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CREATING A SUCCESSFUL SERVICE STRATEGY WITH SERVICE DESIGN AND COMMERCIALIZING METHODS: A CASE STUDY
A company lives or dies through sales. Sales define the success of the company or its service or product. Sales are usually defined as an objective of the company strategy and at the same time it operates as an engine of sustainability and growth. Achieving mentioned objective depends on how well the objective fits into specific market and target customers and how well sales processes perform for them.

Recently the customer orientation approach and business models have been highlighted in strategic thinking. The strategy and competitive edge are built more on understanding the customers and innovative business models. Service design approach has strengthened its position as a method for developing customer oriented business. Still it must be remembered that a modern company is not just customer oriented it is also efficient.

This thesis project aimed to solve the sales problem of a case company by developing a customer oriented service strategy. The purpose was to demonstrate with a case study that service design and commercializing are effective methods for building a successful customer oriented service strategy which results sales.

The theoretical part of this thesis studies the commercializing and service design methods. It was important to understand the methods in order to conduct a case project by using these methods. The literature was then used to design and conduct a customer research. The results of the customer research were used in developing of the customer oriented service strategy. The developed service strategy was tested in the end of the thesis project with pilot sales. Research questions were:

1. How companies can make use of commercializing and service design methods in a creation of successful product or service strategy?

2. Why service design or commercializing methods are unsuitable to be used separately?

The results prove that customer insight helps to build service strategies which produce good results in sales. The hit rate in sales in the case project was over seventy percent. Still the customer orientation alone is not enough because efficiency must also be considered to make the business and the service profitable. The results recommend that companies should use the combination of methods to be able to build successful service strategy which produces sales.

KEYWORDS:
Strategy, Service design, Commercializing, Productizing, Sales
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1 INTRODUCTION

Company lives or dies through sales. Sales define the success of the company or its service or product. Sales are usually defined as an objective of the company strategy and at the same time it operates as an engine of sustainability and growth. Achieving mentioned objective, depends on how well the objective fit into a specific market and target customers and how well sales processes perform for them. (Donaldson 2007, 4; Storbacka, 2011, 709.)

Strategy is the guideline which directs all the functions in the company. Strategy as a concept is challenging. It can mean the design, targeting and leading of the company resources. It can also be related to the ability of the company to adapt on the challenges of business environment. (Kuusela & Neilimo, 2010, 11.)

Strategy demonstrates the strengths of the company which are used in development of the company. Strategy also shows the possibilities and limitations offered by the markets. The leading edge in strategy management can be cost efficiency, customer orientation, management with knowledge, management skills, business model, or a combination of these. (Kuusela & Neilimo, 2010, 11, 12.)

Recently the customer orientation approach and business models have been highlighted in strategic thinking. The strategy and competitive edge are built more and more on understanding the customers and innovative business models. (Simula et al., 2009, 27; Kuusela & Neilimo, 2010, 14.)

In modern days there is a challenge of fragmentation of customer behavior, in which people form smaller target groups which have their special needs. The customer oriented approach which is required because of this fragmentation challenges companies. The challenges can be described with few questions: How to acquire knowledge about customers? How to manage the customers? And how to build a contact to customer also in emotional level? (Kuusela & Neilimo, 2010, 18, 19; Crucq et al., 2016, 24, 25.)
The management of a customer orientation requires right decisions in right time from the company management to be successful. A customer strategy is the foundation for the customer orientation. The customer strategy describes the behavior of the customers. The important dimension of the customer oriented business model and core of the customer strategy is the knowing and understanding of the customer needs and behavior. (Kuusela & Neilimo, 2010, 90, 98, 99.)

Modern company is efficient and customer oriented. The companies are combining the benefits of mass production to the customer orientation and global thinking. Productization is a method to help the audience to understand to which need the service is up to in a customer oriented way. (Simula et al. 2009, 27; Kuusela & Neilimo, 2010, 24.) Masstailoring is the road to success in customer oriented business model (Simula et al., 2009, 27; Kuusela & Neilimo, 2010, 102, 103).

