



Selling existing services to new customers

Case study: Finnair Flight Academy

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<p>Abstract:</p> <p>If a company wants to grow, there are many ways to do it. One way is to sell existing services to new customers. This thesis is about Finnair Flight Academy and its intension to sell services to new customers outside aviation. Theories about selling services, competitive advantage and value proposition will be covered. Interviews are an essential part of this study. The managing director will be interviewed on strategy and potential customers are interviewed in order to gain insights into customers´ needs. Competition is hard, but based on interviews on potential customers, FFA can create value to customers. Competitive advantage will be gained through differentiation, FFA can offer service that nobody else is able to do. Global trends are supporting the fact that people want experiences and that is something that they can get in FFA. This study is indicating that FFA could get additional income by starting to sell its existing services. That can be done with minimal work. However, it cannot happen without marketing and letting customers know about the company and its services.</p>	
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<p>Tiivistelmä:</p> <p>Mikäli yritys haluaa kasvaa, on sillä monta tapaa tehdä se. Yksi tapa on myydä jo olemassa olevia palveluita. Tämä lopputyö kertoo Finnair Flight Academystä (FFA) ja sen aikomuksesta myydä palveluitaan asiakkaille ilmailualan ulkopuolelta. Teoriapohjana työssä käytetään palvelujenmyyntiä, kilpailuetua ja arvon tuottamista asiakkaille. Tärkeänä osana tutkimusta on haastattelut. Toimitusjohtajaa haastatellaan yrityksen strategiasta ja potentiaalisia asiakkaita heidän tarpeistaan. Kilpailu alalla on kovaa, mutta haastattelujen perusteella FFA voi tuoda lisäarvoa asiakkaalle. Kilpailuetu saavutetaan tuottamalla palvelua, jota muut eivät voi tarjota, siksi palvelukonseptiin on tärkeä ottaa mukaan elämyksellinen puoli. Maailmanlaajuiset trendit tukevat myös sitä, että ihmiset haluavat elämyksiä. Tutkimuksen perusteella FFA voi saada lisätuottoa myymällä palvelujaan uusille asiakkaille, eikä myyminen tuota suuria lisäkustannuksia. Asiakkaiden tulisi kuitenkin olla tietoisia tuotteesta, joten markkinointiin tulee panostaa, jotta yritys ja sen tuotteet tulisivat tutummiksi asiakkaille.</p>	
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CONTENTS

1	Introduction.....	6
1.1	Aim and research questions.....	7
1.2	Limitations	7
1.3	Structure of the thesis	8
2	Literature review	8
2.1	Selling of services.....	8
2.1.1	<i>Stages in service innovation and development.....</i>	<i>10</i>
2.2	Value proposition.....	14
2.2.1	<i>Customer profile</i>	<i>15</i>
2.2.2	<i>Value map</i>	<i>15</i>
2.2.3	<i>Six techniques to gain customer insights</i>	<i>16</i>
2.3	Competitive advantage.....	16
2.3.1	<i>Cost advantage</i>	<i>17</i>
2.3.2	<i>Differentiation</i>	<i>18</i>
2.3.3	<i>Marketing advantage</i>	<i>19</i>
2.4	Competitor analysis and benchmarking	20
2.4.1	<i>Industry analysis.....</i>	<i>21</i>
2.5	Concept development, evaluation and testing	23
2.6	Finnair Flight Academy and other similar training providers	24
3	Method.....	26
4	Results	29
4.1	Management discussion and business strategy review	29
4.2	Employee brainstorming.....	31
4.3	Interviews of potential customers	32
5	Discussion	37
6	Conclusions	42

Figures

Figure 1. Value proposition canvas	40
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Tables

Table 1. Interviewees.....	28
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FOREWORD

I used to work for Finnair Flight Academy (FFA) for five years as a safety instructor. I feel that there is a great potential in FFA, but also many things that need to be improved. Motivated personnel is a core asset for the company and the instructors are extremely motivated and excited about their work. This is of great importance, as instructors are the ones, who are in contact with the customers.

The building of FFA and its classrooms are a bit worn out, but there are plans to build a new building. When designing a new building, it is important to take into consideration the future needs. If the services will be sold to customers outside aviation, maybe there are special needs for the building. That is one reason, why this work is important.

Secondly, during my time in FFA I noticed that the training facilities were not used to their full potential. There were many times, when the training facilities were empty and they could have been used to training more customers. FFA is a company that wants to make money and having empty facilities is a waste of money.

1 INTRODUCTION

One of the basic needs of a human being is to feel safe. Safe at work, at home and in free time. Safety and security are becoming more and more important in our society. Terroristic acts in America and Europe raised the awareness of safety and it is also said that Finland is not as safe as it used to be. There are many companies offering safety related services and on the other hand, many companies who pay more attention into training their employees in this field.

Finnair Flight Academy (FFA) is one of those companies, that train people in safety related matters, among other things. Currently the training is offered to people working in airline business, but it could be expanded to other fields of business. Selling of services is a growing business and even though it is a highly competed field, there is always place for companies, who have the right package and value offered to customers.

FFA is in the situation, where it wants to grow. There are different ways for a company to grow and selling existing services would be one relatively easy way to do it. However, there are no quick wins for anyone. A company seeking to offer its services to new markets, needs to research the market and decide under which conditions, there would be demand and possibilities to make profits. Designing a new service is a process, where the potential customers are in the core: How would they get value from the offered service.

1.1 Aim and research questions

The purpose of this study is therefore to find new markets where FFA's existing services could be sold. There is capacity to sell more at the moment, but finding new customers serves also as a back-up plan, should Finnair's need to train its employees decrease. The aim of the study is to identify the essential elements of the value proposition as regards to FFA's service offering to external customers.

In order to tackle the issue, the following research questions have been formulated:

1. What customer needs could be fulfilled with the existing service?
2. What adds value to customer?

Based on the findings a value proposition is conceptualized as part of recommendations to FFA. The aim of study is to guide FFA whether they should start selling their services to new customers or not and if positive, then how should the offered service be like in order to meet customers' needs.

1.2 Limitations

Even though flight crew training is highly important for FFA, it will not be included in this research. This research will concentrate on understanding how cabin crew training could be sold to new markets, primarily outside aviation. New services are not considered, and the focus is on identifying new markets to existing services. Other airlines are also left out from this research and the focus is on Finnish markets. The management's preference is to sell to other businesses but selling to consumers is also possible. This thesis focuses on understanding what the value proposition should be, and hence marketing is a vital part of selling a new service, it falls outside the scope of this thesis.

1.3 Structure of the thesis

The thesis starts with a thorough theoretical account of approaches to service marketing and how to create new services. Theories concerning competitive advantage will be covered and theories on how a company can create value to a customer. Value proposition theories are vital to this study. As part of value proposition, competitor analysis and industry analysis are also theories that need to be covered.

After theoretical part starts the empirical part, where the theories are put into practice. Based on theories, information will be gathered in order to find out, what is the competitive advantage for FFA and what is the value proposition to a customer. Interviews are a vital part of the study and management and potential customers will be interviewed. Employees point of view will also be taken into consideration. Based on the results of the interviews and theoretical studies, recommendations will be given to management on designing a service concept, that will meet customer's needs.

2 LITERATURE REVIEW

In the following chapter, theories relevant to this study will be gone through. The last chapter is about FFA and similar service providers. It is not actually literature review but it is relevant background information.

2.1 Selling of services

Services are vital to the economy and selling of services is becoming more and more important also to companies who traditionally sell tangible products. As competition is getting harder in virtually all businesses, service is a way to differentiate from competitors. When looking at the lists of the world's biggest companies, there are always companies who sell services, such as telecommunication- and banking services leading the list (www.statista.com). Also, in Finland, services are becoming more important. The change from manufacturing to services has been going on for years and is likely to continue. The confederation of Finnish industries (www.ek.fi) states that already more than

two-thirds of the value of GDP is generated in services. The most significant private service sectors are trade, transport and information, communication and real estate. This trend is likely to continue, as according to Statistics Finland (www.stat.fi), turnover in service industries grew by 2.9 per cent in March 2019 from March 2018.

As services are getting more and more important, companies seek to differentiate through improving their services. There are new titles for people working in this sector, such as customer experience manager, director of first impressions or head of future trends. Universities are also teaching subjects such as service design, which seems to be a hot studying subject also in Finland.

