inside the Country organization. While the Customer experience lab will teach the employees many new things about their customers it will also start the mind-set change and show that it is acceptable to be wrong in something and share that also with the customers. Whenever there is a successful experiment, the employees can also learn and then share the learnings inside the whole organization. To achieve this, a new process to measure the success of The Customer experience lab is needed.

3.3 Key Findings

The key findings of the Current state analysis are listed in this section. Since this way of working is new in the case company this study didn't list the strengths and weaknesses of the Customer experience lab. Instead of those this study concentrates on two main findings.

The first key finding is the determination of the Customer experience lab processes. A process for the way of working in the Customer experience lab exists and the experiment measuring process and how to validate all measurements are in place. All of the existing processes are marked with the green arrows in Figure 8.

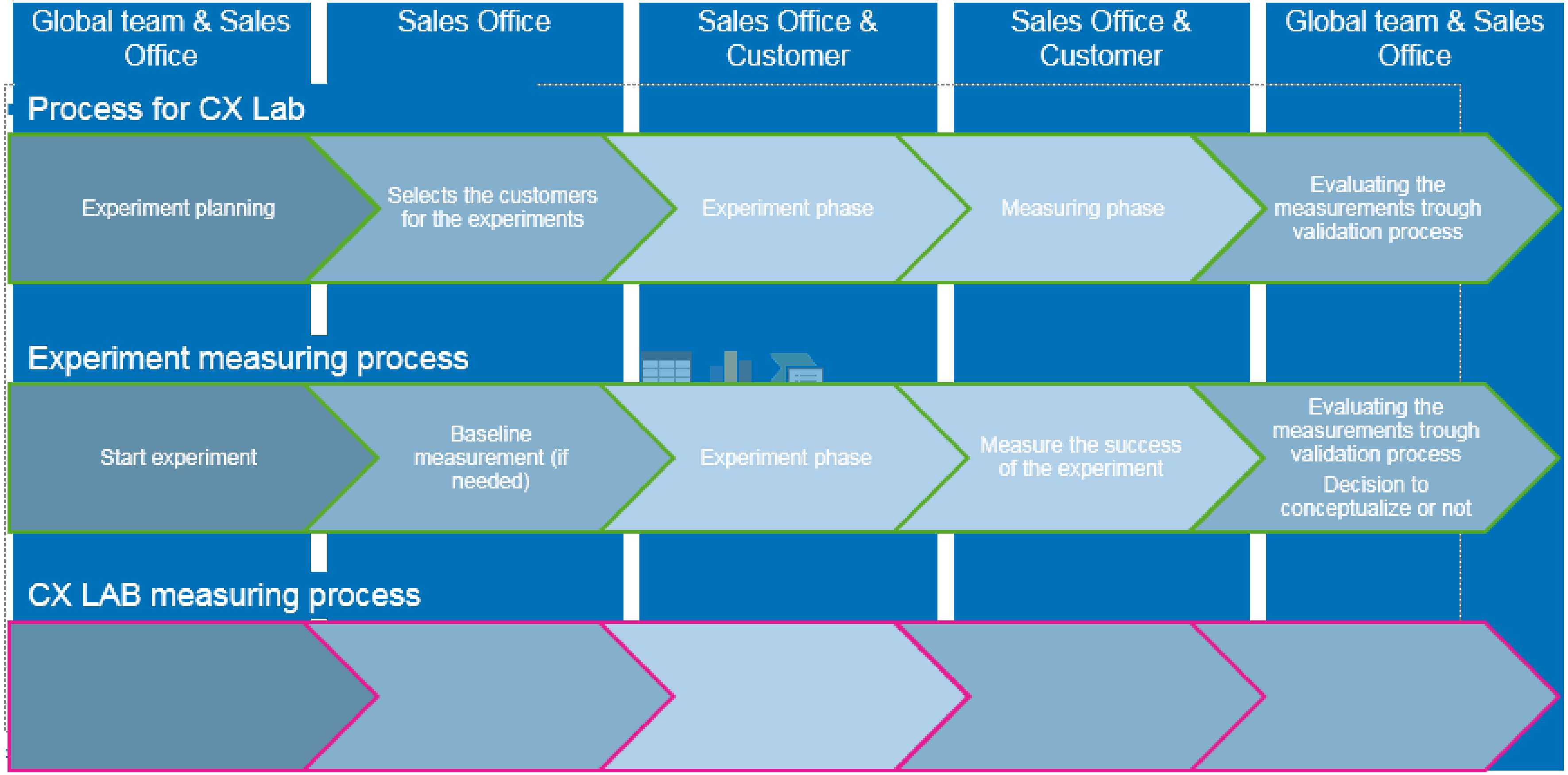

Figure 8. Current processes of the Customer experience lab.

As can be seen from Figure 8, one process is missing. It is the process to measure the success of the Customer experience lab. The process for the way of working in the Customer experience lab and the experiment measuring process are working properly. Therefore this study does not concentrate on those. However, the process to measure the Customer experience lab as such does not exist and needs to be established in order to address the gap between existing processes and management expectations. To be able to establish that process the KPIs need to be defined.

Since this way of working is new in the case company the strengths and weaknesses of the current process are not listed in this study. Instead of those, the second key finding of this study is the expected outcomes of the Customer experience lab. These are set by the case company global management team and they are:

	Expected outcomes for the Customer experience lab
1	Main outcome of the Customer experience Lab is to increase the customer satisfaction inside the country where it is operating.
2	Customer experience lab aims to change the employee mindset and how they are behaving with customers.
3	Customer experience lab is part of the new strategy of the case company.

Based on these management inputs, the KPIs and the process to measure the Customer experience lab need to be defined. To be able to define the correct KPIs and the process, existing knowledge need to be studied. The next section discusses best practice for defining such KPIs and process.

4 Existing Information for the Key Performance Indicators and Process to Utilize the KPIs to Monitor the Success of the Customer Experience Lab

This section discusses the best practices and available knowledge found from literature to set up the right KPIs and monitor process for the Customer experience lab. Furthermore it describes the key elements for successful customer experience via co-creation, value creation and interaction approach. Ultimately, this section constructs the Conceptual framework for the study.

4.1 Value Co-Created with Customers

Customers can see value in different parts of the product and the value aspect defers depending on the customer. Quite often the value is perceived against the asking price and the companies are generally focused to manage the price. However what does the customers value most can be difficult to pin down. Value for the customer can be functional (saving time, reducing costs) or emotional (reducing anxiety, providing entertainment) (Almquist et al. 2016).

It has been recognized that the role of the customer is changing in industrial systems from isolated to connected, from passive to active, from unaware to informed. Due to this change customers want to be active and informed in many ways. With the wide range of tools and available choices the customers want to interact with the companies. In the conventional value creation process value creation occurred outside of the markets. Now that the process has moved forward, customers are engaged in the processes of both defining and creating value. This means that the co-creation experience becomes the very basis of value and the end result is unique (Prahalad and Ramaswamy 2004). According to Grönroos et al. (2011) co-creation is a function of interaction with the customer.

Merlo et al. (2013) state that today’s companies are really focused on increasing customers’ positive word of mouth. However, it may be more important to emphasize customer participation to be able to generate valuable repeat business. In Ramaswamy (2008) Nike case, Nike soon recognized that advantage in the sneaker market is achieved by creating value through experiences.

Co-creation is a continuous process to discover unique sources of differentiation. It increases the company capability to generate valuable insights rapidly. Co-creation is a win more – win more approach to value creation (Ramaswamy 2009). Co-creation's main point is to think how the company can be involved in customers' lives. When defining the customer value both the customer and the firm interact with each other. Both of them have their own roles in the process. Value creation happens in different spheres whereas the joint sphere is the only part that co-creation with the customer is possible (Grönroos, Voima 2013). The next subsection introduces the different value creation spheres.

4.1.1 Value Creation Spheres

Grönroos and Voima (2013) define that role of the customer and company in value creation varies in terms of the value creation spheres. Figure 9 illustrates the different value creation spheres and the roles of customer and company in that process.

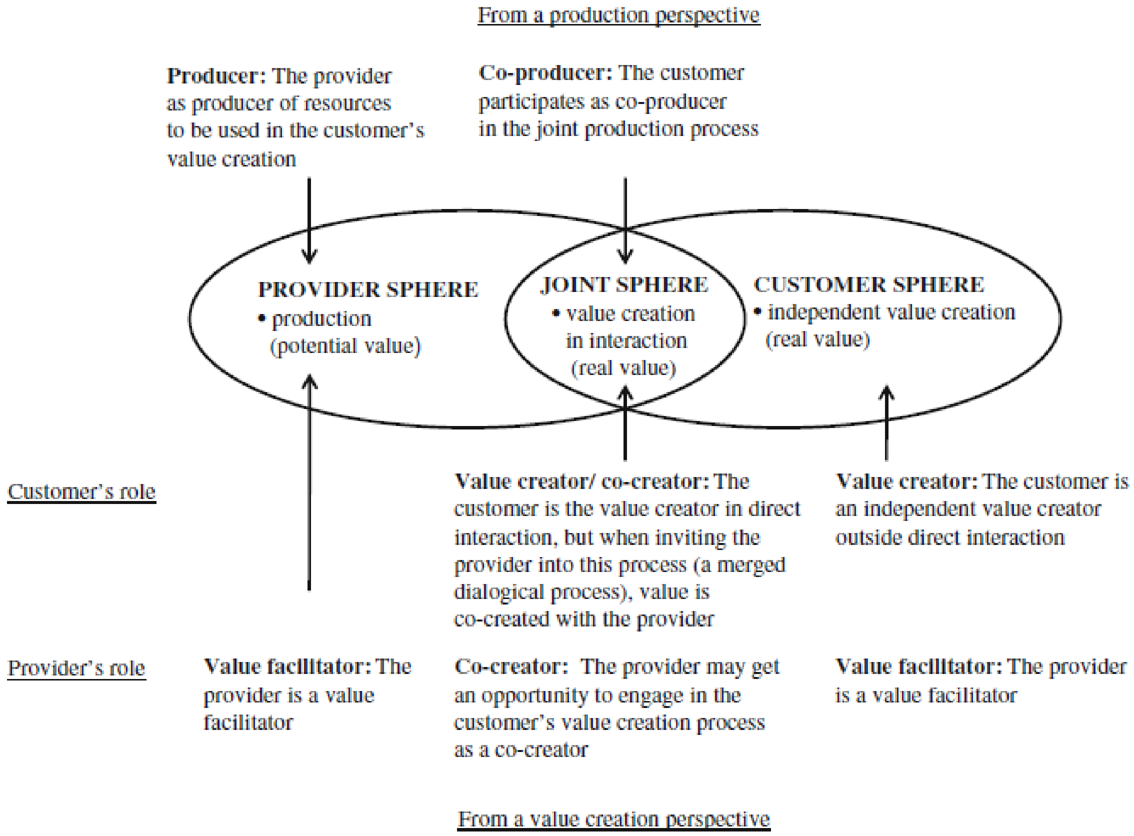

Figure 9. Value creation spheres (Grönroos and Voima 2013:141).

As the Figure 9 shows, there are three main value spheres in value creations. The meaning of the different spheres are explained in the following paragraphs.

Providers sphere generates the potential value which is then later on turned in to real value of the customers. In this sphere the company facilitates the customer value creation and therefore the company role becomes to act as a value facilitator. As an output value created in this sphere is the potential value that the customer can use in their value creation process.