Service design approach has strengthened its position as a method for developing customer oriented business. The understanding of the customer experience creates a strong relation between customer orientation and service design. Service design benefits from usage of customer oriented research tools. (Miettinen, 2011, 29-31.)

The idea of service design is that people are more willing to use better services and also willing to pay more for them. Service design skills can produce competitive edge and a better customer loyalty. (Tuulaniemi 2011, 29.)

1.1 Background

The author of this thesis works in a consult team which develops customer oriented service strategies for companies in order to improve their sales. The team consists of four persons with different backgrounds and educations. The team uses applied service design and commercializing methods in their projects so this thesis project supports the professional skills of the author. The author also operates as a team leader in this case project.
This thesis project is made for case company operating in industrial food production and retailing business. The company mainly operates in Finnish domestic markets, and retails domestic and imported goods. Case company has a decade of experience in buying and retailing special batches of food industry. These batches are bought from manufacturers and importers. The special batches are in example batches which become challenging for manufacturer to sell because of date, manufacturing batch size or packing mistake.

The case company has offered beneficial services to manufacturers to get rid of their problematic and time consuming special batches with compensation. The other possibilities for manufacturers are to donate the goods, or to dump them.

If manufacturer donates the goods they will get no compensation. If manufacturer will take the goods as a waste to landfill, it will cost to the manufacturer according to the weight of the waste. So this service has good benefits to manufacturer, because they will save time and receive also compensation from the batch.

The company makes its profits in buying the batches for affordable prices. The company aims to acquire more manufacturers from whom to purchase the special batches. They have tried this during last two years without results. The selling of the batches bought is not the problem for the case company, because there are a lot more of demand for their services and goods.

This thesis refers to customers of case company as customers. The customers are not customers of the case project team but customers are the end users of the services the case project is developing.

1.2 Objective of the thesis

In this thesis project the case company is aiming for sales of their services. The author of this thesis believes that case company is able to make sales by creating a customer oriented business strategy for their services. Sales are usually
defined as an objective of the company strategy (Donaldson 2007, 4). In other words, if the service does not sell, there is something wrong with the strategy.

At the same time with this project case company wanted an undependable customer survey to see customer satisfaction of their services. This was an opportunity to acquire customer oriented information for the service strategy development.

To be able to correct the strategy of the company to be able to sell the services of the case company, the author with his team has recognized that company should combine the learnings of service design and commercializing in seeking customer orientation for designing the company services.

The aim of this thesis is to improve the sales of the case company by developing a customer oriented service strategy. The customer oriented sales strategy is developed with combined service design and commercializing activities. From this the following research questions for this thesis were born:

1. How companies can make use of commercializing and service design methods in a creation of successful product or service strategy?

2. Why service design or commercializing methods are unsuitable to be used separately?

The author works through combined service design and commercializing process to produce sales more easily and less effort by improving customer orientation in the service strategy. This process and its results are described in this thesis.

The objective of this thesis is to create and study the most functional concept for creation of a successful service or a product strategy and at the same time prove the old models obsolete and inaccurate. In this study successful means first that the new concept or service strategy sells, and second the production is profitable. Profitable service which sells can be thought to be successful.
At the same time this thesis can be used for getting understanding for reasons if new service or product does not sell or the sales of old product or service are decreasing. Many times people blame sales or marketing for the failure, but people should understand that also the whole service concept can be unsuitable for target customers.

1.3 Data collection methods

This thesis uses a combination of research methods. These methods include interviews for the existing customers, and a literature review. The literature review comprises the existing literature about commercializing and service design. The purpose is to study the similarities and differences between these approaches and at the same time learn how they can be employed in design of modern customer oriented service strategy.

Interviews are chosen as primary data collection method because in strategy work company must know and understand customer needs and behavior (Kuusela & Neilimo, 2010, 98). When there is a need for data related to attitudes, opinions, experiences, and observations, the interviews can give the information. Interviews can give more in depth information than surveys. (Anttila, 2005, 195.) The purpose of interviews is to recognize different target groups, with different needs and backgrounds from existing customers. The purpose of interviews is also to understand why customers use the services of the case company and which functions should be improved. When the reasons why current customers use the services are found out, this customer understanding helps the building of customer oriented service strategy.