There are many definitions on what service design is. This is service design thinking (Stickdorn et al, 2011, p. 25) suggests that: “Service design is a design specialism that helps develop and deliver great services. Service design projects improve factors like ease of use, satisfaction, loyalty and efficiency right across areas such as environments, communications and products -and not forgetting the people who deliver the service” or “Service design is a holistic way for a business to gain a comprehensive, empathic understanding of customer needs”. Actually, these are the same things that have been used earlier as well, only the term is new and the scope that it has gained the recent years.

Stickdorn and Schneider present (2011, p. 142) some tools for service design: The first is to explore new perspectives on a service, that could be done through stepping into the shoes of customer, staff, managers or even rivals. They also mention (2011, p. 146-148) concepts such as shadowing, where researchers keep a low profile and observe service situations thereby identifying service encounter moments in different touchpoints and service safaris, where people are asked to go out and explore examples they think are good or bad. After that comes creation and reflection, where as many people as possible should be taken into the process. In the creation phase insights are visualized into new ideas and concepts, while reflection involves testing the ideas in order to find out how they can be further improved. Finally comes the implementation, which means putting the ideas into action.

Wilson et al (2016, p. 93-100) talk about customer gaps, which mean that there might be a gap between what the customer expects and what the customer perceives. One gap could be that it is not known what customers expect. That might happen because of inadequate marketing research orientation or inadequate use of marketing research. That could mean that there is not enough communication between contact employees and managers, or that there is a lack of interaction between management and customers. One reason might also be that there is insufficient relationship focus meaning that a company has too much focus on new customers and it fails to understand the needs of existing customers.

Second gap is selecting the wrong service quality designs and standards. Wilson et al (2016, p. 93-100) suggest that one reason would be just poor service design and the absence of customer-driven standards. Also, the tangibles and service scape design is not what the customer is expecting. Third gap is not delivering to service designs and standards. This is one gap, where many fail and there are several reasons for it: employees are not delivering the service they should because a lack of motivation or training. There might be problems with recruitment or teamwork is not functioning the way it should. Sometimes there might be service intermediaries and due to that there might be difficulties in controlling the quality. Other customers might impact negatively on the service.

If something has gone wrong, the service recovery is also important: Customers need to be listened to and compensated accordingly. The fourth gap is actually pretty much the same thing, just from other perspective: Customers are not getting what they were promised, because of over-promising. which might happen because the communication is not working properly or maybe there is a lack of adequate education for customers. (Wilson et al 2016, p. 93-100)

2.1.1 Stages in service innovation and development

In the earlier chapter, the service design and the stages in it were already discussed. Frow et al (2011, p. 16) emphasize how essential and even critical it is for service organizations to create a strong value proposition. The different customer segments are put to order of preference based on an analysis of customer needs and the objectives of the company,

e.g. market share or volume. Next would come the value offered to the customer, what is in it for the customer.

Frow et al (2011, p. 16) talk about the four C's: cost, convenience, communications and consumer wants and needs. This means what is offered to the customer, what is the price, how easy package is the service to the consumer and so on. Based on the value proposition to the customer, marketing strategies are defined and finally a marketing plan, which according to Frow et al (2011, p. 16) should cover a period of at least three years. They further remind that the content of the plans should be communicated and agreed with all departments. Basically, the same things that the service design was about.

Wilson et al (2016, p. 166) highlight the importance of involving both employees and customers to the process of new-service development. In particular the contact employees are the ones, who can easily identify the customer needs and organizational issues that need to be addressed. Wilson et al (2016, p. 168) have identified different steps that are included in the process. The process is divided into two sections: Front-end planning and actual implementation. It starts with business strategy review and possible new service strategy development. After that comes idea generation and screening the ideas based on the new service strategy. This is already the first point or checkpoint, where new ideas can be stopped if they do not satisfy the criteria for success. After having chosen the best ideas, a concept development and evaluation is done and afterwards tested with customers and employees. Business Analysis is the next step meaning the test for profitability and feasibility. At this point the front-end planning is ended and the implementation will start with service development and testing, followed by market testing and commercialization and finally post-introduction evaluation

The first step of the situation review is the market analysis, which describes the company's situation at that moment. Market analysis consists of different parts: First of all, customers and market. This includes the trends that are affecting the market and prospects for the future. The tool to be used is market segmentation, where customers are divided into segments based on their needs. According to Frow et al (2011, p. 125) the process of market segmentation consists of five steps: Drawing of a market map, list what is bought,

where, when and how. Furthermore, they suggest to list who buys, what benefits the customers seek and then search for groups with similar needs.

It is important to be aware of competitive strengths and weaknesses and adjust the offered service according to what that segment sees as important. Frow et al (2011, p. 142) give an example of a fast-food restaurant, where customers are looking for many things, but the overall satisfaction level is attributed to just a few so called critical success factors. To find out those, a market research needs to be done. It could for instance suggest that three most important things are: being served quickly, having always a seat, and clean surroundings. Therefore, the company should pay attention to fulfillment of these critical things and compare how well competitors are handling these.

Situation review include the environment and what is going on in the world, identifying new players or new technology, power of buyers and suppliers (Frow et al 2011, p. 145). Based on the situation review, the company should position itself and market the benefits it can offer for each market segment. Positioning should be meaningful for the target market and it should be believable and unique (Frow et al 2011, p. 159) When it comes to services and life-cycle, sometimes innovation is needed if services are in decline and new areas of service need to be found.

There are many examples of companies who have failed because of focusing on just one product or service, which was at some point not needed or out-of-date. SWOT analysis is one tool to be used at this point. Furthermore, the key assumptions should be written down (Frow et al 2011, p. 182).

Every company should have a strategy. The management is responsible of guiding the company's way, how to reach the objectives, which way should the company take now and in the future. There should be a vision based on what the company is good at. According to Frow et al (2011, p. 80) all this should start with reviewing and articulating company's mission. It should express the "enduring state of purpose" and act as a device for coordinating internal activities. This means that a mission cannot be just words somewhere on company's webpage, but it must be clear to all employees and reflect the values of the company.

After mission comes company's objectives and strategy. According to Frow et al (2011, p. 100) the objective is usually written in terms of profitability or return on capital invested. It should be able to be measured and there should be 6-10 corporate objectives (2011, p. 102). They list some features that are often included in strategy: market standings, new areas of innovation, productivity, financing, staff performance and development and social responsibility and sustainability. Objectives and strategies should always be customer-oriented.

There are different options for growing the business: the company can sell existing services to current or new customers, or it can sell new services to current customers or new customers (Wilson et al, 2016, p. 170). There are different options for companies to expand their service: Company may bring new innovations or new services to the currently served market. Service line extensions, meaning that the company is adding to its existing service line or service improvements, is also an option. This may mean changes to features in existing services or simply style changes, which only change the appearance of the service.

Wilson et al (2016, p. 170) suggest different methods to generate new service ideas: brainstorming, solicitation of ideas from employees and customers, lead user research and learning about competitors' offerings are some tools to be used. They add that collaborating with outsiders or developing joint ventures might be good tools to get new ideas. Nowadays naturally social media is a good source for idea. They present a term called crowdsourcing, where feedback and ideas are collected from customers. Whatever the idea generation tool is, whether it be a suggestion box for employees or a service development team that meets on a regular basis, it is important that the process is ongoing.

Wilson et al (2016, p. 166) further propose that when creating new service concepts both employees and customers should be involved. Especially contact employees are those ones who are close to customers and therefore are good at identifying customer needs. Also when involving them in the process the outcome is more likely to be a success since contact employees can see the organizational issues that need to be addressed to make the new service smooth and possible. Customers who are the likely users of the services should be asked about their needs, but they can also help in designing the service concept.

The internet is full of different techniques for coming up with new ideas. There are new techniques, such as sketching, worst possible idea, Scamper and role-playing. However, it seems that the old brainstorming method still works and brings new ideas and innovations. Robert Tucker writes in his column Seven brainstorming techniques for your next ideation session (2017) that even though brainstorming is an old method from 1940s, it is more popular than ever. Companies in Silicon Valley are using it and startups start their day doing it.