Joint sphere gives the platform for the customer and company to co-create value. Value co-creation takes place when the customer and company have direct interactions. These interactions take place when the customer participates as a co-producer in the joint production process. Here the customer is the value creator but it turns to co-creation when the provider is invited to join the process. Hence these interactions can affect the value creation positively, negatively or no affect at all. Therefore the company's need to be alert in terms of customer state of mind at the co-creation moment. Also the quality of the interactions becomes more and more important hence the co-creation process can be a creative but also a destructive process.

In *Customer sphere*, the customer creates value independently. This means that the customer interacts only with the resources obtained by the company but not with the processes. This makes the company act in a passive role. Independent value creation can take several forms in different kinds of customer contexts. Furthermore the customer value creation process is also influenced by others i.e. friends and family which are beyond the company's control. Customer sphere is defined as an experimental sphere where real value is created through the user experiences with resources and processes and their outcome. (Grönroos and Voima 2013.)

4.1.2 Dialogue, Access, Risk-benefits and Transparency (DART)

When discussing about co-creation it does not mean customer focus or that the customer is a king or customer is always right. Nonetheless co-creation is not happening if the company delivers good customer service or transfer activities from the company to the customer as a self-service. Co-creation means that the company allows the customer to co-construct the service experience to suit customer needs. (Prahalad and Ramaswamy 2004)

To be able to build the co-creation experience it requires some management guidelines and building blocks for interaction. The basis for the interaction between customer and the company are dialog, access, risk-benefit and transparency (DART) that emerges to interaction presented in Figure 10.

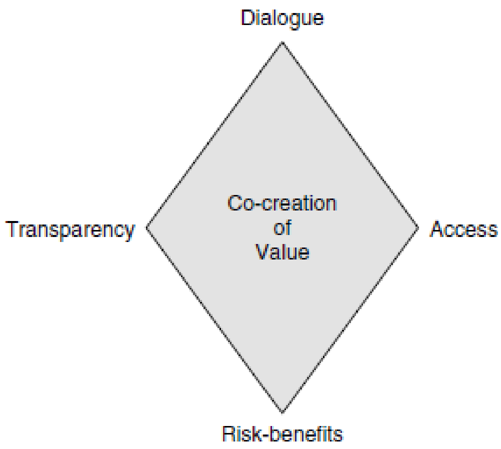

Figure 10. Building blocks of interaction for co-creating of value (Prahallad andRa-maswamy 2004: 9).

As Figure 10 shows, the DART model can be used to manage co-creation between the customer and company. With these guidelines you can set the scene for high quality co-creative interactions together with the customer. (Ramaswamy 2008)

Dialog is an important element in the co-creation process. Dialog enables interactivity, engagement and the ability and willingness to act on customer and company side. However it is difficult to have an effective dialog between partners that are not equal compared to each other. Therefore to have an active dialog the customer and company must become equal and the dialogue must center around issues that interest both customer and the company. Furthermore rules of the engagement need to be clear for everyone.

Next, *Access and Transparency* are necessary to make a meaningful dialog with the customers about the information that the company has. Since the connectivity is here, there and everywhere, it is possible for the company to provide needed access for the customer to access as much information that is needed. Without these two guidelines, access and transparency, it is not possible to have a meaningful transparency.

Risk – return relationship gives the guidelines to manage the risk/benefit propositions for both, customer and the company. This guideline makes the customer think about the actions and decision related to the on-going co-creation activity. (Prahallad and Ramaswamy 2004)

Ramasswamy (2008) continues that by using the DART model effective interaction with the customer can happen. Companies can co-create relative value even in the existing engagement spaces. Personalized co-creation experience means individualized interaction and experience outcomes. Vega – Vazques et al. (2013) found out, that with increased customer participation, customer motivation and commitment to co-creation also increases. As a result of this, customers can gain greater quality of the services which leads directly to satisfaction.

To be able to co-create with the customer the interaction needs to happen between the seller and buyer. There are different aspects, which affect the interaction that are discussed in the next subsection that describes the interaction model and the atmosphere during the interaction.

4.2 Relationship Between Buyer and Seller and Atmosphere in Interactions

This section discusses the relationships between buyers and sellers and especially the governing characteristics of interactions between the two. A specific interaction model (see e.g. Håkansson 1982) is presented. The model specifies the elements of interaction, in which actor bonds, activity links and resource ties are formed and developed by the interactions but also by prior experiences (Håkansson and Snehota 1995). Atmosphere provides the basis for action and interaction in a relationship and refers to the types of social and cultural bonds that develop among the actors involved in a relationship (Wong et al. 2010; Håkanson 1982). Relationship atmosphere is the context in which interactions occur and it affects the various types of mutual adaptations taking place (Wong et al. 2010).

4.2.1 Interaction Model

The interaction model captures different aspects on interaction between the buying and selling companies. The interaction model includes also the relationship between these aspects. The interaction process can be divided in four basic elements; the interaction process, participants in that process, environment in which the interaction takes place and atmosphere affecting and affected by the interaction. (IMP project group 1982: 23) All elements of the interaction model can be seen in Figure 11.

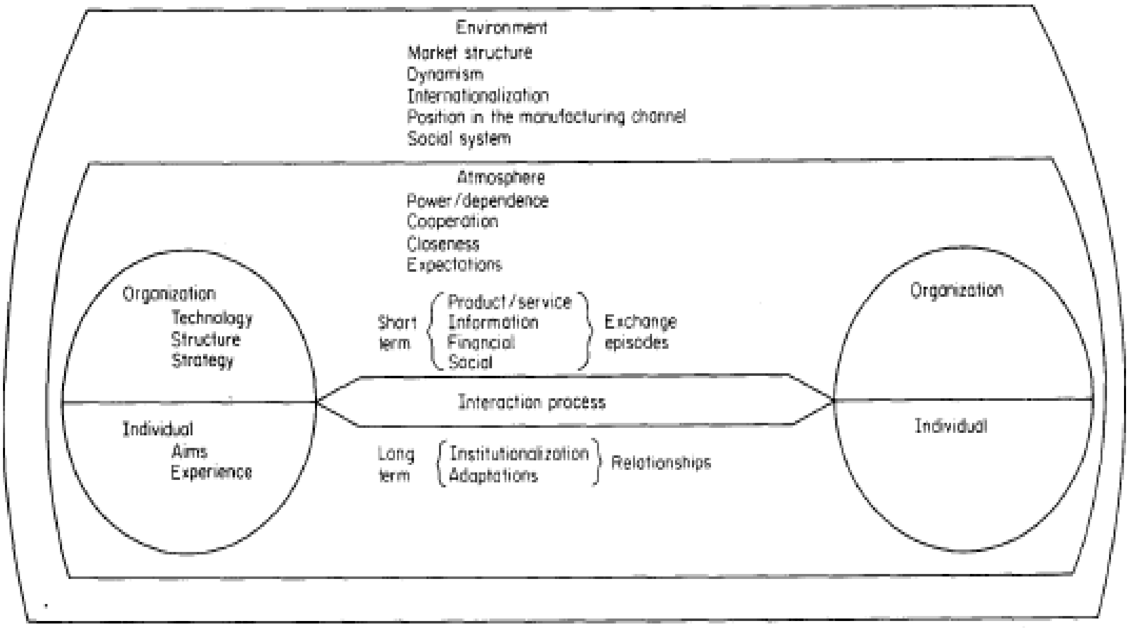

Figure 11. The interaction model. (IMP project group 1982: 32)

As seen in Figure 11, in the interaction model both buyer and seller are active participants in the market. Either buyer or seller may engage in search of a proper buyer or seller relationship. Either of those can prepare specifications of requirements or offerings or attempts to control the transactions process.

When describing the relationship between the buyer and seller it is frequently long term and close. Furthermore, it includes complex interaction pattern between and within each company.

Often the link between the buyer and seller forms in to a set of roles that each party expects others to perform e.g. product development responsibility or decision who should do the testing of the products. As a consequence these relationships can involve both conflict as well as co-operation.

Close relationships in the interaction model are typically considered in the context of continuous raw material or component supply. Not forgetting the importance of previous purchases, mutual evaluation in the case of infrequently purchased products. (IMP project group 1982)

These kinds of relationships are developed through interactions between the parties over time. Therefore, it is appropriate to treat the atmosphere as a product of the interactions. The next sub-section discusses the atmosphere in the interaction.

4.2.2 Atmosphere in Interaction

Interaction process between the buyer and supplier is affected by the characteristics of the parties, the exchange between them and the interaction environment as well as emotional setting, the atmosphere. The atmosphere has emerged from structural conditions and previous interactions. The function of the atmosphere is to form consequent interaction by which it is influenced in its turn. This function is more or less central for the interaction to happen and the impact may be more or less strong. (Hállen, Sandstöm 1988)

According to the IMP project group (1982), atmosphere can be described as a power-dependence relationship which exists between the companies. Sutton-Brady (2000) continues that balance of power and the degree of dependence on interdependence shapes the atmosphere of the enhance process and the relationship.

The IMP project group (1982) defined five dimensions for the atmosphere. These are power/dependence, trust/opportunism, closeness/distance, cooperation/conflict and expectations. These dimensions are describe in detail below.

As mentioned above the balance of power and the degree of dependence or independence helps to shape the atmosphere of the exchange process and the relationship. Power means that one of the parties has the influence to affect the other party’s actions. The discovered balance of the power is important and the knowledge that it is existing between the parties comes essential hence that can then affect to the actions taken in the relationship. Therefore it can be stated that the perception of power shapes the relationship. (Sutton-Brady 2000)

Cooperation means that both parties are willing to work together towards common goals and targets which gives benefit to both parties. On the other hand, competition can be seen as a lack of shared interests which does not always have a negative impact on the relationship. It can cause some conflicts though. Therefore, it is important to look at both dimensions cooperation and lack of cooperation which might cause problems in the long run. Perception plays an important role again as what is considered as a problem by one party might not be a problem for the other. (Sutton-Brady 2000)

Trust is one of the basic concepts of the social exchange framework. It is a behavior where parties can rely on the behavior of each other's with a confidence. This happens when there is an exchange of a product/services or information. Trust between the parties in the relationship is built up over time in a close and continuing relationship. There are certain characteristics that need to be present when building a trust in to the relationship. These characteristic are: reliability, competence, credibility and repetitiveness of predictable behavior. When measuring this these characteristics are really important and helpful. (Sutton-Brady 2000)

Understanding means that the parties in the relationship understand the situation and the conditions of each other. To be able to gain this understanding both of the parties in the relationship need to desire to gain as much information from each other as possible. This kind of information consists of all the aspects of the on-going business and how it is carried out. If the understanding exists in the relationship then minor problems and misunderstandings can be handled without serious consequences to the relationship. (Sutton-Brady 2000)

Commitment is seen as a long-term dimension of atmosphere. It relates to investments to adaptations the parties make to each other and also the perception of the commitment to the future of the relationship. Investment of time or money in the relationship or willingness to make changes and work towards mutual goals and benefits can be seen as a characteristics of a commitment. This dimension is closely connected to the emotions of the parties in the relationship. When discussing about the emotions in the relationship the atmosphere can be either positive or negative depending on the emotional settings of the participants. (Sutton-Brady 2000)

As can be seen form the above literature review the perception of the atmosphere in the interaction affects the overall state of the relationship between the buyer and sellers. Hence it is important to consider the different dimensions of the atmosphere when measuring the interactions between the parties.