The interviews are conducted in Finnish, because all the customers have Finnish representatives responsible for functions related to this thesis. The analyses from the interviews are also conducted in Finnish, and the author translates the results in English.
The success of the service strategy based on interviews and designed according to the commercializing and service design methods, is tested with pilot sales to potential customers.
2 LITERATURE REVIEW COMMERCIALIZING

Even the best idea does not make profit for the company if the idea is not modified in to such a format that it can be sold to a customer, in other words commercialized (Rosa & Rose, 2007; Meyers, 2009; Simula et al., 2010, 10, 19; Perkmann et al., 2013; Ahto et al., 2016, 37). Commercializing means the market entry planning and execution of a new product. In commercializing, the product or service idea is modified in to such product which can be easily bought by customer. Successful product is born through successful commercializing. Still there is no comprehensive list about what commercializing is or is not. (Simula et al., 2010, 10, 19.)

Commercializing process means the construction of the commercial goals and preconditions, and the designing and implementation of market entry. Successful commercializing requires management and organizing through the process. Also the continuous interaction between divisions is crucial for success, from idea stage to sales stage. (Simula et al., 2010, 40.)

2.1 Commercializing related terms

**Value thinking** means the understanding of the value experienced by the customer. In case of commercializing it means the understanding of the value for the use in product development and market entry. It is used in value building and in communication with customer. The customers’ experience from buying process, customer support, interaction and company image can effect to the value experienced by the customer. (Simula et al., 2010: 20.)

**Innovation** is a successful product, which offers something new for the markets. The new factor can be achieved with new technology, with combining known features in a new way or with new business model. Innovation and invention are not parallel terms even if many people think so. (Simula et al., 2010, 16.)
Idea generation or brainstorming refers to the usage of understanding from customer value in formation of a new product idea. Idea generation is made in collaboration between marketing, sales and product development divisions. Sales division provides customer insight, marketing applies the insight and product development is responsible for the usefulness of the new ideas. Product development division has a big role in new idea generation, but sales and marketing divisions can improve the commercial potential already in early phase. (Simula et al., 2010, 20.)

2.2 Challenges of commercializing

It is challenging that a successful commercial product should reach its financial goals, earn good level of customer satisfaction, and to be approved among paying customers. In other words the product must achieve the aimed market share and usually also make profit in a decent timeframe. Organization also has to be prepared for imitators through filling the criteria of design and quality. But still not even nearly all of the products achieve success on the markets. (Simula et al., 2010, 13; Aarikka-Stenroos et al., 2014.)

The challenges of commercializing can be categorized in a few basic questions. The basic strategic questions are “what” and “why”. In other words what service is needed and why? So the starting point for a business strategy is already known. Following questions in product strategy and commercializing are “when”, “where”, “to whom” and “how”. (Simula et al., 2010, 13; Aarikka-Stenroos et al., 2014.)

Commercializing costs a lot and this can cause evasive attitude towards it in organizations. Even with the identified financial significance, commercializing has not got attention until the last decade. Commercializing activities are assumed to happen by itself when the technology is developed. The technology oriented organizational culture affects this attitude, especially in big industrial companies. (Simula et al., 2010, 13.)
Usually the challenges in commercializing are related on how the product is made successful in the markets. But even the success is hard to define because of the unclear indicators which are without unified consensus. (Simula et al., 2010, 14; Aarikka-Stenroos et al., 2014.)

It is thought that commercializing is more likely to be successful when products can be provided faster to markets, when technologies are used more extensively, when operating in multiple markets and when company has more products in portfolio. But this is not as simple. Usually there are not spent enough resources and time for commercializing and often the management and execution are lacking expertise. (Simula et al., 2010, 15.)

The essence of commercializing is to be a way of thinking instead of function. This means that organizations should not have an independent separate commercializing division. Instead all the divisions should have their own responsible for commercializing thinking. Hardest thing to manage in this issue is to get all the functions and divisions operate in the same front. (Simula et al., 2010, 15.)