Tucker (2017) gives some highlights on how to make the brainstorming session into an effective one: First of all, he suggests going for quantity not quality. At this stage, the ideas might be surreal or seem stupid, but the aim is to let the participants imagination fly, the leader of the session should make sure, that everyone dares to express their ideas and there are no right or wrong answers or opinions. He even suggests that sometimes the leader needs to temporarily become part of the group, to model the behavior that encourages risk-taking. To make sure that also introverts feel their ideas are worthwhile, all ideas should be displayed on some common medium. After the brainstorming session, it is advisable to vote in order to rank the ideas. In addition to these Barbour stresses (2016) the importance of surroundings and atmosphere: It would be recommended to take the people out from their normal environment and there should be enough time and people should not be hungry or thirsty. She also suggests that the group size of three or four would be ideal.

2.2 Value proposition

According to Osterwalder et al (2014, p. 6) value proposition describes the benefits, customers can expect from your products and services. The goal is to get a fit, when customers get excited about the products and services a company is offering. That happens, when important jobs are taken care of, extreme pains are alleviated, and gains are achieved. (Osterwalder et al, 2014, p. 42) Value proposition canvas is a tool to be used when trying to create value proposition. It has two sides: Customer profile describing the customer's point of view and value map telling how the company will create value for that customer. (Osterwalder et al, 2014, p. 3)

2.2.1 Customer profile

The customer profile is concentrating on one specific customer profile. The idea is to understand the customer. It is describing customer jobs; what customers are trying to accomplish in their work. Osterwalder et al (2014, p. 12) distinguish three main types of jobs: there are functional jobs, something they are trying to do or complete. Then there are social jobs, which portrait how a customer wants to be looked at by others. Then there are emotional jobs, which are about emotions and feelings a customer wants to have. In addition to those, there are also supporting jobs: jobs related to buyer value, cocreator or value or transferrer of value. Jobs maybe of great importance or they might be insignificant (Osterwalder et al 2014, p. 13). Osterwalder et al (2014, p. 24) highlight that sometimes the social or emotional jobs are even more important than the functional ones.

Pains, on the contrary, are something a customer wants to avoid, they are risks and barriers in regards to customer jobs. Osterwalder at al (2014, p. 14) divide pains into three groups: undesired outcomes or problems, obstacles that prevent them from doing something and risks. They are further emphasizing that pains should be as concrete and precise as possible.

Gains are about outcomes that a customer wants to achieve. Osterwalder et al (2014, p. 16) further identify four different gains: required-, expected-, desired- and unexpected gains.

2.2.2 Value map

As stated earlier, the value map describes how the company creates value to a customer. It describes the products and services the company is offering. Again, the relevance of the products may vary from essential to “nice to have”. Products can be tangible or intangible, digital or financial. (Osterwalder et al, 2014, p. 29) Pain relievers are the assets in the company, that ease the customer pains. According to Osterwalder et al (2014, p. 31) great value propositions often focus on a few pains that they alleviate extremely well. Hence, the intention is not to try to find a pain reliever for every pain that the customer is having. Gain creators describe how the company’s products and services create customer

gains. A fit is achieved when customers are happy about the proposition, when they feel that value is created for them.

2.2.3 Six techniques to gain customer insights

It is essential to understand the customers. Assuming is something that should be avoided. Osterwalder et al (2014, p. 106-107) present six different techniques to understand the customer's perspective. They further suggest that it would be best to use a mix of these techniques.

First would be to use of data and research that already exists. That could include third-party research reports, social media analytics, google keyword planner and so on. Second would be to talk to customers and learn from them. The downside of this research method is that people do not always act the way they say they do. When interviewing the customers, the goal should be to listen more than talk. The goal is to learn, not to sell. It is important to generate facts, not merely opinions. Asking "why?" is a way to get real opinions. One important point is also to open doors at the end by asking who else should be talked to. (Osterwalder et al 2014, p. 112)

A further possible way to understand customers would be to observe the customers, as it would generate some real-world behavior insight. Another way to do this is to step into the shoes of a customer and trying out the service. Customers could also be integrated of service design process and and finally they could participate in an experiment piloting the new service. (Osterwalder et al 2014, p. 112)

2.3 Competitive advantage

In order to achieve success, a company needs to create superior customer value. Best (2013, p. 217) is writing about three different sources of gaining competitive advantage: cost advantage, differentiation, or marketing advantage. Naturally the competitive advantage needs to be sustainable, which means that it cannot be copied by competitors. As today's market is full of competitors, a company that wants to stay ahead must constantly look for new ways to work and develop, be agile. Barney (2002, p. 233) emphasizes that

a firm can have several business strategies simultaneously. The two most important generic business strategies are cost leadership and product differentiation.

2.3.1 Cost advantage

According to Barney (2002, p. 233) a firm that chooses a cost-leadership business strategy, focuses on reducing the costs below all its competitors. However, this does not mean that the company would ignore all other strategies but being the cheapest is its goal. Cost advantage can be gained in many ways. Profit margins can be lower than competitors are having, so the price sensitive consumer chooses the cheapest option. Cost advantage can also be achieved because of lower manufacturing prices or costs associated with distribution or transportation costs to mention a few.

Best (2013, p. 220) argues that volume is the key factor and businesses with a substantial market share advantage can generally achieve a lower cost unit. He also talks about product lines, which are having a similar manufacturing process as its other products. In addition to that, there is also a learning effect when building more of a same product, as the company has learned from the mistakes they made earlier.

Barney (2002, p. 236) similarly introduces four major sources of economies of scale. The first one is volume of production and specialized machines. If a company has high levels of production, it is maybe able to buy specialized machines that cannot be purchased in smaller firms. Second source of gaining economies of scale is cost of plant and equipment. High volumes of production might mean that the company is able to build larger manufacturing operations. Third source of economies of scale is employee specialization. Barney (2002, p. 237) says that when a worker specializes in accomplishing a narrow task, they become more efficient and reduce costs. On the other hand, in smaller firms there is not enough work to maintain this specialization and keep the workers busy during the whole day. Many firms also use outside contract employees because of that. Fourth source is overhead costs, when a firm with high volumes of production can spread its overhead costs to more units and the costs per unit will decrease.

2.3.2 Differentiation

Differentiation can be gained through superior product, service or brand reputation (Best 2013, p. 224). The product needs to have some superior element in it that attracts the consumers over other products. It can be its appearance, durability or any other feature that cannot be copied by competitors. Best argues (2013, p. 225) that businesses with a product advantage have been shown to be more profitable. According to him the same goes with service advantage, also companies with service advantage produce higher levels of profitability. Naturally the service needs to be meaningful and important to target customers and sustainable.

Brand reputation is also an important source of differentiation. It attracts mainly less price-sensitive and more image-conscious consumers. Brand reputation is something that is also changing, so companies having a great reputation should not solely rely on that. Social media and even one bad occasion where the company was involved might change the reputation. Barney states (2002, p. 264) an important fact, that product differentiation is always a matter of customer perception. Two products might be almost identical, but if customer feels that there is a difference, then there is. Naturally companies try to influence these perceptions.

According to Barney (2002, p. 266) there are several ways of how to differentiate the products. First one is product features: this is the most obvious way to try to change customer perceptions. Many firms emphasize some features of the product to be superior to rivalries' product features. Second one is linkages between functions. This means that the customer is not just buying a product a service, but also some other functions, which might be for example service linked to that product, such as technical support. Timing can also help to create a product differentiation. Being a first mover might be beneficial, but not just that. Sometimes being at the market at the stage where there are not just early adapters, but also followers, might be successful.

Barney (2002, p. 266) further states that the physical location could also be a source of product differentiation. It might be that two firms are selling the same products, but the customer is choosing the firm, which is easier to reach. As today's people are getting busier and busier, this might be getting more and more important. The success of firms

selling only in internet is also explained by the ease of customers to do their shopping, when at the same time with easiness, the products are also having cost advantage. Shopping malls are also easy for customers to get the products they want at the same time.

Product differentiation can also be gained through linking the product with other firms. (Barney 2002, p. 266) It is quite common nowadays that for example famous movies will attract firms to earn money on that; there are many products sold for example in textile industry based on a movie. Marimekko and Finnair are co-operating: Finnair is using Marimekko products on its service and through that is highlighting the Nordic design and Nordic touch of its flights and at the same Marimekko products are gaining visibility and can be bought onboard.

Barney (2002, p. 270) argues that one of the powerful base of product differentiation is the reputation of the firm. He is saying that reputations are often very difficult to develop, but once they are developed, they tend to last long, even if the basis for the reputation no longer exist.