Customer experience is a result of value co-creation and interaction. The next sub-section defines the customer experience in terms of customer experience management and value to the company.

4.3 Defining Customer Experience

This section discusses customer experience. It introduces how customer experience can be managed and what kind of value it brings to the company.

Customer experience merges all available aspects from the company's offering in to one experience. Its includes product quality, packaging, product and service features, ease of use and reliability not forgetting the personal touch that some of the company employee has given. (Meyer and Schwager 2007)

However customer experience can be also perceived or sensed or its absence can be recognized. These are experience clues that places the experience in two different categories. The first category concerns the actual function of the product or service and the second concerns emotions like smells, sounds, sights as well as the environment in which it is offered. (Berry et al. 2002)

The resent article by Boyarsky et al. (2016) says that understanding the fundamental wants and needs of the customer, the company needs to step in determining what a great experience for the customer should look like. However the customer experience will not improve until it becomes a top priority of the company management and it is implemented in to all company's processes and systems. (Myer and Schwager, 2007)

In order to create a unique customer experience the company needs to manage the customer experience and understand its customers.

4.3.1 Customer Experience Management (CEM)

Unique customer experience leads to differentiation and competitive advantage which then builds customer loyalty and provides economic value for the companies. Customer experience management, CEM can be linked straight to company's business performance.

CEM has 8 characteristics that describe the relevant areas of actions in the company. Figure 12 visualizes the conceptual CEM model.

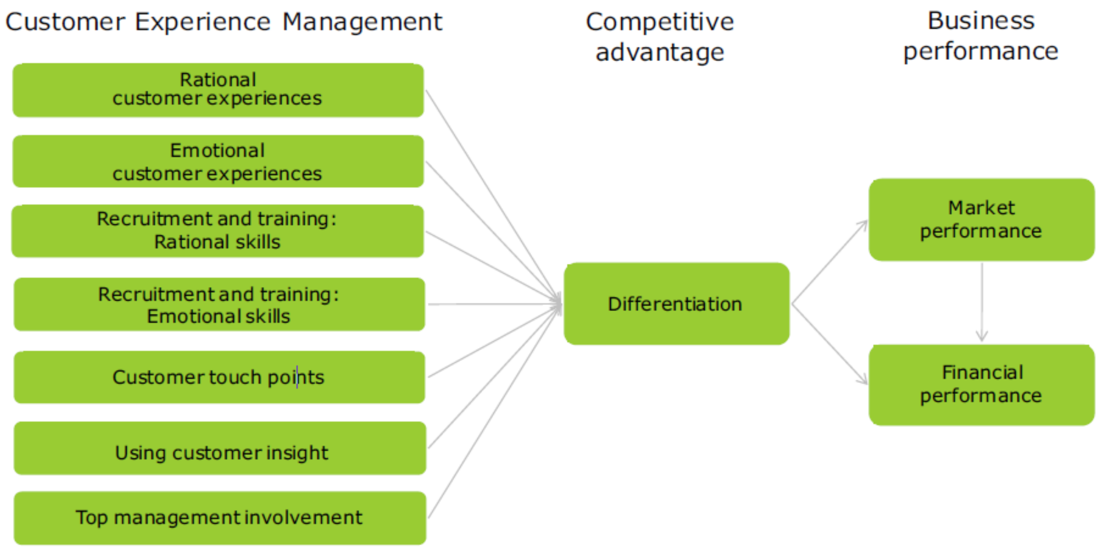

Figure 12. Conceptual CEM model (Gronholdt et al. 2015: 92)

As seen in Figure 12, CEM captures and distributes what the customer think about the company within the touch points that the customer has with the company. The customer touch point is a critical point where the customer and company interact with each other. CEM advocates the "voice of the customer" research done by the company through targeted surveys and observational studies.

Information gathered from the surveys and observations are used by the business or functional leaders in order to create functional products and services. In terms of future performance the CEM helps the company to find and fulfill offering gaps between the expectations and experience. (Meyer et al. 2007)

From the CEM model is important to note that two of the characteristics are devoted to rational aspects, whereas two other dimensions are devoted to emotional aspects. This is important due to the fact that customer experience can be rational which relates e.g. to product quality, price and delivery time or it can be emotional relating e.g. to moods, feelings and emotions. Emotional components are important especially when functional benefits of a product and services cannot be evaluated. (Gronholdt et al. 2015)

When collecting customer related data it is important to acknowledge that it has also managerial implications. According to Mayer and Schwager (2007) many company CEOs do not appreciate tools that collect, quantify and analyze customer related data since they do not know what information those might reveal. Still, it is crucial to know the customer touch points. When those are mapped and the interaction inside them is defined, it builds the foundation for the next steps and moreover specifies how the customer experiences the company in different touch points. (Gronholdt et al. 2015)

By implementing CEM to the company processes it gives the company the opportunity to develop a customer-orientated strategy. It helps the company to understand the real needs of the customer and therefore contributes to the positive differentiation. To be able to deliver great customer experience there is a need to put in place a systematic way to collect customer insights. (Gronholdt et al. 2015) The next subsection concentrates on how the customer experience can be measured and what kind of information should be obtained.

4.3.2 Measuring Customer Experience

To measure customer experience the company needs to have existing processes and practices to measure it. It is also important to measure insights from users and influencers and not only gather feedback through sales channels. Finally, the company needs to have a culture where the collected feedback will be connected to improve behaviour or connected to innovations. (Fanderl et al. 2016)

To have an ideal customer experience measurement system, the company needs to put the journeys at the centre and connect them to other critical elements. Figure 13 illustrates the components of an ideal customer experience and principles how to link them to business measurements.

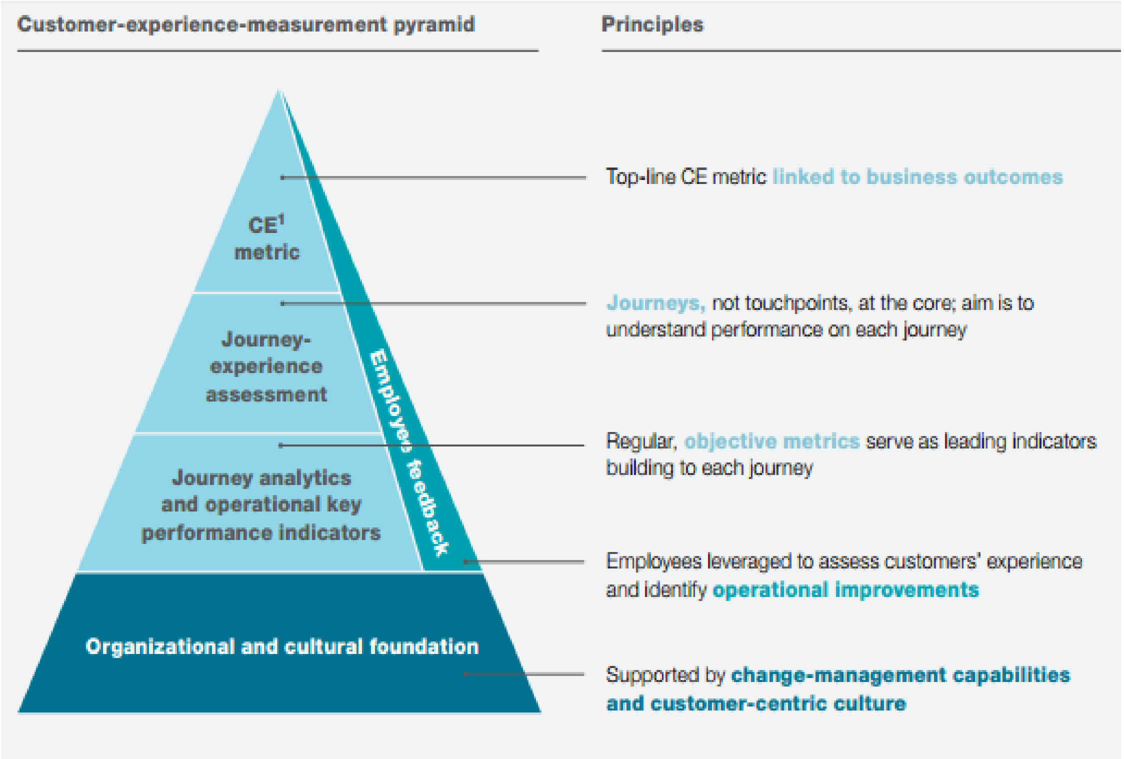

Figure 13. Ideal customer experience (Fanderl et al. 2016:3)

As seen from the Figure 13, there are 5 key measurements in the customer experience measurement pyramid. These key measurements are described one by one in the following paragraphs.

Customer experience (CE) metric, is on the top of the pyramid. This needs to be linked to business outcome to be able to show to the business leaders where the money is. This way it is easier for the business leaders to prioritize on the changes that the CE metric reveals.

Second metric is the journey experience assessment. This metric is measuring performance in each customer journey touch point. This metric gives instant feedback about how the company is performing in each of the step of the journey.

Journey analytics and operational key performance indicator are the third metric on the pyramid. This metric is connected with operational leading Key performance indicators which are tightly connected to the customer journey touchpoints and measures the customer satisfaction in that journey phase.

Employee feedback is on the side of the pyramid and touches all the three metrics. This metric is important since the better employee experience translates to better customer experience performance. Also employee feedback should be collected and it can be done as a same way than the customer feedback, with employees' journey. To be able to create parallel path to act on their feedback.

Organization and cultural foundation is the rock bottom of the pyramid. Without this foundation all the other measurements will be hanging in the air. Cultural change inside the company need to happen in order to build customer-centric mind-set. It is really important that the frontline employees close the loop with customer direct feedback and after that the feedback should be used to change the way of working or process change.

Successfully establishing a new measurement system in a context of broader customer-experience need jointly commitment to the company's customer experience vision e.g. marketing, operations and IT department. (Fanderl et al. 2016)

When tracking the customer experience it is also essential to obtain the right information in the system. Tracked data can be monitored in various patterns. Depending on what information the company is seeking the data can be analysed in past patterns, present patterns, potential patterns or combination of them all. (Mayer and Schwager, 2007)

Mayer and Schwager (2007) define the patterns in the following way:

First, past pattern captures the recent experience. Meaning of this is to improve the transactional experience, identify emerging issues and track goals and trends. This type pattern is collected by web-based, in-person or phone surveys or via forums and blogs.

Second, present patterns tracks current customer relationship and experience issues and identify future opportunities from the data. This focuses deeper on the state of the relationship and other factors as well as it looks backwards and forward. These types of patterns are collected by a web-based survey preceded by preparation in person.

Third, Potential patterns are targeted to inquiries to unveil and test future opportunities. It is a one-off study and special purpose driven. It is very focused and driven by a specific customer or unique problem. Furthermore, it incorporates existing knowledge of customer relationship.

When combining the customer experience measurement and the data analysis with company processes and systems and not forgetting the employee side the company can build a holistic customer experience measuring system. In order to co-create with the customer and then measure the affects, interaction with the customer needs to happen.

4.4 Conceptual Framework of This Thesis

The conceptual frame work for this thesis is built on five main themes. Figure 14 illustrates the Conceptual framework and key themes.