In commercializing all the components should be assigned to a right party. Product development division should be responsible for the freezing and for the continuation for sales of the product versions. The production division should be responsible for the starting of production, opening the mass production and the quality control. Marketing and sales division is responsible for pricing and promotion. Logistics division is responsible for distribution. There are still issues which are not meant for individual divisions to decide. Product features should consider all divisions. (Simula et al., 2010, 15.)

There are situations where product features do not match with demand, distribution channels cannot reach enough potential customers, price is wrong or the promotion is targeted incorrectly. It is easy to blame individual division about each arising issue, but the mean to fix the problem is the improvement of the co-operation between marketing-, sales- and product development divisions. (Simula & Co, 2010: 15; Aarikka-Stenroos et al., 2014.)
2.3 Productizing

Productizing is considered as parallel term with commercializing. Productization is one essential component of commercializing. Productization aims to a goal where organizations portfolio is shaped into such a form that it is easy for a customer to comprehend and buy the products. Productization is a process where the end result and actions for the creation of the end result are defined. The goals of productization are achieved when customer experiences that the product is in order and the price, required actions to buy and features are defined. (Parantainen 2007, 14, 38; Simula et al., 2010: 21.)

According to Parantainen (2007, 11, 14, 38) the productizing has no one right definition. But he refers to it as a work which is done to transform an expertise or know how to sellable service product. One of the most important activities of productizing is to make the buying as easy as possible. Lehtinen & Niinimäki (2005, 43) writes that the external productizing describes and communicates the benefits of the services of the company. According to commercializing related literature the purpose of productizing is to concretize the value produced for customer and to ensure that product portfolio meets the customer needs (Simula et al, 2010, 23).

Productizing can be seen as an essential tool for successful commercialization, but it is not sufficient alone. The approach for productization is made with product layer model, in which the inner and outer productization activities are combined. Inner productization signifies the ability of the company to conduct and do things. The outer productization signifies the possibility to sell. The productization is used to ensure that the business is cost efficient, and at the same time the customer has still possibility to acquire tailored products. Mass tailoring and modularity of products are essential for successful productization. (Simula et al., 2010, 23, 29.)

The purpose of productization is to concretize the value produced for customer and to ensure that product portfolio meets the customer needs. From another perspective the purpose of productization is to lower the costs and to accelerate
efficiency. When product related variables and basics are defined, the product development division has time to focus on an identified matter requiring improvement and possibility to create something new. (Simula et al., 2010: 23.)

2.3.1 Product

Product is a sellable unit, which provides value to customer and which customer buys. It is the physical product or service attached to a whole variety of factors and image, which make it useful, desirable and pleasing. When something which is produced, is designed in such a form that it is easy to sell, it becomes a product. In modern times even services become products, from which companies have not charged any fee before. (Simula et al., 2010, 16, 24.)

The thoughts about productization often lay on the need and will to concretize a service, which is usually hard to understand. When service is well productized it is easier to sell. In the same way than one can touch and evaluate tangible product, one can also evaluate productized service and its features from the perspective of own needs. The logic of the productization works for both physical products and services. Because of the productization, the customer can form a clear understanding in beforehand, what customer is buying. Productization also helps the people of the own company to understand what is the business and the product they are building their business on. (Simula et al., 2010, 24-25.)

One definition for a complete product is that every division in company thinks that the product is ready. But when product is ready, it does not mean that the product is perfect even with productization activities. Continuous improvements belong to the productizing. (Simula et al., 2010, 26-27.)

Customer sees the product from different perspective than the organization selling it. This can be visualized with traditional product layer model. In this layer model the basic product is the core layer, which makes the business possible. Selling the basic product requires that the product fulfills at least the customer minimum expectations and needs. (Simula et al., 2010, 26-27.)
Superior basic product is essential factor for success, but it does not guarantee the success in commercializing. See Figure 1 for visual example. Even lesser products can succeed but this requires expertise of commercializing and successful productizing. Expected product is the basic product enhanced with features which will satisfy the customer, when the basic product did not satisfy them. These features can be higher quality, better packaging, better design and brand. In other words customers have higher expectations for the product, than for the basic product. (Simula et al. 2010, 26-27.)