2.3.3 Marketing advantage

Best (2013, p. 226) tells that marketing advantage can be achieved through sales, distribution or marketing communications. He says that market leaders often do not pose a strong differentiation or cost advantage, but the advantage comes from market dominance. He also gives an example of Nike, which uses a lot of money for advertising and carefully selecting the spokespersons for the brand and through those actions beat the competitors, which might even have better products.

Marketing advantage is not always listed as a strategy of its own and for example Barney is including it into product differentiation, as product differentiation was about customers perceptions of the product and the perceptions might be what it is because of marketing. However, marketing is of major significance, so it deserves to be one source of gaining competitive advantage.

2.4 Competitor analysis and benchmarking

When going to a new market or launching a new product, it is vital to know who the competitors are. It is possible that there are a very large number of competitors, so the company should decide which ones to research more thoroughly. One way of doing it is to let the customers evaluate the degree to which they consider the competitors interchangeable. The more similar the two competitors are, the more likely they are to switch from one company to another. That can be done through creating a perceptual map where consumers can rate different alternatives and how similar they are. (Best 2013, p. 232)

After having found out the main competitors, those should be analyzed. According to Best (2013, p. 234) that can be done with information that is available to everyone: financial reports, government documents, press, trade shows, industry consultants and customers etc. He also emphasizes the importance that everybody in the organization is an information gatherer. He continues listing some behaviors which can predict that a company is under pressure to improve profits: Laying off employees and closing plants or sales offices, cutting investment in research and development, taking on more debt, shrinking workforce, tightening the payment conditions and so on. Naturally it is not that simple always, since for example shrinking workforce can be done because of automation, but these are some signs that should be looked at. Best (2013, p. 234) is of the opinion that competitors should be analyzed continuously, as things change fast, and the competitive advantage prerequisites might have changed.

Best (2013, p. 238) tells about one possibility for a competitor analysis. There competitor's figures are compared with company's figures. Firstly market-based performance including market share, relative price, relative product and service quality, number of distributors, sales force, percentage of sales that is used to advertising and promotion. Secondly operating performance is studied and compared including cost of goods sold, return of sales, sales per employee etc. Based on this information, performance gaps are found. All this information is easy to get; however, competitors are understandably not eager to share the reasons behind their better figures and success. Best advises that one way to close the competitor's performance gap is to go outside the industry in order to find better competitive practices. Benchmarking a business that is known to be superior in a certain process, where the company is having challenges.

2.4.1 Industry analysis

It is not enough that competitors are analyzed, since even though a company would be superior in comparison with its competitors, might be that the industry is having challenges, which affect the operational preconditions and attractiveness of the market. Best (2013, p. 240-243) presents six different industry forces that affect the profit potential and via that to the fact how favorable the competitive environment is. Each of these six forces are analyzed along a continuum from unfavorable to favorable. The better the sum of all these forces is, the better potential there is for profit.

First of these industry forces is barriers to entry. There might be some special barriers for companies to enter the market. Many times, there are political barriers that reduce competition and make the profit potential better for protected competitors. Other barriers might be technology or low-cost manufacturing, which makes it impossible to rivalries to enter the market. One barrier for entry is also high costs for businesses to enter the market. One example of an industry having high start-up costs is aviation. If barriers to entry are low, the competitive environment is unfavorable, as it is easy for competitors to enter the market. (Best 2013, p. 240-243)

Porter (Barney 2002, p. 79-98) also mention similar five forces of environmental threats. Firstly, there is the threat of entry. If the current companies are making above-normal profits, it will attract other companies to enter the market and if there are not any barriers, it is for sure, that rivalries will come to the market.

Second of the industry forces is barriers to exit. If barriers to exit are high, competitive environment is unfavorable. There might be some legal barriers preventing a company to exit the market even if it should. Also, if a company has invested a lot in specialized assets, it might be difficult to exit the market, as those assets are not easy to be sold or transferred to another business application. It is also possible, that company's brand depends on certain product and exiting the market is therefore impossible, even thought that product is not bringing profits. (Best 2013, p. 240-243)

Third industry force is customer buying power. If the buying power is high, competitive environment is unfavorable. If there are just few customers who buy in large quantities and can easily switch suppliers, it makes the selling requisites harder. Customers are

having the power to negotiate lower prices. Same goes if the service is of limited importance to a customer, then the customer's buyer power is high, as it can choose not to buy the product at all. Best is giving an example of pharmaceutical industry, which is having relatively low customer buying power and therefore is having easier competitive environment and through that also higher profit potential. (Best 2013, p. 240-243)

Indicators of the threat of buyers are (Barney 2002, p. 97) small numbers of buyers. Naturally the situation is bad if there is just one buyer and all eggs are in one basket. Large retail chains can have high demands for their supplier and easily change to other ones. Threat can also be higher if products sold to buyers are undifferentiated and form a significant percentage of buyer's final costs. Also, if buyers are not earning significant profits, they are likely to be very sensitive to costs.

Fourth industry force is supplier selling power. If supplier selling power is high, the competitive environment is unfavorable. According to Barney (2002, p. 95) suppliers can threaten the performance by increasing the price of their supplies or by reducing the quality of supplies. He lists some indicators for the threat of suppliers: suppliers' industry is dominated by small number of firms and suppliers sell highly differentiated products and are therefore not threatened by substitutes. One indicator of threat is forward vertical integration, meaning that suppliers become rivals and also if firms are not important customers for suppliers.

Fifth industry force is product substitutes, if there are a lot of substitutes available for customers, it is easy for customers to switch to another product. Barney (2002, p. 95) is talking about rivals that meet the same customer needs than the own product and substitute products, which fill the same needs but in a different way, for example protein bar which can be a substitute for candy. Barney states that substitutes are playing an increasingly important role in many industries. One reason for that is surely technology and the changes and challenges it brings with, e-books to mention one substitute for books.

Last industry force is competitive rivalry. The more competitors, the harder it is to differentiate and there might also be a market which has excess capacity. When the competition is hard, companies need to use more money on marketing and the profit potential goes down. Barney (2002, p. 95) also talks about the threat of rivalry: he is listing some attributes that increase the threat of rivalry. First of all, a large number of competing firms,

especially if the competing firms are the same size and have the same influence and this happens in an industry which is growing slow. Also, if the industry is so that differentiation is not an option and companies only have to option to compete on price level. Finally, Barney adds that threat increases if productive capacity is added in large increments and giving an example of that of rivalry between Boeing and Airbus.

2.5 Concept development, evaluation and testing

At this point comes the initial development part, which means formulating the product definition and then presenting it to the consumers. It needs to be defined exactly what the service is and what customer need it fills. There needs to be a core benefit for the customer supported by variety of tangible and intangible elements. A description of the service is to be produced and then presented to employees and customers in order to find out if there is interest in the service product as such. (Wilson et al, 2016, p. 171)

From customer's point of view a service is an experience, but from the organization's perspective service is a process (Lovelock, 2016, p. 292). One way to design a service process is to blueprint it. Blueprinting means that the whole process is described in detail including what is happening in the background not visible to customer. It shows the customer's journey starting from taking contact with the provider and includes all the touch-points with employees and the whole service system. Lovelock (2016, p. 295) states some design characteristics that a blueprint typically has: Front-stage activities which are the inputs and outputs in right sequence, an example of front-stage activities in a restaurant could be ordering the food or paying the bill. Physical evidence of front-stage activities should also be included in the blueprint, that could be the design of the bill or the appearance of the employees. Back-stage activities are supporting a particular front-stage step, such as giving order to bar or preparing the meal and support processes and supplies which are essential to delivering high quality core services.

A Blueprint is having a line of visibility which distinguishes what a customer can see and what not. Potential fail points are also good to be identified at this point. When managers are aware of these points, they are better prepared to find solutions for avoiding the error, like using poka-yokes and having back-up plans. Lovelock still adds identifying customer

waits to blueprints, which mean that those stages where customer commonly have to wait are stated, so that managers can come up with strategies to make waiting less unpleasant to customers.

Service standards and targets for each activity should also be established, standards naturally based on customer expectations. Wilson et al (2016, 180) are of the opinion that when a service is visualized it forces the people to consider the service in new and more comprehensive way and promotes cross-functional integration and understanding. Wilson et al (2016, p. 172) also mention the service blueprint, but they are using it in the implementation part, meaning that the service is first described in detail, but blueprinting is used after that.