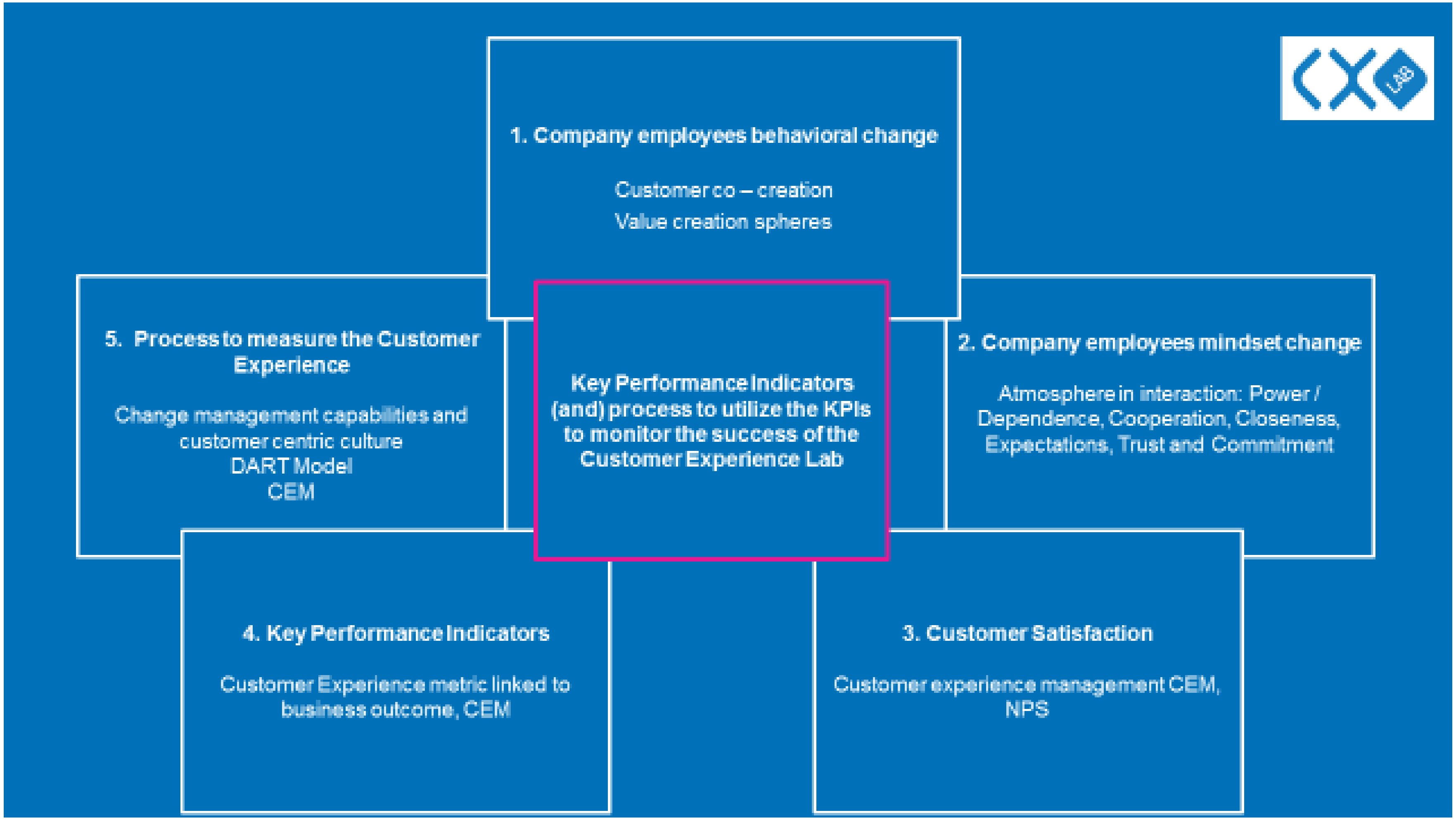

Figure 14. Conceptual framework of this study.

As seen from Figure 14, the Conceptual framework includes five key themes. The first theme is the company employee behavioral change where the co-creation plays the most important role and therefore it is the main element of the Customer experience lab. Without successful co-creation with the customers the Customer experience lab cannot bring any value to the case company. To be able to succeed in that it is essential to understand the customer co-creation and what it is on a general level. Furthermore, understanding the different types of value creation spheres and recognizing in which sphere the co-creation takes place is valuable.

The second theme is the company employee mindset change. Here it is important to understand the atmosphere in relationship and interaction between the buyer and seller. Understanding this is crucial to be able to build an atmosphere where the co-creation can take place. The atmosphere states the overall state of the relationship between the buyer and seller and is important to be considered when measuring the interactions between the parties. When this is understood successfully the mindset change in the company can be started.

The third theme describes the outcome of the two themes mentioned earlier, customer satisfaction. To increase customer satisfaction understanding of customer experience brings valuable insights for this study.

The fourth theme is the Key performance indicators. Knowledge how to measure and manage the customer experience is useful considering meaningful KPIs for the Customer experience lab. Finally, the fifth theme is the process to measure the Customer Experience.

Keeping mind the business challenge of this study “KPIs and process to utilize the KPIs to monitor the performance of the Customer experience lab” the knowledge found from the Conceptual framework will be taken in use in the next section of the study – Building a proposal for the KPIs and the process to monitor the performance of the Customer experience lab.

5 Building Proposal on KPIs and Process to Measure the Success of the Customer Experience Lab

This section links together the outcomes of section 3 Current state analysis and the findings from section 4, best practices found from literature. Firstly, it gives an overview of the proposal building. Secondly, it describes the findings from the data collections and describes how the proposal for the KPIs has been built. Thirdly it gives an overview of the measurements process and in the end it describes the draft proposal for the KPIs and process to measure the success of the Customer experience lab.

5.1 Overview of Proposal Building Stage

The proposal built in this study is based on the findings from the Current state analysis, together with existing knowledge from literature. To build the proposal, Data 2 was collected in the workshops held within the project group and the interviews and discussion with the key stakeholders.

Data 2 revealed that the case company management and key stakeholders had already quite a clear view of what should be measured to prove the success of the Customer experience lab. The discussions between the project group and key stakeholders were straightforward and straight to the point type of discussions. One of the sales organization key stakeholders said that:

> *"You can't measure the success only by numbers, since 90% of the project is about soft measurements and building an attitude." (Sales Manager, Country organization)*

The proposal building started on top of the findings from the Current state analysis. This included the management expectations and the missing process and KPIs for the Customer experience lab. (Data 1)

After the Current state analysis of the Customer experience lab, existing information was collected to be able to tackle the business objective regarding the development of the Customer experience lab. This was then followed by the proposal building by involving the project team members and the global key stakeholders (Data 2).

This all merged in to one proposal which has different elements in it. The next sub-sections will describe those elements in more detailed.

5.2 Proposal Building and Findings from Data Collection 2

As the Current state analysis of the Customer experience lab showed and also the business challenge of this study stated, the KPIs and the process to measure the success of the Customer experience lab is missing. From the discussions and workshops that were carried out at this stage became clear, that there were certain expected outcomes for the Customer experience lab. These outcomes were:

	Expected outcomes for the Customer experience lab
1	Main outcome of the Customer experience Lab is to increase the customer satisfaction inside the country where it is operating.
2	Customer experience lab aims to change the employee mindset and how they are behaving with customers.
3	Customer experience lab is part of the new strategy of the case company.

These three main outcomes are the expectations from the case company management team for the Customer experience lab. Customer centricity is one of the key theme in the case company new strategy which can be seen from the below quotes which are from the video greeting for the involved project group. (Data 1)

> *"Let's have fun and work with our customers. I'm pretty sure that we can find a lot of good things from which we can learn a lot." (EVP of the Global business unit)*

With these outcomes in mind the key stakeholders from the Country organization were interviewed and as a result of the interviews a list of items that should be measured was created. This list can be seen in Table 4.

Table 4. Proposed measurements for Customer experience lab.

	Proposed measurement
1.	Speed: From experiment to market (days)
2.	Quality of the experiments (based on surveys and interviews)
3.	Number of experiments done
4.	Number of successful experiments leading to implementation
5.	Number of new experiments defined
6.	Number of non-successful experiment
7.	Number of distributed learnings
8.	Repeat purchase
9.	Transactional surveys with NPS question
10.	Customer Effort Score (CES) for Sales
11.	Customer perception / engagement on experiment culture
12.	Image / brand awareness
13.	Future position from 3-4 years

As seen in Table 4, the list consists of different items that could be used for success measurement for the Customer experience lab. This list was a starting point of the KPIs for the Customer experience lab.

After the interviews of the Country organization key stakeholders, a workshop within the project team was held. The purpose of that workshop was to identify which of the measurements are useful and whether those are measuring the right things. In that workshop, the project team discussed also that certain things needs to happen to be able to achieve the set targets. The result of that was a list of actions that need to be done together with a list of needed KPIs.

To be able to run the Customer experience lab the same way in each of the county organization certain actions need to be done in different stages of the process. Table 5 shows all the actions/milestones and KPIs that the project team felt are important when setting up the Customer experience lab and measuring its efficiency.

Table 5. List of actions/milestones and KPIs for Customer experience lab.

Milestones / Actions			KPIs
Needed data analysis done	Experiments planned and success criteria's defined	CX Lab and process introduced and understood	Number of implemented or planned changes based on experiments
Business Challenge identified and main KPI named (e.g. NPS)	Questionnaire to FL participants: What are your expectations and based on the knowledge that you have are you ready to star the experimentation?	FL commitment to start the Lab, Trial / Kick off agreed	Number of distributed learnings
FL budget indication	Kick-off meeting held	Experiments selected and owner from country org. Identified	NPS
Decision to start CX Lab	Quick trial experiment done with every FL participant	Clear FL owner ship of the experiments exists	Hit rate
Business Challenge confirmed + main KPI named	Experiment planning done and schedule agreed	Decision to implement	Sales Margin
Customer insights identified/reviewed	Questionnaire to FL participants: satisfaction to CX Lab execution / Learnings from service experimentation culture while running the experiments	Service definition done	Number of experiment measured and evaluated
Development themes selected	Implementation started according to existing plan	CX Lab footprint in the FL. Is it running without global team heavy involvement?	Number of all experiments
Planning meeting held	Questionnaire to frontline participants: "What have you learned"	Goals of participant for personal learning about service experimentation culture set	Time; from experiment to market
Participants identified	Owner of CX Lab from country defined		Planned changes in case company processes & tools

As seen in Table 5, it is a combination of actions/milestones and KPIs for the Customer experience lab. As it was stated in the business challenge of this thesis, the success of the Customer experience lab needs to be measured in terms of the case company employees behavioral change, the case company employees mindset change and the case company customer satisfaction.

The employee behavioral change starts with successful value co-creation with the customers. Without that, none of the planned experiments will bring any beneficial value to the case company. When engaged in successful value co-creation, the case company employees listen to what customers are saying and act upon that and that is when the behavioral change starts. Here it is important to establish a dialogue between the customer and local team members. Like one of the case company global management team members stated:

> *"Customer experience lab enables dialogue with the customers"*
> *(EVP, Chief Technology Officer)*

The employee mindset change can be sensed through the surveys that are done during the Customer experience lab implementation phase. Also here the atmosphere in customer interaction plays an important role in terms of power and dependence relationship. In this case, it means that the different dimensions of the atmosphere need to be considered when measuring the end result of the single experiments. When the atmosphere is in a good balance between the customer and the case company then it is easy to continue the experiments.