An extended product gives unexpected value to the customer. Plausible product means all the features around the product which could be added to the product but it is not yet done. (Simula et al. 2010, 26-27.)

Many companies define the customer orientation as a strategic goal. Productization creates a pin point solution which can be marketed and sold for specific problem. This means that it is easy for the customer to make a buying decision when one receives in beforehand a clear understanding on what one is buying and to which problem it helps. The purpose of the productization is to create products which will match the customer needs as well as possible. In practice...
the needs of customers vary a lot. The challenge in creating and optimizing the product is to maximize the customer satisfaction by answering the customer needs as individually as possible when at the same time minimizing the costs. Mass tailoring makes it possible to satisfy the needs of majority in a cost efficient way. Productization increases the customer value. When customer knows the features of the product before buying also the customer satisfaction increases. This leads again to the sequence of repeated purchases which again will reflect on the cash flow. (Simula et al., 2010, 27-28.)

The other goal of the productization is the aim to save the costs by clarifying the operations of the organization. When product features are well defined saves it money because of it reduces costs caused by mistakes. (Simula et al., 2010, 28.)

2.3.2 Internal productizing

Productization can be separated in to two sections the *internal* and the *external productizing*. The internal productizing refers to the ability to do something. The product development is costly and time consuming even if organization is able to use earlier designs and calculations. The purpose of internal productization is to systematize and improve efficiency of processes which organization uses in designing manufacturing and marketing of its products. The productization should be started from internal productization to stabilize the operations. (Lehtinen & Niinimäki, 2005, 43; Simula et al., 2010, 29.)

Internal productization is ready when every division in organization can feel that the product is ready. Marketing, sales, production and logistics can feel that all supportive actions are defined and ready to be delivered. (Simula et al., 2010, 26-27.)

The desire of the organizations to serve all the customers in the best possible way leads to a systematic tailoring which leads to ineffective operations. In small scale business this can work very well but in large scale operations and in markets where a lot of competition exists this will not work. The method of pro-
ducing this and that also destroys the synergy advantages of learning and improving by doing a lot of similar products. (Simula et al., 2010, 30.)

The essential question of productization is to how far the organization wants to go in answering for the customers’ needs. The approach in this can be a modular product architecture. In modular product architecture one evaluates what is the smallest unit which is sold to customer and what kind of modular variables can be added on the basic product. There exist also management programs which help in a creation of these models. (Simula et al., 2010, 30.)

Internal productization has a clear link to mass tailoring. Mass tailoring is often used method to create a product portfolio which match to the customer needs as well as possible without destroying the profitability. Mass tailoring combines the ideology of mass production and its productivity to customer orientation. The goal of mass tailoring is to produce as many products as possible with as low costs as possible while at the same time giving the possibility to customer to choose a tailored product in predefined limits. (Simula et al., 2010, 30.)

In the mass tailoring the products must meet with the varying needs of the customer, which means that the organization must interact with customers. With this method the organization can acquire the knowledge about the features which build value to the customers and help to design the additional features which can be added to the basic products as modules according to customer needs. (Simula et al., 2010, 31.)

It is clear that a mass tailoring requires more resources than traditional mass production. This requires a lot of planning and development. The mass tailoring can clearly be seen as a one tool of the productization. The mass tailoring is still strongly focused on a creation of a basic product and does not work with dimensions or modules around the basic product. Still the mass production alone does not achieve such a comprehensive end result which the productization aims for. (Simula et al., 2010, 31.)

Prototypes and proofs of concept are used in development of a basic product to ensure that the new innovation works. They can also be used for communica-
tions with a customer. Prototypes are still far away from the end result and they require internal productization. Internal productization includes several engineer oriented activities:

These activities can be:

- definition of the product
- definition of the variants and features
- procurement of production necessities
- production planning
- testing and acquiring the permits and certificates. (Simula et al., 2010, 31.)

Internal productization includes also several strategic issues which should be defined in the beginning of a development process. Some of these issues are definition of market potential and customer segments. It is also important to check that new concept fits in organizations` strategy. (Simula et al., 2010, 32.)