Emotions play a significant role in designing a service. Lovelock (2016, p. 307) talks about designing emotionally smart processes. According to him starting and ending is highly important. First impression can only be made once and if things go wrong in the beginning, the customers might be seeing the whole service more critically they would be if the start would be smooth and pleasant. Same applies to ending, even if everything went well, but the employees were rude at the end, that might leave a bad feeling about the whole experience. This does not mean that the ending has to be something really special like fireworks or something similar, it can be just a simple “Have a nice day” - wish. Lovelock also mentions creating a peak, meaning that one step should be somehow sensational, something that the customers will not forget. Building an improving trend and getting bad experiences over with early are also things to be taken into consideration. Emotion prints can be mapped and the employees’ reactions to those, such as compassion and speaking softly.

2.6 Finnair Flight Academy and other similar training providers

Finnair Flight Academy is a subsidiary of Finnair and it is situated in Vantaa, next to the airport. The academy is providing training for both flight crew and cabin crew members. According to their web pages (www.finnairflightacademy.com), the core assets of the company are the facilities, simulators and people. Finnair Flight Academy was established in 2009, but Finnair has trained its pilots and cabin crew already since 1950, at that time only under different name. The managing director is Mr. Ari Kuutschin and the

number of permanent employees is about 60, but FFA is employing part-time instructors and there are for example about 60 cabin crew instructors who work as an instructor beside their other job as a cabin crew member.

Recently Finnair has been training new employees on a fast pace: Last year, there were 16 new cabin crew courses and this year there has already been eight courses with over twenty persons in each course. As Finnair's strategy is still to grow and increase capacity, the training is likely to continue, but at some point, the tempo will most probably slow down. Additionally, even though there has been a lot of training, some training facilities, such as the fire simulator, are not in use regularly and there would be capacity to offer it for use.

The financial figures of FFA show that the company is doing fine. Turnover has been around 10 Million euros during years 2014-2017. The net operating profit has been 18,2% in 2016 and 26% in 2017. However, the equity ratio has decreased, it was 38% in 2016, but is 27% in 2017. (www.fonecta.fi) That is probably because of purchasing of new simulators. The investing expenses in this field are high. However, in this study, we are concentrating on training the cabin. There the investments are not that high, since training to extinguish fires can be done with just a couple of fire extinguishers. Nevertheless, the equipment that FFA is having is costly ones and they can bring added advantage to the product and is something that the competitors are not having.

There are other airlines who have started selling its services to outside customers. A good source of benchmarking is Lufthansa, which is offering this type of service to customers outside airline business. They are offering according to their web pages several courses for business- and private customers. They are also renting out their premises with a possibility to arrange a customized program including meal and drink -service. For business customers they are offering nine different courses: Decision-making skills, leadership skills, human factors training for healthcare companies, train the trainer, service orientation, first aid and medical training, business etiquette, posture and appearance and emergency management. For each of these trainings they have a short description of the course, the length or price of the course is not mentioned. (www.lufthansa-aviation-training.com)

Another example is a smaller one: Novair Education, which is Novair's own training department. They offer according to their web pages advanced courses in Crew Resource Management, first aid, crisis management, realistic survival training, and much more. They can also put together courses and programmes according to customers preferences like Lufthansa did as well. Their training was previously only available to the airline and travel industry, but is now available to companies, associations and individuals. (www.novaireducation.com)

Other airlines are selling their services to businesses outside aviation, so why should not FFA do it? They have seen that it is a profitable business, so it would certainly be profitable also in Finland.

3 METHOD

For this thesis three types of investigations were conducted:

1. Management discussion
2. Employee brainstorming
3. Interviews of potential customers

The management was interviewed on strategy and the market positioning of the company. For this purpose, the managing director of FFA was interviewed. This was an essential part of the work, since decisions concerning selling new services are done based on company's strategy. He is the leader of the company guiding the way.

The topic of this thesis is selling existing services to new customers. Still the question remains, to which customers? The management interview brought some answers to this, but also the employees were asked about their opinions. As it was said in the theory part, employees should be taken into the process of creating a new service concept. In the theory part, it was also said that the traditional brainstorming session is still effective. For that reason, a brainstorming session group discussion was organized, where the aim was to get new ideas to whom to sell, out of which the best ones were chosen. The best ideas were then investigated further with the managing director.

The instructors are having a one-day-meeting six times a year. During the meeting, important information concerning the training work is gone through. During one of these meetings, I organized a brainstorming session for the instructors. In order to motivate the instructors, I told them my topic and why it is also relevant for them: Having new customers would make teaching more variable and interesting, as there would be different kinds of people to be taught. In addition, it would also serve as a back-up-plan, if at some point Finnair would be slowing down the training pace and there would not be enough work for them. The instructors were told to discuss the topic in small groups and write down on post-it-papers where the current services could be sold. It was emphasized that even ridiculous ideas could be written down. At the end of discussion, I collected the papers and told them to contact me, if they later would come up with some new ideas. Additionally, feedback is always collected concerning the outcome of the day. This time a column was added with a request for additional ideas.

At this point potential customers had to be taken into process as it is important to hear about their opinions and expectations. This was done via interviews. Potential customers were interviewed and based on those interviews there would be data to support the research questions. The instructors were brainstorming whom to sell the services and then, based on their ideas, potential customers were interviewed about their willingness to buy the services. What is important to them, when they are buying a certain service and how do they see the image of FFA. How should the service be, so that they would choose the service provided by FFA instead of other service provider. All this was done in order to avoid customer gaps, that were mentioned in the theory part.

The interviews were conducted as semi-structured theme interviews. Hirsjärvi and Hurme (2009, p. 47) write that in semi-structured interviews the questions for the interviewees are the same, but the interviewer can change the sequence of the questions. The viewpoint of the interview is set in advance, but there is still some flexibility to variations. The number of interviewees was not decided beforehand, but the meaning was to interview people until there is no new information coming up. Hirsjärvi and Hurme (2009, p. 60) argue that there are some problems with this type of thinking, as one trait of the qualitative research is that all the cases are unique and that there would always be new information

popping up. How can the researcher be sure, that there would not be new information? In spite of this justified reasoning, the interviews were conducted until from the researcher's point of view, there was no need to do more, at least not at that point.

One important point of selecting the interviewees, was that they represented different fields of business. There was one interviewee representing the public sector. All the other interviewees were from private sector, which is assumingly the most important sector. Attention was also paid to the fact that there were interviewees from different types of companies operating in various areas. Small and larger companies were chosen in order to have a comprehensive sample. At the end 6 interviews were made. Interviews lasted for 45minutes to over two hours. The location in all the interviews were quiet and there were no bigger distractors. All the interviewees could be potential customers for FFA. In the table 1 are visible the chosen interviewees and the field of business, where they work.

Field of business	Number of employees (in Finland, estimate)	Position of interviewee
Commercial	50	Department store manager
Tourism	42	Hotel manager
Education	2000	Head of education
IT	50	CEO
Safety	220	EHS & OHS manager
Financial	12 000	Premises security manager

Table 1, Interviewees

During the interview data was not recorded in spite of the fact that it is a recommended thing to be done. This was done due to make the atmosphere more relax. One interviewee was asking if the recording part could be omitted and it felt to be a good idea for all the interviews. However, data was written down by writing down main words and sentences. The collected data was then analyzed according to different themes. The same themes were also the guideline during the interview. Answers were collected under each theme and the target was to find some connections or patterns between the answers.

4 RESULTS

4.1 Management discussion and business strategy review

The first stage of the service innovation and development was the business strategy review. For this purpose, the managing director of FFA, Mr. Ari Kuutschin was interviewed as he is the one implementing the strategy set by the board of FFA. As it was already stated when starting the whole process of this thesis, the aim of the company is to grow. However, earlier other customers outside aviation were not considered to be important and the focus was on Finnair and to be able to fulfill Finnair's growth and training needs. Finnair is still the most important customer, but According to Mr. Kuutschin, the revenue from other sources should be increased in years to come.

When looking at the facilities for example in August 2018, it can be noticed, that there would be availabilities. Out of 31 days the simulator is only used for six days and also then only for a couple of hours. The situation is even worse, when it comes to evacuation simulator, which is used only for one hour during the entire month. It is obvious, that there would be a need for FFA to sell those services. What is important from Ari Kuutschin's point of view, is to make sure that the implementation process is not too complicated and expensive. What the company is aiming at this point is to have a simple concept, that can be sold to many different customer segments with the company's existing resources.