Customer satisfaction can be linked to customer experience. When delivering superior customer experience the case company needs to be customer centric in all of its functions. The Customer experience lab fills in one gap in the case company customer experience by giving the opportunity to listen to what the customers are saying, and specifically by concentrating on solve customers' problems. With a unique and high level customer experience we can keep the existing customer and increase the hit rate and gain more opportunities. One of the Country organization key stakeholders said that:

> *"If the customer is happy, then he's a returning customer" (Installation Director)*

Next in the proposal building was to define the process to measure the success of the Customer experience lab. That is explained in the next sub-section.

5.3 Process to Measure the Success of the Customer Experience Lab

When defining the process to measure the Customer experience lab it was defined that the global team will be responsible for executing the measurements. First the process to measure the Customer experience lab was done in very high level.

Figure 15 illustrates the three main processes of the Customer experience lab.

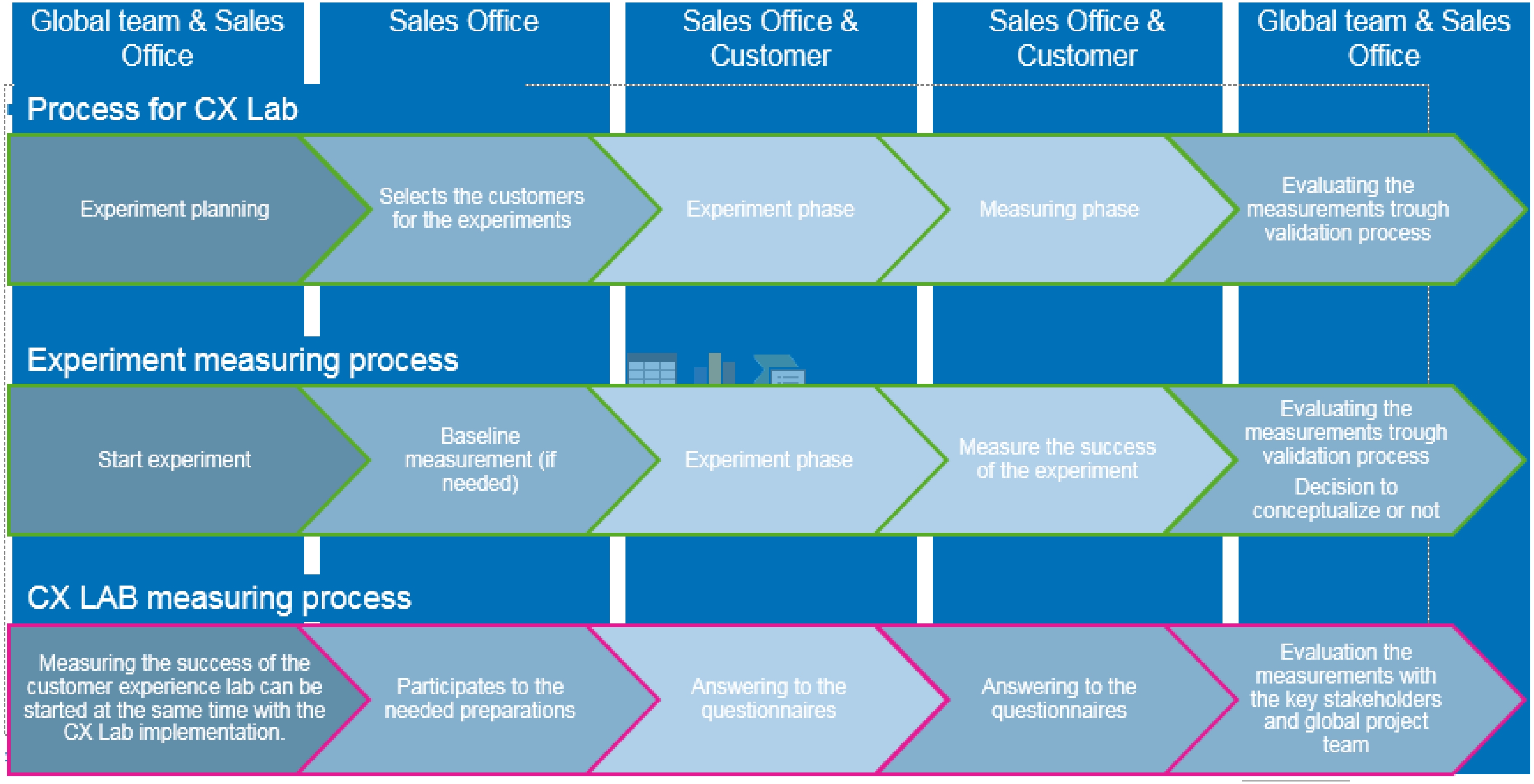

Figure 15. Three main processes of the Customer experience lab.

As seen from Figure 15, there are three main processes for the Customer experience lab. First process, process for the Customer experience lab, means the overall process to set up the Customer experience lab. Second process, experiment measuring process, describes the process to measure the success of a single experiment. Furthermore the third process describes the process to measure the success of the Customer experience lab.

From the Figure 15 is not possible to see all the detailed actions or measurements that needs to be conducted, to be able to measure the success of Customer experience lab. Therefore in the workshop within the project team a need came up to show to key stakeholders how work is proceeding in the countries. For this reason, the project team started to map all the different phases of the Customer experience lab. The result from that is a seven-step process how to measure the success of the Customer experience lab, which can be also used as a check list and gate model for the global team. All of the steps includes certain milestones were a defined task need to be performed before it is possible to move forward with the process. These milestones have two values, not done/done, that indicates the status of a single milestone.

Figure 16 illustrates the steps to measure the success of the Customer experience lab.

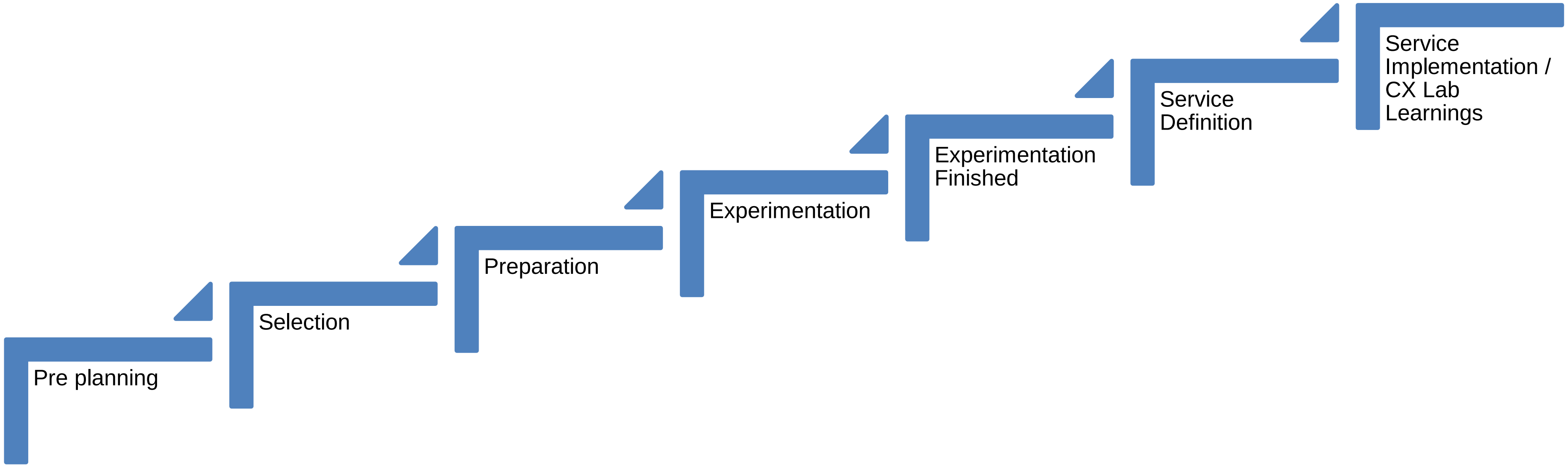

Figure 16. Process steps to measure the Customer experience lab.

As Figure 16 illustrates, there are seven steps to be taken so that the Customer experience lab leading indicator, NPS can be fulfilled. These seven steps are: pre-planning, selection, preparation, experimentation, experimentation finished, service definition, implementation and learnings from Customer experience lab. Visualizing of these steps are needed to make the process transparent to all the key stakeholders.

To have a complete process, the list of KPIs and the process steps were combined in to one coherent process. This process acts as a check list and a gate model for the global project team and at the same time it includes the needed KPIs to be able to measure the success of the Customer experience lab.

The next sub-section presents the detailed proposal for the KPIs and the process to measure the success of the Customer experience lab.

5.4 Detailed Proposal

A coherent process to measure the success of the Customer experience lab is a combination of the wanted KPIs and the needed milestones to achieve those KPIs. Figure 17 illustrates the first four steps of the process to measure the success of the Customer experience lab.

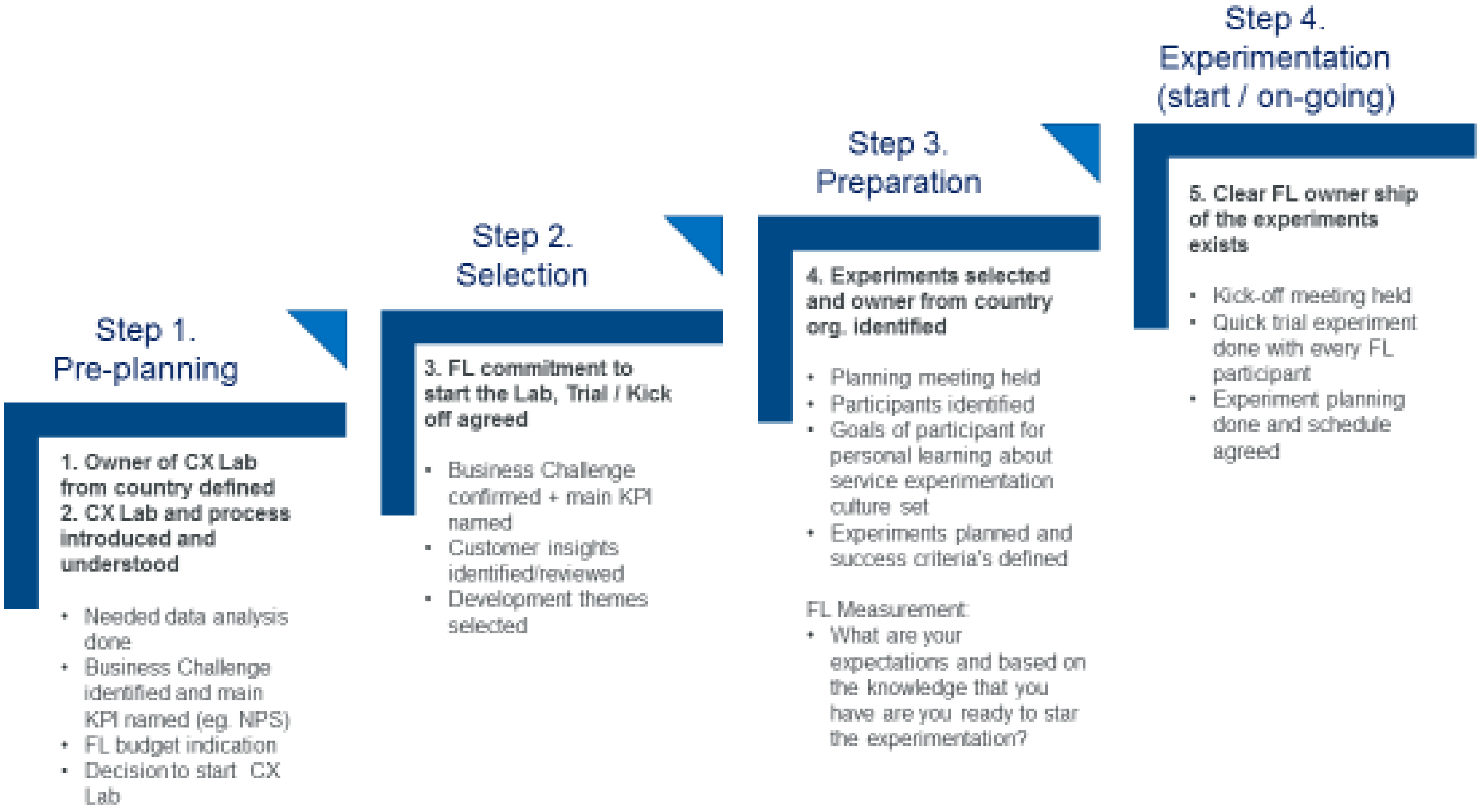

Figure 17. First four steps of the process to measure the Customer experience lab.