2.3.3 External productizing

When the internal productization is described as an “ability to do” the external productization can be described as a “possibility to sell”. The external productization includes things that are externally most visible in the organization. External productization comprehends usually features which are usually though to be productization. (Simula et al., 2010, 33.)

External productization is used to add value to a customer. Productization builds the desired concept around the product from which the customer is willing to pay. Organization has to understand the customer needs to be able to create a desirable product with external productization which customer is willing to acquire. This is why the external productization includes many strategic decisions like which customer segments are targeted and which ideas are possible to be produced. When the external productization is ready the product is in such
External productizing is used to communicate all the benefits which the product will deliver to the customers. With this information it is easy for customer to make the buying decision. Customer can also easily compare the product to competitors and evaluate the price-quality ratio. Many issues related to external productization are seen too often as tasks of marketing division. Many external productizing related issues are related to product launch. Still there is no clear separating line between external productization and product launch tasks. (Simula et al., 2010, 10, 11, 34.)

Many technology organizations with heavy engineering culture focus on internal productization and basic product too much. This can lead to situation where the product is exceeding customer needs. This again may cause higher prices which may steer the customer to the competitor. (Simula et al., 2010, 34.)

In external productization it is important to confirm following issues:

1. Naming product and branding
2. Description of product
3. Detailed description, instructions for use, what value produces
4. Adverts, leaflets, technical description
5. Agreements, terms for licensing
6. User manual, documentation
7. Creation of sales channels, training
8. Definition of sales commissions
9. Definition of discounts
10. Pricing
11. Creation of tools for sales
12. Packaging and logistics
13. Terms of delivery
14. Version management and updates
15. Warranty and maintenance issues
16. Technical customer support
17. Vision for future development

The best results will be generated when the planning and execution will be made in teams with people from different divisions participating to the process from the beginning. When there is a balance between internal and external productization the company is able to do and has a possibility to sell. So the company is a step closer to a successful commercializing. (Simula et al., 2010, 35.)

Often customers see their own problem unique and because of this they do not usually accept fixed pre-defined solution. This is why organizations do not advertise productized services. Skilled salespeople usually create an image about tailored products even if there is a huge productizing process behind the solution. (Simula et al., 2010, 36.)

Many organizations are afraid of defining a clear concept of the sold product because competitors may imitate it. At the time of internet it is impossible to keep something as a secret in open markets so all well working solutions are rapidly brought in to use among the other actors on the field. If organization is able to innovate a productized solution it should communicate about it intensively. This will make the customers think that the organization is innovative and industry leader. The image of an industry leader is so powerful that it makes competitors seem to be like imitators and followers. Of course organization can keep the new concept as a secret but there is a danger that the concept will stay as a secret also for potential the customers. (Simula et al., 2010, 37.)

Productizing involves all the divisions of the organization. In the same way as in all projects also in a productizing process the success depends greatly from sufficient resources and support of the management. Productizing should never be thought to be ready. It is important that innovativeness and ability to renewal remains in the organization. Productizing should be seen as a function which relieves time from routine tasks to innovations and improvements. If the best
developers in the organization use all their time to tailoring the products to customers, they do not have time to develop anything new. (Simula et al., 2010, 37.)

The benefits of a productizing are easily rejected if organization adapts too easily on demands of customers. With adapting and tailoring organization can easily make individual customers satisfied but at the same time organization consumes its profitability. Many times it is reasoned to refuse if customers’ demands cannot be carried out in the limits of productized portfolio even if it feels that the case could be a good reference for the organization. (Simula et al., 2010, 38.)

2.4 Organizing commercializing

Commercializing begins already in the idea phase even if the implementation will take place later and continues until the life cycle management. In practice this means the development of the idea with shareholders into such a format which can be sold and sustained successfully on the markets. (Simula et al. 2010, 41.)

The idea that the commercializing process is not restricted to the end of the innovation process and does continue until the market entry and life cycle management is new. This means that when the product is designed and executed also the management of life cycle has to be taken in to account. (Simula et al., 2010, 41.)