In the theory part it was mentioned that trends and prospects for the future should be analyzed. Megatrends are phenomena that are changing the world and the preferences people have in their lives. Naturally they are important when it comes to designing services, since they are defining the needs of the customers and that is what selling services is about, fulfilling customers' needs.

According to ISS World Services (2018, p. 12-14) the four most important megatrends are technology development and acceleration, individualization and democratization, immaterialization and commercialization, economic growth and demographic development. When it comes to technology, wearable technology and artificial intelligence might add

value to the user experience. Technology is also impacting how services are managed. The second trend: individualization is also shaping service design. The services should be individualized and not same service for everyone. Users are also becoming less loyal towards brands and keep searching for a better option.

The third trend according to same source ISS World services (2018, p. 12-14) is immaterialization, which means that people spend more on things of higher immaterial value. Experiences is what people are looking for instead of products. Service providers should be using storytelling and staging in order to establish deeper emotional bonds with the customers. The fourth trend is about the growth of middle-class in developing countries meaning that there will be new user segments who can afford to buy services.

As FFA is aiming at selling in Finland, the megatrends in Finland should also be researched. However, when looking at various sources, it seems, that the global trends are similar to trends in Finland. For example, Haaga writes (www.sentraali.fi) about three megatrends in customer service: automization, decreasing importance of talking and the need for personal service. One of the examples connected to automization is chat-bots and the term conversational commerce. That means that the interaction between the company and the customer can be done also through a bot and not always via human-being. Some simple customer enquires can also be answered via bots.

Decreasing importance of talking means that people do not want to talk in the phone, but they want to communicate via chats, instant messaging and social media and use self-service. This does not just apply to millennials, but also older people use the web pages rather than talking to people. When trying to find information, they appreciate when they get a quick answer instead of waiting in line on phone. Haaga (www.sentraali.fi) also mentions that according to one forecast by the year 2020 already 85% of the customers interact with companies without talking to a person. However, if there is a problem or there is no answer to question they are looking for, customers want customer service. When buying online, half of the customers leave their shopping basket, if they do not get service immediately. For that reason, chat-customer service should be able day and night. If not possible, the least a company can do, is to have the service hours clearly stated on company's web page.

Part of the business strategy review was also to see company's situation now and its competitive strengths. FFA is a subsidiary of Finnair and that gives many advantages to the company. First of all, the name Finnair Flight Academy. By using the name Finnair, FFA is associated with Finnair's brand. Finnair is one of the safest airlines in the world and especially when it comes to safety, it is considered to be one of the best. FFA is selling mainly safety related services, so this is a great asset.

Finnair is ordering naturally its cabin crew training from its own provider, so there is a big customer, who is loyal and will not buy the services from anywhere else. However, relying only just on one customer, is never a good thing. There is a risk, if for some reason, the services are no longer needed, and the main customer disappears. The bargaining power of FFA when it comes to pricing is low.

One asset and strength is personnel. During autumn 2017 there was a survey made among instructors. According to this survey the atmosphere in FFA is great and the instructors seemed to be motivated with their work and happy with their colleagues and the support they get. However, they were not happy with the training of themselves. As it is vital, that the personnel is trained and knowledgeable, FFA should make sure that the instructors are well trained and kept informed about latest trends and information in the field they teach.

4.2 Employee brainstorming

The second stage was idea generation. The outcome of this of this idea generation was 26 ideas (see attachment 1). As it seemed that there were good ideas and enough ideas to proceed in the study, at this point, no other idea generation sources were used. The next step was to introduce these ideas to the managing director and decide with him which 2-3 alternatives will be searched more thoroughly. The ideas were sent to Mr. Kuutschin, but unfortunately, he did not want to prefer any ideas over another. He was still emphasizing the designing of a concept that could be then sold and marketed to different target groups. A concept which would be easy to construct with not much expenses. This made

the task quite demanding as it is hard to design the concept if it is not known who the customer will be.

After having discussions with Mr. Kuutschin I decided to take another look on the matter: I chose two services that we already have: fire training in fire simulator and first aid training and start investigating a concept of selling those services including looking for possible customers with the help of the ideas from brainstorming. The idea would be that a customer could choose out of the catalogue what training it would like to have. At first there would be only a few trainings offered, such as fire training and training in first aid, but later on more and more services could be added to the list and a customer would have a lot of things to choose from. Having a catalogue-type page where customers could choose what training they want to have would support the trend individualization, customer can choose what it wants and it is not the same service for everybody.

4.3 Interviews of potential customers

All the interviewed persons said that **safety is really important** for them and it is growing in importance all the time.

“Safety is the core of everything”

“Safety is our first priority”

“Our company is about safety”

They stated that it is important that employees feel safe and they have tools how to react in challenging situations. All the respondents acknowledged that the society has changed and even though Finland is still seen as a safe country, this is a growing challenge. Depending on which field the company is working, how every day topic safety is in the work place. Tourism and education are sectors, where safety is something that is done and is visible every day versus not so visible in IT company. Naturally safety is priority if the person’s title is security manager, like one of the interviewees’.

As a general rule, all the respondents were of the opinion that **training the employees is important**.

“It is essential that we train our employees”

“There should be more interesting training”

“We pay attention to keeping our employees up-to-date and well-trained”

All of them were also training their employees on a regular basis. Most training was maybe done in the company working in safety sector, where there were a lot of training required by the law: dangerous goods, working with radiative substances and fire training, just to give few examples. On average, they were training the employees 4 weeks per year. In the interviewed hotel, there was also a lot of compulsory training for its employees. In the hotel it is required by the law, that there is fire training to all of its employees. It is done four times per year in small groups, because hotel needs to function all the time and they cannot train employees at the same time. In the hotel there is also service training at least once a year. As the hotel is a part of a bigger chain, the training is many times provided by them.

In the interviewed department store the training needs vary from year to year. As the store is in the shopping mall, there is security personnel who will take care of fire extinguishing and security issues. Similarly like in hotel, part of the training is provided by the chain. However, the shop can also arrange trainings of their own. They are also saying that some of the trainings are compulsory to the company, the interviewee was here referring to first aid -training as they should be having at least 5% of the employees trained for first aid. One company also knew of the regulation that there should be first-aid capable employees, but still did not have those. There were big variations when it comes to first aid lessons, one company was saying that they should have at least 10% of the employees first aid trained, but the figure is 54% at the moment. In the schools this is well taken care of, 5% of the employees has the level one first aid training and it is rehearsed every year. The personnel is also having some basic knowledge on fires.

All the companies were also arranging some kind of **recreational activities** for their employees.

“Our company is about doing together”

“Sometimes it feels like employees do not appreciate the training and having fun together and see it as a forced thing to do”

“Havin fun together helps to grow the team spirit and thereby the effectiveness of the team”

Some were having a yearly budget for it and some were using various sums for it depending on the situation. Schools are having a budget of 50-70 euros per person for recreational activities and they can use some money for deepening the expertise on different fields. For the department store the amount was 60 euros per person. The companies that belonged to a chain, were also having get-togethers with all chain employees, such as summer parties. Parties before Christmas were also popular.

All of the interviewees thought that it is important that employees have some fun time together and the team would work better together if they have a chance to relax together. Some were also mentioning that finding an occasion that would please everyone is a hard task and there are always some people who do not want to take part in activities. The company working in safety sector is arranging a combined educational and recreational day twice a year and it is also having recreational training depending on the department. They were also having some interesting training, such as safety ambassador and risk evaluation.

One word that popped up in many interviews was **easiness**.

“We have been using the instructor for ages. He knows everything and I as manager do not need to worry about anything”

“We have been doing the training with the same company, which is really uncomplicated”

“There are so many options, it is easy to use the one I know”

The training providers that the interviewees were using were chosen because it was easy. There was maybe a person that they knew that was giving the training and that company had been used for years already. The chosen company was flexible and could be trusted. Positive experiences from the past were important. Another word that everyone was using was money. For example fire extinguishing training for school is provided free of charge. One interviewee stated that it is important that the service provider can give official qualifications. They also said that the contents of the training is important, that it is relevant to the employees.

When it comes to **the image of FFA**, the main word describing it was expensive, all the interviewees were mentioning it. Most of the feelings were positive ones, such as fancy, exciting and versatile.