As seen in Figure 17, the milestone for each step is in bold and needs to be accomplished/identified before any further steps can be taken. Other listed items/actions below each step are more like a checklist of actions that need to be done for the global team. The first four steps are: pre-planning, selection, preparation and experimentation.

Step 1. Pre-planning

The meaning of this step is to make all the needed pre-planning for the Customer experience lab. Most of these tasks are done by the global team members, but contribution also from the Country organization is needed. Milestone for this step is to define the Country organization owner of the Customer experience lab and introduce the process of the Customer experience lab to the local team. Other tasks that need to be done at this stage are: needed data analysis done, country business challenge identified and main Country organization KPI named, country has indicated that they are ready to invest by putting it in to their budget plans and then decided to start the Customer experience lab.

Step 2. Selection

This step starts the hands on and concrete planning of the Customer experience lab. Milestone for this step is, that the Country organization commits to start the Customer experience lab and has agreed the trial / kick off meeting with the global team. Other tasks that need to be completed or identified are: business challenge and main Country organization KPI confirmed, customer insights identified/reviewed and main development themes are selected.

Step 3. Preparation

With this step the needed planning is done for the coming experiments. The milestone for this step is that the experiments are selected and experiment owner from the Country organization is identified. Other tasks that need to be completed at this stage are: planning meetings held, participants identified from the Country organization, goals of participant for personal learning about service experimentation culture set, experiments planned and success criteria defined. At this step also a questionnaire for the Country organization will be conducted to be able to track the participants' expectation levels and readiness to start experimenting.

Step 4. Experimentation (start / on-going)

At this step the actual experimenting is either started or already on-going. This step milestone is that the clear ownership for each experiment in the Country organization exists. When the owner is clear the experimenting can be started. Other tasks that need to be completed at this stage are: kick-off meeting held with the local team, quick trial experiment done with every local team participant, experiment planning done and schedule for the experiments is agreed.

With the first four steps the Customer experience lab is running in the Country organization. After the experiments are done we can start measuring the success of the Customer experience lab by adding the KPIs in to the next steps of the process. Figure 18 illustrates the last three steps of the process.

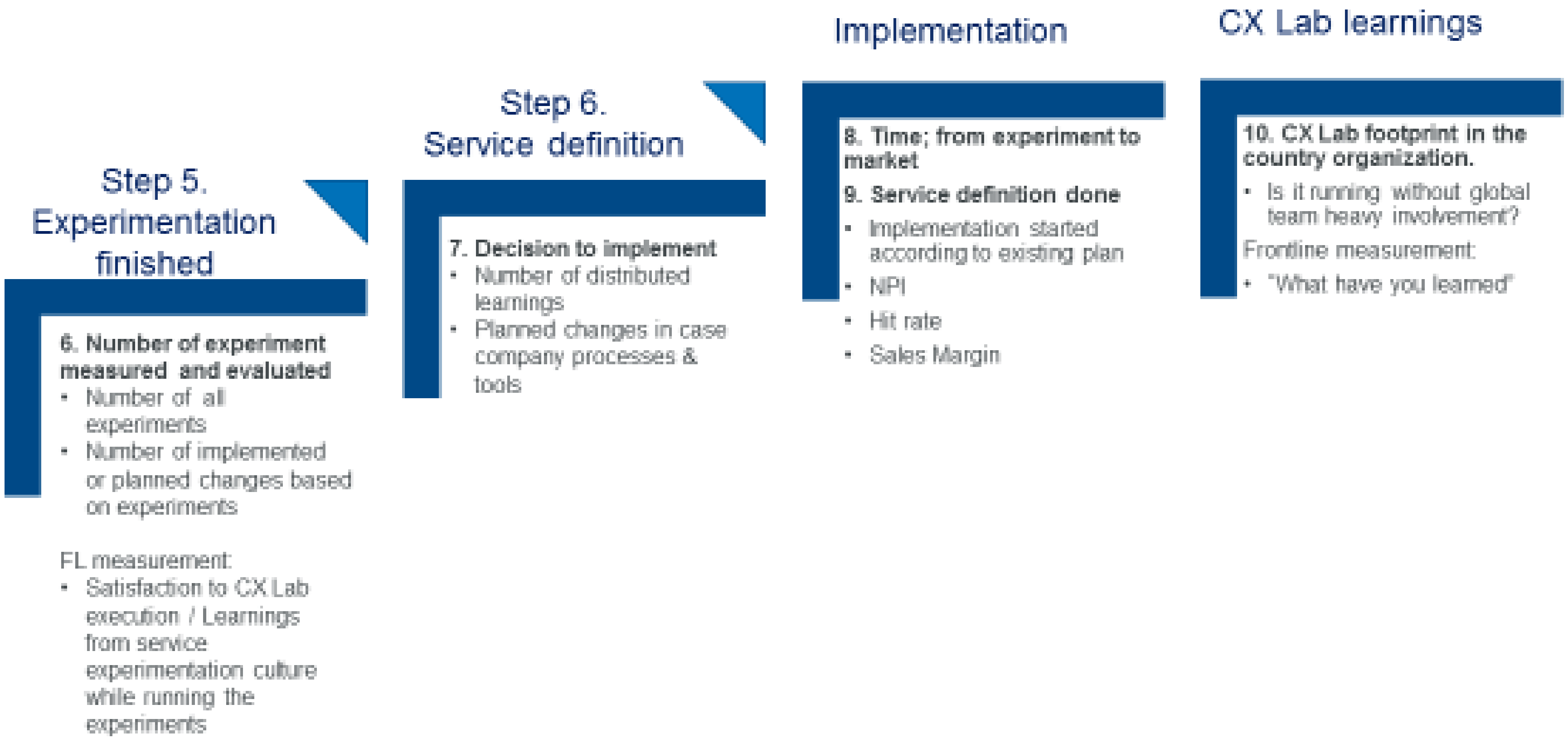

Figure 18. Last three steps of process to measure the Customer experience lab.

As seen in Figure 18, there are still three steps to go before the Customer experience lab can be measured as a whole. These last three steps are: experimentation finished, service definition, implementation and learnings from Customer experience lab.

Step 5. Experimentation finished

At this step the experiments defined are finished and the measurements for a single experiment can be done. Like it was defined earlier all the experiments have an individual KPI set. The KPI for this step is the number of experiments measured and evaluated. It shows the total amount of experiments completed, hence the failed and succeeded experiments are both as valuable for the success of the Customer experience lab since from both of them the case company can learn something from the customer. Other measurements at this step are: number of all experiments and number of implemented or planned changes based on experiments. Furthermore, a questionnaire for the Country organization participants will be sent to be able to track how satisfied they have been to work within this project and what have been their learnings.

Step 6. Service Definition

At this step the successful experiments are translated to service definitions. The milestone for this step is that the decision to implement is done before going forward with the next step. Other KPIs at this step are: number of distributed learnings which can be shared with other countries and planned changes in the case company processes and tools.

Step 7. Implementation / learnings

The last step of the process includes two different measurements points. At this step we can measure the business impact but also the impact in the Country organization. Milestone for this step is that the service definition is ready and the KPI is to measure the time from the experiment to implementation. Also other measurements are conducted after the services are implemented since we assume that those have an effect on the following KPIs: NPS, hit rate and sales margin in that area where the lab has been operating.

In addition to the business KPIs also the behavioral changes in the Country organization are measured. Information that the Country organization participants have learned is gathered by sending a questionnaire to all the participants. Furthermore, if the Customer experience lab will run without heavy involvement from the global team, it has been successful.

With the process and KPIs described above the success of the Customer experience lab can be measured. The next sub-section describes how this process has been tested and validated.

6 Validation of the Proposal

This section validates the proposal developed in section 5. Validation refers to the key stakeholder feedback and the workshop carried out with the global project team collected for data 3. Firstly, this section gives an overview of the validation process. Secondly, it describes the development ideas gathered from key stakeholders and global project team and thirdly, it describes the final proposal built on the collected feedback.

6.1 Overview of Validation Phase

For conducting the validation of this study, the proposal was presented to the project team members and global business line key stakeholder. Furthermore, the proposal was sent for feedback to the Country organization key stakeholders. Data 3 was collected through one workshop and discussion in addition to email feedback round from the Country organization stakeholders.

When presenting the proposal, comments were collected for the KPIs and at the same for the process step to measure the success of the Customer experience lab. The next subsection describes the developments to the proposal based on the findings of Data collection 3.

6.2 Developments to Proposal based on Findings of Data Collection 3

The amount of feedback collected in Data 3 was low. When presenting the proposal to the global business line stakeholder there was not so much development work to do. Furthermore the comments from the county organization key stakeholders are still missing. All the comments received are collected can be seen from Table 6.

Table 6. Comments from the key stakeholders.

Participant / role	comment	Relates to: Process / KPI
Head of Sales development, Global Business Line	Visualization of the process steps is good	Measurement process
Head of Sales development, Global Business Line	Add number of opportunities to the step 7. Implementation Correct the time aspect → Time: from experiment to implementation Think what is needed to happen for the CX Lab to continue running without the global team support? Is there something still the global team can work on?	KPI
Global Project Manager	How to reflect the pilot country to the proposed measurements?	Measurement process / KPI

As seen in Table 6, the proposal gained good feedback for its visualization. A quote from the global business line Sales Development Director was:

> *"Visualization of the process steps are clear and informative, looks good! " (Sales Development Director)*

When discussing the KPIs there were couple of corrections that needed to be put in place. The first was that in to step 7. Implementation the number of opportunities need to be added since it has been one of the KPIs that has importance from the business side. Another one that needed to be changed was the time aspect. In the draft proposal, the time was defined as time from experiment to market. This needed to be clarified so the proposed correction was that time would be defined as time from experiment to full scale implementation.

Continuing the discussion towards the learnings and implications in the Country Organization the feedback was that how the global project team can assure that the Customer experience lab will continue running without the global team support. This needs to be defined still.

Feedback from the global Project manager was that the visualization is good but there is also a need to visualize the process of the current pilot country to reflect on the set KPIs. This was taken in to account when the final proposal was built. The next subsection gives a summary of the final proposal.