An important issue related to the innovation process is the product related business case also called as a business plan. The multidisciplinary team draws the product related business plan immediately in the beginning of the process. All the decisions should be made according to the business plan and organization should also take care of the updates for the business plan during the project. (Simula et al., 2010, 41.)
Before the product development can be started the importance of the product for the business needs to be defined. Organization must define how much the new or improved product will increase turnover and how much the project requires resources. It is also important to know the business environment and competition on the markets to which the new product aims for. (Simula et al., 2010, 41.)

There are several questions for responsibilities on commercializing:

1. Who is responsible for the commercializing and for its impact on profitability of the organization?
2. Should the responsibility be shared to make the project work?
3. How should the commercializing be organized to make responsibilities clear and to make the project work in a desired way? (Simula et al., 2010, 41.)

2.4.1 Collaboration

The foundation for successful commercializing is a good communication between commercializing related divisions. This communication between divisions must continue from the idea until the market entry. In practice this means that all divisions and stakeholders collaborate in a creation of a product or service format which can be successfully sold and sustained on markets. The way the responsibility areas are shared depends on the organization. (Simula et al., 2010, 40.)

Like communication also co-operation is essential for successful commercializing. Seamless cooperation between divisions is not easy. Usually the problems in cooperation between divisions are caused by unclear responsibilities and rules. (Simula et al., 2010, 42.)

In twenty first century people discuss about innovations. Innovations are significantly different from product development. Innovation includes in addition for product development also the successful commercializing. Innovations and
commercializing has a common goal of a profitable business. Profitable business is generated through a successful strategic thinking, product development, product launch and life cycle management. Sometimes this happens by accident but mainly it requires controlled well managed co-operation and collaboration between different divisions. (Simula et al., 2010, 42; Aarikka-Stenroos et al., 2014.)

The divisions are responsible for creating and up keeping the roadmaps related to the business. Most important roadmaps are technology, know how, product, and solutions roadmaps. Technology and know how road maps are further used as guidelines which are used in achieving the desired product and technology related goals. Road maps are used as a basis for the product related required development projects. (Simula et al., 2010, 43.)

Multidisciplinary team must create already in the beginning a product development related business plan. Many times this stage is forgotten and team jumps straight to the product development. This business plan should also be updated actively during the process. Also all the development decisions should be based on the business plan. (Simula et al., 2010, 43.)

Innovation activities and commercializing cannot be done without skillful employees. Human capital is one of the most important possessions in innovation activities. To be able to achieve good results personnel must be motivated for the task and also the incentives are important. It is also important to give task related feedback. Active management is centric in success. (Simula et al., 2010, 45.)

2.4.2 Organization structures

There are four distinguishable organization models which are used and needed in different organizations. Some organization has only one branch and limited portfolio so the organizational tasks are a lot simpler than in big organization which is doing international business. (Simula et al., 2010, 45.)
The first model is functional organization model in which the organization is organized according to different functions. The functions can be in example design, manufacturing, sales, maintenance, human resources and economics. In these organizations commercializing personnel can be its own team and function. The advantages of this model are the clarity in responsibilities and surveillance and good communication. The disadvantage can be the motivation of the employees. (Simula et al., 2010, 46.)

The second model is the division model which is used in organizations which have many products customers and market areas. In these cases organization can gather the professionals of one product category together as a division structure. The organization is built around the products, customers or geographic areas. Usually the business responsibility is transferred to these profit centers. This model makes the work of a higher management easier because the responsibility is delegated to divisions. This makes the surveillance and planning easier and more effective. (Simula et al., 2010, 46.)

Third model is the hybrid organization model which is a mix from previous organization models. In example an organization can be divided to divisions but accounting and financing can be same among all divisions. This model gives flexibility but overlapping functions can increase costs. (Simula et al., 2010, 47.)

Fourth model is the matrix organization model which is created to be able to serve more complex technology and market development requirements. The base structure of matrix organizations is the functional model. The other structure is the organic team structure, which is built for specific projects. The advantages of this model are low hierarchy, availability of specific information, know how based authority and changing leadership. (Simula et al., 2010, 47-48.)