“Would be great to go there, there is some glitter in it”

“I am sure that the employees would love it, sounds exciting”

“It would be much more interesting to do the compulsory training there”

One was mentioning that the brand image is great because of the name Finnair. However, all the interviewees paid attention to the name Finnair. Two interviewees mentioned that the safety culture is strong in aviation and because of that, the name creates a feeling of trust. However, there was a little disagreement with the professionalism of FFA. Some were mentioning that they were not sure what Finnair Flight Academy was about, what are they doing and why should they offer the service. So even though the word Finnair created positive connotations, it was still a bit unclear, what FFA is all about. When compared FFA with service provided by SPR or fire fighters, the respondents thought, that the latter ones were maybe more professional, but FFA could provide good training in much funnier way. All of the respondents thought that their employees would certainly like the training and get to know how safety is done in aviation business. One interviewee said that the training is usually considered to be boring, so having the training in FFA would make the training much more inspiring.

Why would the interviewees then not use FFA? **Price** was obviously one thing coming up.

“It is for sure too expensive for us”

“That is for fancier IT-sector people”

“Firefighters are organizing the training for free”

“We are not paying much for our current training”

Four interviewees were arguing that why pay more if you can have the same service cheaper from somewhere else. One was also doubting if there is enough competence. It was also said that the premises are too far away and that the training would be hard to organize as earlier the training has been close to company’s premises and also the

extinguishing part not far away from the company building. All the interviewees said that there is actually nothing why they would not use FFA as service provider. What was mentioned in basically all interviews is that they **lack information**.

“What is it that FFA is offering”

“I have never heard of it”.

As they do not have experience with FFA, they would not choose it. They were saying that they all get offers through e-mails on a regular basis, so they should be made aware of this service. Some of them said that phone call would probably reach them better than e-mail.

The reasons why to choose FFA were actually more or less the same. All the interviewees were somehow mentioning that they would get **something extra**, that they would not get from anywhere else.

“Instead of having a boring training, employees would be excited and thrilled to go there”

“It would be so exciting if we would evacuate”

“Sliding down the emergency slides would be great”

The training could offer a nice change to current training that was considered to be a must-do. All of the interviewees were of the opinion that in order FFA to be the preferred choice, slides and other evacuation devices must be used. Increasing the team spirit was one of the things that interviewees thought they could get when choosing FFA. Getting two birds with one stone was something the interviewees hoped to gain. All the interviewees were of the opinion that they think that their personnel would find the training interesting. Aviation business still seems to be something that is considered to be exciting business and one interviewee was saying that learning from other business would be something desirable. One interviewee was saying that as the employees are working with technical equipment, they would most probably find anything that has to do with planes and machinery interesting.

5 DISCUSSION

Based on the interviews at this point fire simulator would be the first service offered. The fire simulator is relatively new and was taken into use 2017. There are many different kinds of fires, all having to do with aircraft fires. However, same rules apply for fires everywhere, so it would be suitable for customers outside aviation as well. When somebody is extinguishing fires, the others can watch the performance as there is a window wall. There are seats for about 20 persons.

There are several companies offering similar services in fire simulators. When looking at for example fire training that provides the participants with a diploma for initial knowledge of extinguishing a fire. The training is typically two hours and it consists of one hour theory and one hour practical training using a fire blanket and a fire extinguisher. According to SPEK (www.spek.fi) every year about 200 000 people are participating in the training and there are 1650 instructors providing the training. The prices for the training vary: Meriturva is offering the course for 285 euro/group + 25 euro/person including vat. Maximum group size in 16 persons (www.meriturva.fi). Koulutusmailma.fi is offering the training for 50 euro + vat 24% and Innen.fi is charging the same amount. The price seems to be around 50 euros up to maximum 100 euros per person.

Heli Hätönen from Spek (30.8.2018) tells that the initial training called AS1 training is not done because it is required by the law. However, she says that according to the law on occupational safety 14 § the employer needs to give the employee training on matters preventing any threat or danger at the workplace. She also says that there are yearly over 13 000 fires in Finland and some big industrial companies have identified the training to be so important that they do not accept people inside their premises without that they have gone through the training. AS1 is a training concept coordinated by SPEK and The Finnish fire protection association. AS1 initial fire extinguishing course diploma can be given by certified AS1-instructors, who have gone through course leader training provided by head instructors. At the moment 880 persons are having rights to teach AS1-course. From her point of view that could be profitable business also for FFA. The price for the instructor training, which lasts for six hours, is 310 euros + vat 24%.

As FFA is mostly teaching cabin attendants, the training with fire usually includes smoke diving. In the training hall where the fire simulator is, is also a smoke simulator, which is looking like an aircraft fuselage and it can be filled with smoke. That kind of training without the use of oxygen supplies is not offered elsewhere, which would make it a good additional feature for the firefighting -training. All in all, even though there are plenty of mainly small providers of this service, FFA would have something unique, something that nobody else is having. Many providers are for example extinguishing fires in a parking lot. For sure it is much more exciting to do it in an aircraft simulator.

High volumes are also in first aid training. Kristiina Myllyrinne from Finnish red cross tells that yearly about 300 000 people are taking part in first aid training. She says that it is not compulsory as such for companies, but every company is deciding in their own risk analysis what skills they require from their employees. First aid course offered by Finnish red cross teaches the basic knowledge and skills on first aid. It is official training and the certificate is valid for 3 years in all European countries. There is a standard content of the course which includes for example wounds, resuscitation and defibrillator training. The price that for the training is 149 euros, which includes 16 hours.

There are also other companies offering the same training. Suomen ensiapukoulutus is one of those and the price for its training is 1400 euros/group. The duration of the training is 16 lessons (á 45 min), which can be divided into 2 to 4 days. (www.suomenensiapukoulutus.fi) Finnish red cross is also offering other trainings, such as emergency course for 4 or 8 hours. The price for those courses are 570 euros/group and 850 euros/group. In their web page they offer courses for businesses and communities and the instructor can also come to premises of the customer. In order to be trained and qualified to teach the initial EA1 course, you need to be a nurse and to go through SPR's training which costs about 3000 euro. FFA is currently having a couple of persons, who are official SPR instructors.

Based on interviews and competitor analysis, it is obvious, that FFA cannot compete with the prices. There are many small service providers in the market of selling fire extinguishing courses. It is easy to enter the market, since there are no big barriers to entry. Some

service providers are doing the job in the side of their main job as a fire fighter. The prices are relatively low and they seem to be quite flexible, what the customers are appreciating.

Marketing advantage seems to be out of question to FFA, since the managing director was emphasizing that the market entry should be as easy as possible. At this point FFA is quite unknown to people and on the contrary to my assumptions, the name Finnair is not enough to impress customers. Even though Finnair Flight Academy as a name did bring positive and safety orientated associations, but there were also some doubts why it is offering services in other fields and why should the companies use its services as well. In spite of the fact that marketing advantage is not how FFA wants to compete in the market, a lot needs to be done in order to raise the awareness.

The interviewees would be willing to at least consider buying services from FFA, but they would require an offer from the company. When looking at the web pages of FFA, it can be noticed, that nothing has been done to make them more selling. In marketing respect there is a lot of work to be done; that would be a good area for another research. The competitive advantage for FFA is differentiation. According to interviews the services are something different and exciting, something that nobody else can offer.

Theory part was suggesting that different methods should be used to get customer insights on how to create value to the customers. In this study the most important method was interviewing the customers. Earlier research on trends were also used as a source of information. Value proposition canvas has some slight differences depending on customer and here in figure 1 can be seen one example of that.