6.3 Summary of Final Proposal

Taking into account the received feedback for the proposed KPIs and the process to measure the success of the Customer experience lab some corrections were made. The proposed additions and corrections were made to the step seven, implementation KPIs. Figure 19 shows the changes and summarizes steps five to seven of the final proposal.

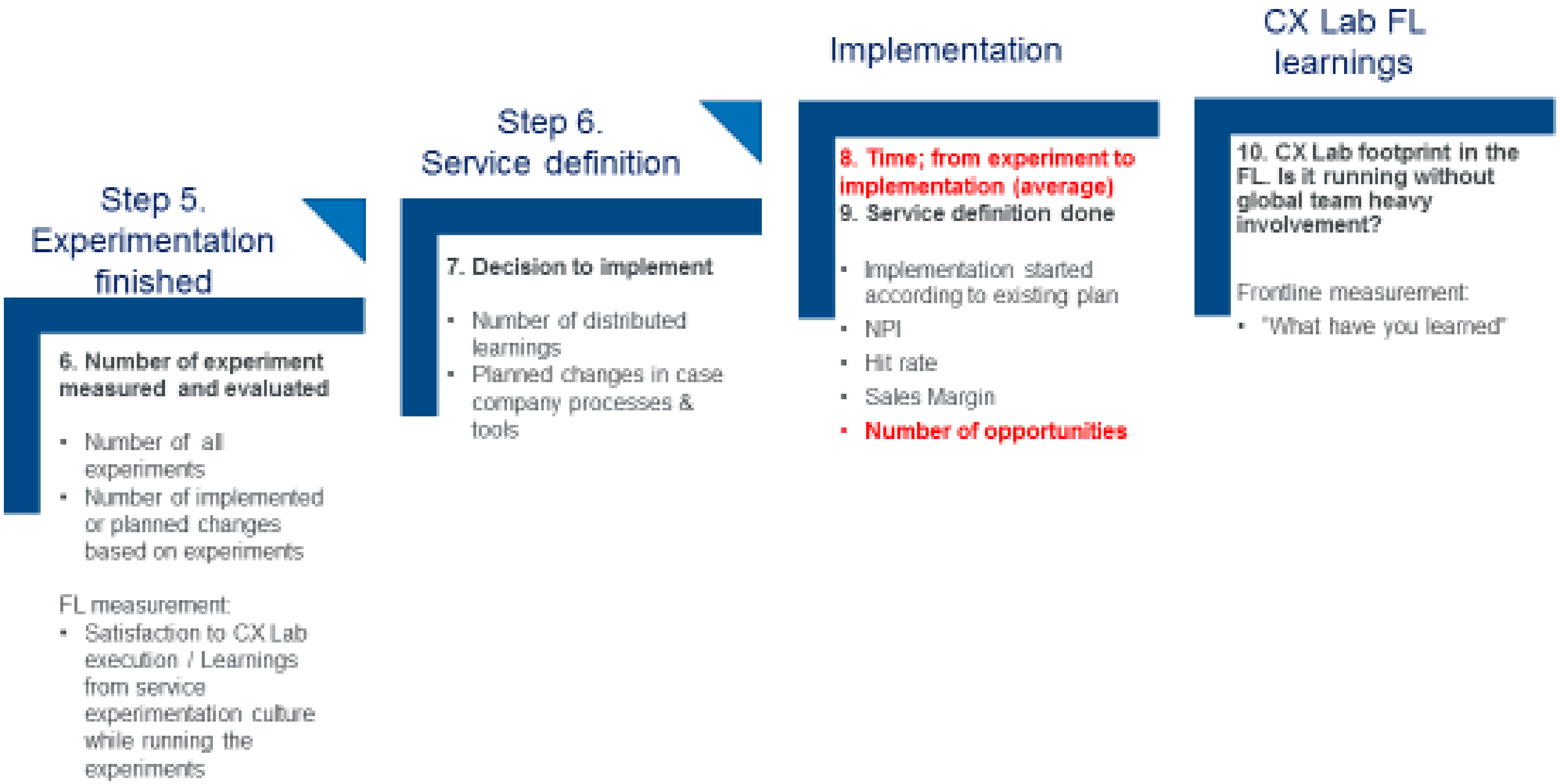

Figure 19. Final proposal, steps five to seven.

As seen in Figure 19, the texts marked in red are corrections after the validation. The time perspective was changed from experiment to market to from experiment to implementation and the number of opportunities were added in to the list.

Also from the validation came out that there is a need to visualize the current pilot country status. That proposal was considered and the first draft of that was conducted. The tool to be used for this is Excel spreadsheet where the steps are transferred to rows. This gives the opportunity to add different countries side by side to be able to compare the results. Table 7 shows the proposal for this.

Table 7. Tool to visualize and record the country results.

KPI's fo+A1:E48r the CX Lab				
Phase of the measurement	Country 1	Comments	Country 2	Comments
Step 1. Pre-planning				
Owner of CX Lab from country defined*	yes		yes	
CX Lab and process introduced and understood*	yes		yes	
Needed data analysis done	yes		yes	
Business Challenge identified and main KPI named (eg. NPI)	yes		yes	
FL budget indication	no		no	
Decision to start CX Lab	yes		yes	
Step 2. Selection				
FL commitment to start the Lab, Trial / Kick off agreed*	yes			
Business Challenge confirmed + main KPI named	yes			
Customer insights identified/reviewed	yes			
Development themes selected	yes			
Step 3. Preparation				
Experiments selected and owner from country org. Identified *	yes			
Planning meeting held	yes			
Participants identified	yes			
Goals of participant for personal learning about service experimentation culture set	yes			
Experiments planned and success criteria's defined	yes			
Questionnaire to FL participants: What are your expectations and based on the knowledge that you have are you ready to star the experimentation?	no	This was not in the plans of country 1 CX Lab		
Step 4. Experimentation (start/on-going)				
Clear FL owner ship of the experiments exists*	yes			
Kick-off meeting held	yes			
Quick trial experiment done with every FL participant	no	This was not in the plans of country 1 CX Lab		
Experiment planning done and schedule agreed	yes			
Step 5. Experiment finished				
Number of experiment measured and evaluated*	4	status on 11.4.17		
Number of all experiments	14	status on 11.4.17		
Number of implemented or planned changes based on experiments	1	status on 11.4.17		
Queationnaire to FL participants: satisfaction to CX Lab execution / Learnings from service experimentation culture while running the experiments	Done			
Step 6. Service definition				
Decision to implement*	yes			
Number of distributed learnings				
Planned changes in KONE way processes & tools	1			
Step 7. Implementation				
Time; from experiment to full scale implementation (avarage)*				
Service definition done*				
Implementation started according to existing plan				
NPI				
Hit rate				
Sales Margin				
Number of opportunities				
Step 7. CX LAB FL learnings				
CX Lab footprint in the FL. Is it running wihtout global team heavy involvement?*				
Questionnaire to frontline participants: "What have you learned"				
What is needed that the CX Lab would work wihtout Global team support?				

As seen in Table 7, now it is easy to add countries side by side and compare the results and follow the progress at the same time. Color coding helps also to identify the statuses at one glance. As the tool is easy to use it can be updated easily by anyone.

With these changes made the proposal can be considered to be validated and finished for further use. The next sub-section describes the next steps and gives recommendation for the future.

6.4 Recommendations and Next Steps

To be able to take in use these KPIs and process to measure the success of the Customer experience lab the following recommendations are given.

Firstly, all measurement related tasks and instructions should be placed also to the Customer experience lab handbook to guarantee, that all different Customer experience lab's are measured in the same way to have comparable results also in the future. These should also include a detailed list of the different tasks that are behind each of the tasks in the process steps. This would help the global project group work in terms of better documentation. Furthermore the work would became more transparent and easier to be repeated by others.

Secondly, the business KPIs are now defined within this study. These KPIs need to be accessed easily hence this would require more work still to clarify what kind of report comes from which of the case company system and by whom.

Thirdly, this proposal and process is still in pilot phase so changes can still occur and are even recommended if there is in the future a better way to measure NPS in global and local level than once a year, i.e. continued customer pulse measurements. Then this should be taken in to a consideration to be included to the key KPI of the Customer experience lab.

7 Conclusions

This section summarizes the final conclusions of this study. First it gives the executive summary and then moves to thesis evaluation.

7.1 Executive Summary

The objective of this thesis was to develop Key performance indicators for the Customer experience lab for the case company and at the same time propose a process to measure the success of it. The Customer experience lab presents a new way of working in the case company and aims to increase customer satisfaction. At the moment, the case company operates in the business area which is changing from product-orientated business to service-orientated business. This is a challenge to the case company since practically the one and only way to differentiate from the competitors is the level of customer service and satisfaction. By increasing customer satisfaction the case company ensures that the customer keeps buying from them instead of competitors. To tackle this, the case company is investing to new ways of working and shapes its company strategy to be more customer centric.

This study used the case study methodology and qualitative data as a source. Also the existing case company documentation was used extensively when the current state of the Customer experience lab was analyzed. The key finding of this study was the gap in the existing processes to measure the success of the Customer experience lab and the expected outcomes of the management team. Based on the findings the best practice were searched from the literature for the KPIs and the process to measure the success of the Customer experience lab. Existing knowledge gathered for this study showed that the successful co-creation with the customer is the right way to work when developing meaningful services for the customer. Moreover, the customer experience cannot be strengthened without good customer knowledge and interaction with customers. Final proposal was built on both, the main findings and the found best practice.

The outcome of the study was a ready proposal for the KPIs and process to measure the success of the Customer experience lab. The study proposed that the success of the Customer experience lab is measured trough a seven step process which includes different actions and milestones in each step. These step are: preplanning, selection, preparation, experimentation, experimentation finished, service definition and service implementation and Customer experience lab learnings. This seven step process guarantee's that the success of all the different Customer experience labs is measured in same way. Having the different steps in the process also helps the global project team to implement the Customer experience lab in to new countries. Furthermore the new process gives the opportunity to visualize the status of each Customer experience lab to the key stakeholders.

Validation of the study was done through interviews and discussions with the key stakeholders and the global project team were the feedback for the proposal was collected. Amount of feedback was low, but still useful in terms of the final proposal. From the feedback the visualization for each Customer experience lab were built in to Excel in order to be able to follow the status of different labs.

If this proposal is implemented, the case company can start measure the success of the Customer experience lab and follow each of the Customer experience lab statuses separately. With this process the global project team can show does the Customer experience lab affects the case company employees behavioral change, the case company employees mindset change and the case company customer satisfaction.

7.2 Evaluation of the Thesis

The objective of this study was to develop Key performance indicators for the Customer experience lab and at the same time propose a process to measure the success of it, as described in Section 1.3. The outcome of the study was the KPIs for the Customer experience lab and the process to measure the success of it, as described in the Section 6.3.

The researcher of this study conducted the study in a manner that the objective of the study, developing Key performance indicators for the Customer experience lab could be met. By following the research design presented in Section 2.2, the researcher was able to collect the data from different sources using different techniques and then circulating the results between the different stakeholders. Existing knowledge was gathered from literature to enhance the importance of customer co-creation, customer experience and interaction between the case company and customers to be used as tools to gain better customer satisfaction.

This study can be used as a basis for the case company to start measuring the success of the Customer experience lab. Hence, it can be further developed if that is required in the future. This study cannot be used for other types of measurements of customer experience in the case company since it only applies to the Customer experience lab KPIs and process to measure.

7.2.1 Validity and Reliability

In rigorous academic research, relevance, logic, validity and reliability are essential evaluation criteria for any qualitative study and must be ensured.

Validity means that the approach selected for this study is rigorous and transparent when discussing the topic of the study. When the results of the study answer to the questions made in the data collection phase then validity can be proven. Reliability of the research is often seen as an assessment of whether the same findings can be repeated if someone else would conduct the research. (Smallbone 2006) Figure 20 illustrates the triangulation process in a case study research.

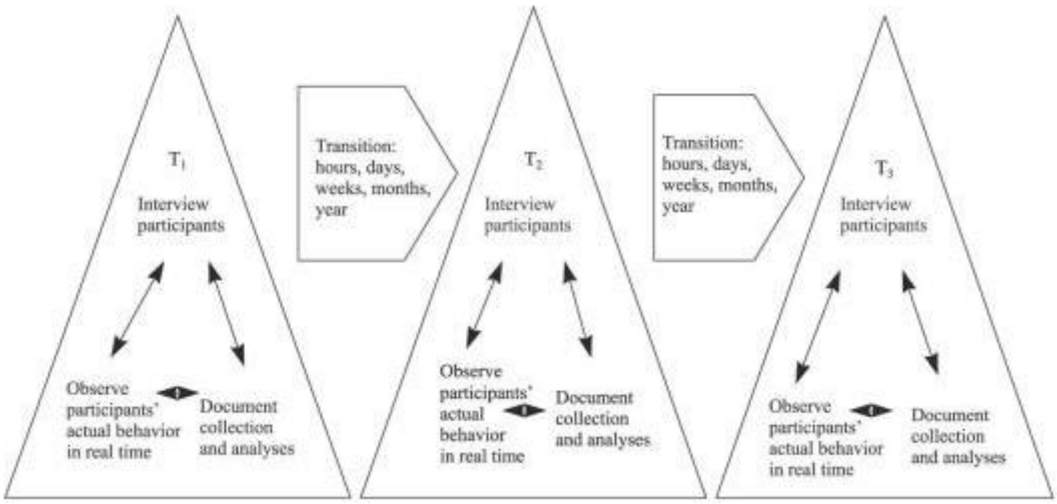

Figure 20: Triangulation in CSR (Smallbone and Willson 2003:498)

The key point in Figure 20 is that the case study researcher prepares written narratives from the interviews, observations and document analysis and then presents those to selected participants in the following time period to verify that the narratives include all the information that was found in the previous round (Smallbone et al. 2003). This way the information that is gathered from different sources can be validated and evaluated among different stakeholders.

To ensure the *validity* of this study the data collection was done through interviews with different stakeholders and reviewing the related case company documents. Also other methods such as workshop with various participants were used at different stages of the data collection to be able to have a holistic picture about the current state of the phenomena.

According to Smallbone (2006), *Reliability* of the study that uses qualitative data is often problematic in business and management research since the context of involving people makes the replication of research problematic. On the contrary, according to Yin (2009) if the researcher conducts the study in that manner that an auditor could in principle repeat the procedures and end up to same results, then reliability will not be an issue.

To ensure the *reliability* of this study the evidence and the steps how the study was conducted are visible throughout the study. The data collection tables show the data how it was collected and when. The proposal is built heavily based on the finding from the Current state analysis (Data 1) and existing knowledge that was gathered in section 4 (Data 2). The final proposal uses the development ideas that were collected from the key stakeholders in section 6 (Data 3). All of the collected data was recorded as a field notes, meeting memos or video recordings, but unfortunately those cannot be included as a visible Appendix of this study as the case company feels that the information is too sensitive to be shared. To be able to show the complete transparency of this study and make it repeatable those should have been made so that the information could have been added to the this study.

7.2.2 Logic and Relevance

Logic means linking the data to the propositions. (Baxter et al. 2008) Basically this means that the study is done in logical way, the data that is gathered is logical for the study and the proposal is logical in terms of the data collected and the literature reviewed.

To ensure the *logic* of this study the data was collected form those parties that are involved to the project and can contribute to the topic. The literature selected for the Conceptual framework was heavily used to build the final proposal and it consists of basic information and background knowledge for the co-creation and customer interactions.

Relevance builds bridges between the evidence and the mainstream of the study. It makes case research consistent and helps on developing measures and testable theoretical proposition within the study. (Eisenhardt et al. 2007)

Relevance of this study can be seen in the proposal building which reflects heavily to the data that was collected in the each of the step. The proposal has been built on the data analysis done based on the collected data and also gathered feedback has been implemented to the final proposal. As it can be seen in section 6.3 the final proposal includes testable and measurable process.

7.3 Final Words

This study is important for the case company because the way of working and the customer satisfaction is a key topic in the current case company strategy. By establishing this way of working it enables the case company to increase the customer satisfaction trough learnings that are shared as a results of the conducted experiments in the Country organization. In the future this study shows also the meaning of a unique and valuable customer experience trough the different KPIs that were set for the Customer experience lab. With the set KPIs it is possible to show also the business impact in numbers.

Customer Experience is a wide topic and because of the nature of this study it couldn't be studied more widely. For the future it would be meaningful to study what kind of regular customer satisfaction measurements could be put in place so that the case company would be to gather information more efficiently.

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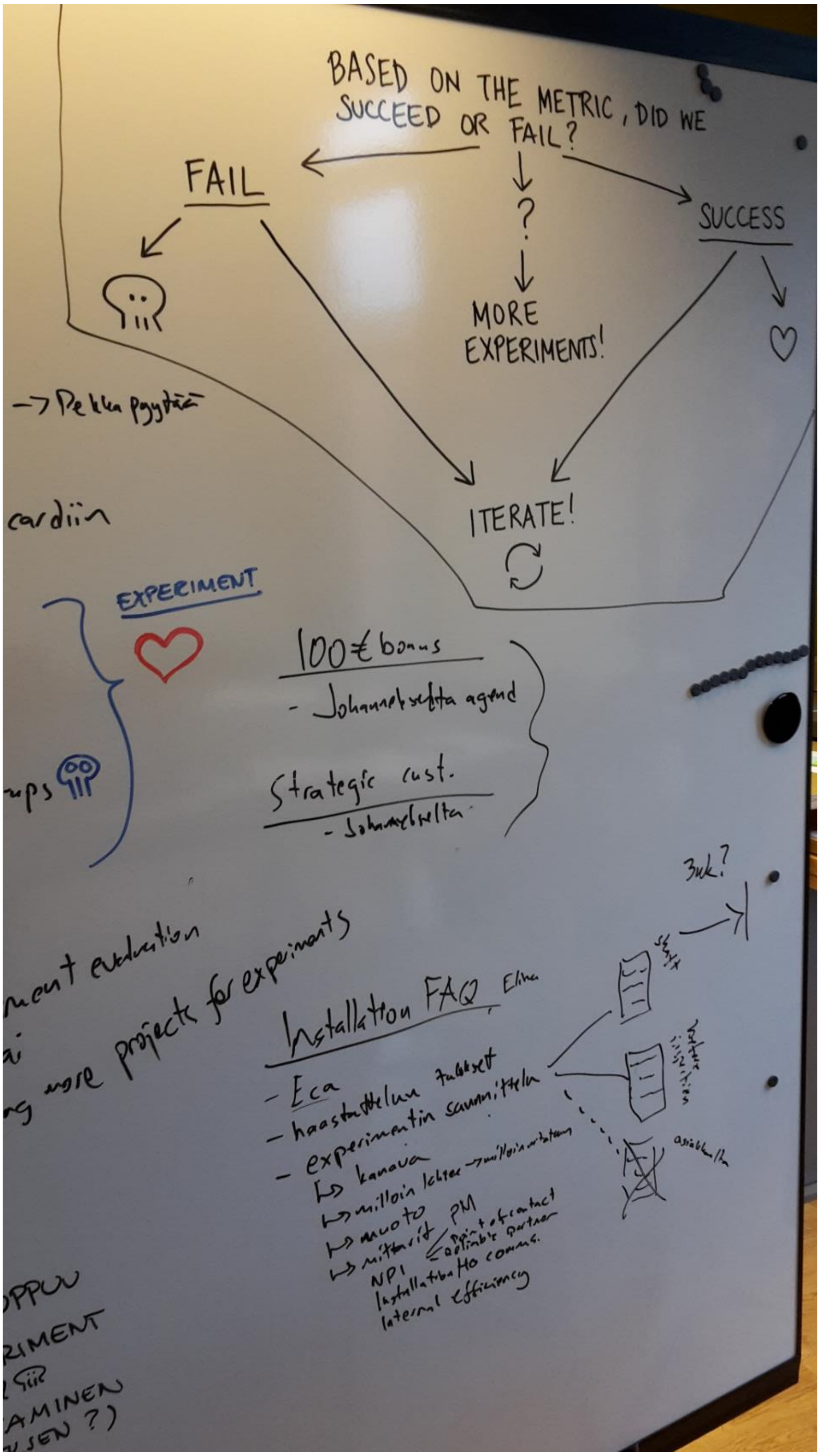
Agenda for the kick-off workshop, Data 1

CUSTOMER EXPERIENCE LAB (HAMBURG), GERMANY

Day 1 Agenda, Wednesday 9.11.2016		**Mgmnt**	**Sales**	**Ops**
Project intro for everyone	09:00	x	x	x
Experiment planning in 2 groups, 10:30 - 12:30		x	x	x
Wrap-up for everyone	14:30	x	x	x
Follow-up practices of coming weeks for every-one	15:30	x	x	x
Day 2 agenda, Thursday 10.11.2016				
Setting up the CX Lab	09:00	(x)	x	x
Intro on running experiments in practice Q & A	10:00	(x)	x	x

Meeting notes from the workshop with project team, Data 1



Questions used in the key stakeholders interviews, Data 2

1. What would you measure to show the success of the Customer experience lab?
2. Can you describe the key measurements in Country organization point of view?
3. Do you think that the success of the Customer experience lab can be measured by numbers?
4. If you think outside of the box what ideas you would have for the measurements, anything?
5. Do you have any other topics related to the measurements?

Fields notes from the Skype calls for the Data 2. CONFIDENTIAL

Question	Respondent 1.	Respondent 2.	Respondent 3.
1. What would you measure to show the success of the Customer experience lab?			
2. Can you describe the key measurements in Country organization point of view?			
3. **Do you think that the success of the Customer experience lab can be measured by numbers?**			
4. If you think outside of the box what ideas you would have for the measurements, anything?			
5. **Do you have any other topics related to the measurements?**			

Comments recorded from the key stakeholders discussions, Data 3

Participant / role	comment	Relates to: Process / KPI
Head of Sales development, Global Business Line	Visualization of the process steps is good	Measurement process
Head of Sales development, Global Business Line	Add number of opportunities (to the step 7. Implementation Correct the time aspect → Time: from experiment to full scale implementation Think what is needed to happen for the CX Lab to continue running without the global team support? Is there something still the global team can work on?	KPI
Global Project Manager	How to reflect the pilot country to the proposed measurements?	Measurement process / KPI

Field notes from the key stakeholder discussions for Data 3. CONFIDENTIAL

Respondent	Notes
Stakeholder 1.	
Stakeholder 2.	
Stakeholder 3.	