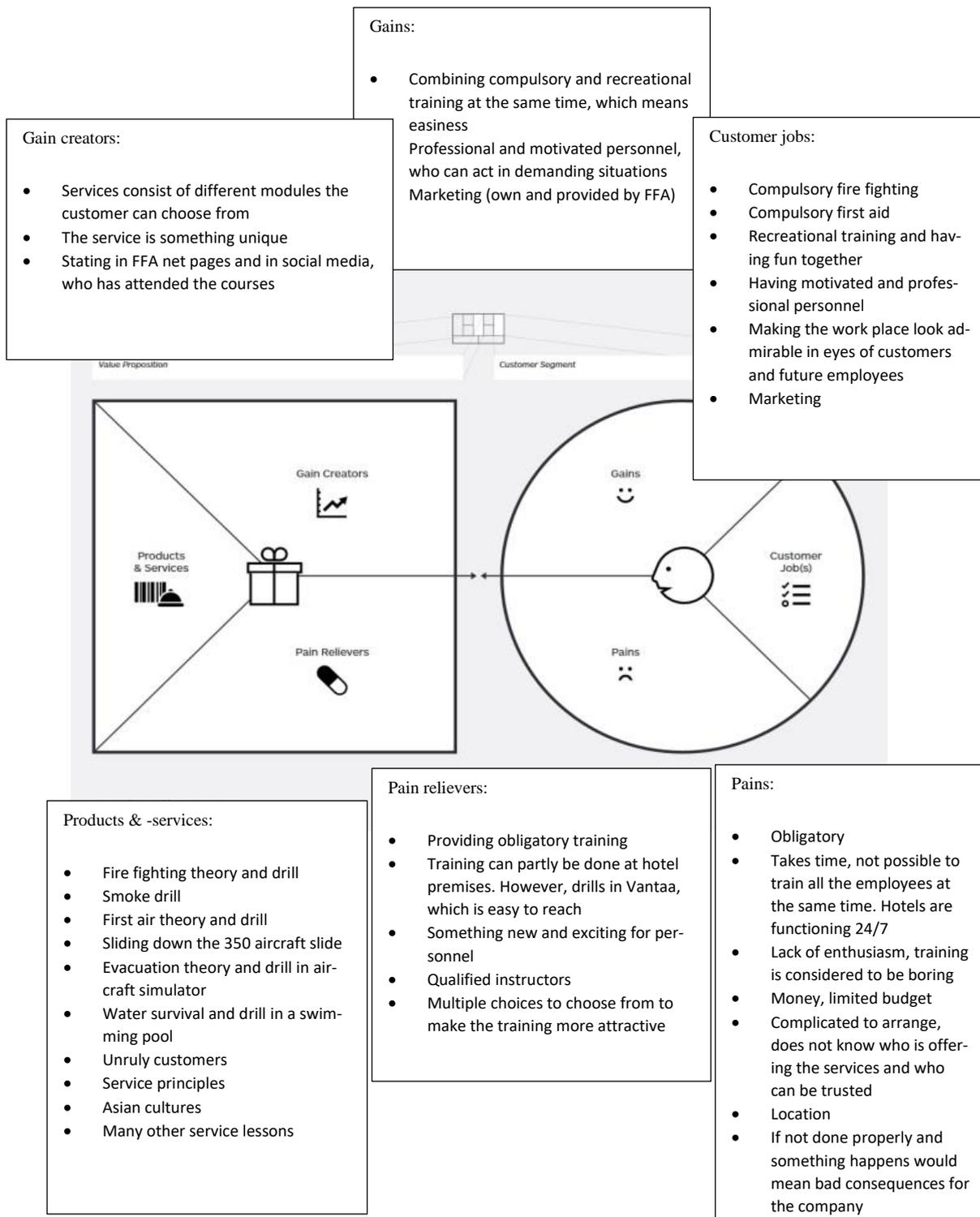


Figure 1, Value proposition canvas

However, the main thing that is adding value to all of the employees, is that they can combine business and pleasure. In addition to obligatory training and useful skills, they can have fun at the same time and improve the team spirit. Training was many times considered to be boring and something that must be done.

Many companies use testimonials saying that a certain company has been using its services. This could work another way around. The companies that have visited FFA could have their names on FFA website and social media and they would show how reliable employers they are, as they train their people in these important safety matters. It is safe for example for hotel guests to stay in a certain hotel, as their employees are trained in different challenging situations.

In the beginning the meaning was, that the service would be blueprinted. However, as it is a very vast area of study, it is left out from this study, since the objective is to sell the service the way it is now. Later, it would be advisable to do it, as there would be many things that could be done better from the customer's point of view.

One megatrend in Finland was that people want to have answers immediately. If they want to book something, they want to do it at that spot. FFA does not have that service and nobody is providing the answer, which might mean, that customers go somewhere else. It would be recommended to have a calendar where customers can book the service they want to have and see immediately if there are free lessons. When it comes to pricing, it came out of the interviews that customers were assuming that the price would be higher than that of the competitors. They are willing to pay some extra, but the pricing should not be too high. From the cost & benefit point of view, if the other option is, that the equipment is unused, it is better to have at least some revenue. Naturally there is the cost of instructors, but that is not that high.

6 CONCLUSIONS

The first research question was about customer needs. Training was considered to be a vital part of success of a company and there is a constant need to train the employees. Some of the training was mandatory for the companies and some of the training was more recreational and improving the personnel's team spirit and well-being. The number of interviews was only six. One could argue that it is not enough to be a comprehensive sample. However, even though the interviewees were representing different fields of business, the answers were showing a common pattern.

The trends and the interviews were supporting the fact that people want experiences instead of products. They want individualization and are less loyal to certain products. However, the interviews showed that easiness is also a highly appreciated matter, the customers do not want complicated services which means that location and easy-to-reach service is of great importance. The interviewees were using the current service providers because it was easy, and they were used to do so.

FFA is already having the service to fulfill the customer needs. The training provided by FFA would connect those two needs: mandatory training and recreational at the same time. FFA could provide an experience that the competitors are not able to provide. Competitive advantage is based on differentiation as the company is offering something unique. The value proposition is highlighting the need to explore something new and exciting. Interviews were indicating that the name Finnair is bringing positive associations, but it is not enough. They were also wondering why Finnair would provide this service. This means that marketing the services and telling more about FFA and what it is doing seems to be something that the company should concentrate on.

From the perspective of costs, the selling of services would not bring any risks. All the equipment and premises are already there. The service package is also ready, just with few adjustments to bring more value. It seems that customers are ready to pay a little bit extra, but there is also the risk of pricing themselves out, as companies seem to be very price conscious. Safety is growing in importance and new areas of teaching come up all the time. That is why bringing new ideas and asking the customers for their needs is an

on-going process. FFA's wish was that the selling to new customers would be as easy as possible. It is possible to start it with minimal work, but with a little bit effort, it would be possible for FFA to increase its clientele, bring value to them and through that increase revenues.

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Appendix 1

IDEOITA KOULUTTAJAPÄIVILTÄ

- Urheiluseurat ja urheiluhallit
- Koulut ja oppilaitokset kuten Haaga-Helia, Laurea jne.
- Semo-koulutus FFA:lle
- Tehtaat (tietty %-määrä pakko kouluttaa, esim. EA)
- S-ryhmä, K-ryhmä
- Matkailualan yrittäjille esim. aasialaisen asiakkaan kohtaaminen
- Teemapäiviä/teemapaketteja joihin asiakas voisi räätälöidä oman koulutuksen
- Kauppakeskukset
- Helsingin energia
- Vaateliikkeet
- Ostoskeskukset (paloturvallisuus, evakuointiharjoitus)
- Tyky-päivät
- Palvelukoulutusta sellaisille, esim. keittiöpäälliköt, ketkä ei sitä yleensä työssä tee
- Palvelukoulutusta laivayhtiöille, esim. asiakas kohtaaminen ja uusien konseptien jalkautus
- Olympiakomitea
- Urheilulajiliitot
- CRM:ää hoitajille ja lääkäreille
- Kahvila/ravintola-alalle ensisammutusta
- Esimerkiksi johtamis- ja esimieskoulutusta mara-toimijoille
- Oppilaitokset
- Monissa palveluyrityksissä on ns. tiiminvetäjiä, jotka perehdyttävät uusia työntekijöitä, erityisesti keväälle tälle voisi olla kysyntää ennen kesätyöntekijöiden saapumista
- Esimieskoulutusta palveluorganisaatioille
- Joidenkin tilojen vuokraaminen, esim. palaveri-tilaksi.
- Isojen myymälöiden henkilökunnalle, aiheena esim. tulen hallinta, joukkojen hallinta, kulttuurit jne.
- VR
- Ensiapua voi myydä mille tahansa firmalle

Appendix 2

Questions to semi-structured interview:

1. What is the company and how many employees does it have?
2. How important is safety to the company?
3. How much training is the company organizing to its employees? How important is training considered to be
4. Is part of the training compulsory?
5. Is the company organizing so called TYKY-days/ recreational training and other occasions?
6. From where is the current training bought and why?
7. What are important things when choosing a service provider?
8. What is the image of FFA? In contrast to other providers, such as SPR?
9. Why / why not buying services from FFA?