2.4.3 Lifecycle

A lifecycle is important in commercializing. It is important to take into account the management and maintenance of the product already in the design phase.
Life cycle management means that the maintenance is organized in such a way that the product can be used until it is removed from markets and from the usage. It is also important that the product has replacement in the end of the life cycle to ensure the continuation of the customer relationship. (Simula et al., 2010, 48-49.)

With a life cycle thinking the value of the product only grows until the end of life cycle including services which lengthens and upkeeps the usability of the product. The value based thinking highlights the benefits to a customer and to a business. It is a strategic choice to define the life cycle related level of services. The organization creates a service vision in which the responsibility level from the customer value chain is defined. (Simula et al., 2010, 48-49.)

2.4.4 Impact of networking

Networks are built for certain needs during a life cycle of business. Networking has to have a strategic need and clear goals. Each and every actor in the network can have its own strengths which helps the network in being better that the sum of the actors in network. Network can have major impact to commercializing but even the commercialization of the best product can fail if the networks are not managed professionally. (Simula et al., 2010, 50-51.)

2.5 Branding

A brand is added value for the customer, provided by known and respected source. The brand is also a promise of added value and always more than the offered product. With the brand company can offer unique value to its customers. (Lehtinen & Niinimäki, 2005, 50; Simula et al., 2010, 22.)

The building of a brand is an important factor for successful commercializing. Successful brand creates a competitive edge through differentiating the products of the company from the competitors. (Lehtinen & Niinimäki, 2005, 50; Simula et al., 2010, 52.)
The brand is a sum of the promise of the company for the customer and an image the customer perceives from it. Brands are created from beliefs, understandings and images perceived by the customer. (Simula et al., 2010, 57.)

The creation of brand has three purposes:

1. Increasing the value of the existing products
2. Increase the value of the new products
3. Help the product launch

There can be identified four clear steps in brand creation. These steps are visualized in Figure 2:

1. Decision to start a creation of a brand
2. Setting the foundation
3. Communicating the brand
4. Evaluation

First step is to decide if the brand is developed for a new product or if the product is part of a product line of other brand. In the beginning of the brand creation it is important to analyze the needs of the target segment. It is important to know if there is a need for the brand, or if the company can differ from the competitors or create added value for the company. It is crucial to know that fifty percent of the new brands fail. (Simula et al., 2010, 60.)

The foundation of the brand is started from creation of a name and a logo and by registering a brand domain. If the name and the logo are successful, it is easier for customers to remember the brand. In addition for the previous usually the brand also needs a slogan which will connect the business with the name and logo. (Simula et al., 2010, 60, 61.)

Communicating and educating the brand to the end user, retailers and interest groups is the third step of a brand creation. There are seven methods for creation of a brand identity, which can support each other and be used simultaneously. (Simula et al., 2010, 61.)
First method is personal sales. In personal sales it is important that salespeople are willing to represent the new product and are aware of the new brand. In the commercializing it is important that the salespeople are involved in the process from the idea phase of the development of the new product. The incentives and salary structure must support the sales of the new products. Salespeople must also have adequate sales material and continuing training program. (Simula et al., 2010, 61.)

Direct marketing is the second method for creation of the brand identity. Direct marketing can be in example letters, catalogues, emails and internet pages. The same rule that message must support the brand, apply on direct marketing as other brand communication. (Simula et al., 2010, 62.)

Public relations are the third method of building the brand identity. The purpose of public relations is to build awareness of the brand in all media which are connecting target segments. A traditional way is to inform the television, radio, magazines and internet about new products. The aim in the end is to influence on the political decision makers, retailers and customers. (Simula et al., 2010, 62.)

Trade fairs and exhibitions are the fourth method of the brand communication. They act as a commercializing forum for new products. The idea is to build brand awareness and get new customers and suppliers. The challenge in these events is the problem of how to differ from competitors and how to create a clear message to the audience. There are many specialized events for different fields of business, which are great for the brand creation. (Simula et al., 2010, 63.)

Sponsoring sports or other events is the fifth and traditional method in the brand creation. Some events are more popular for business to business companies and some to business to customer companies. (Simula et al., 2010, 63.)

Advertising is the sixth method of the brand communication. Advertising works best when it is appealing, understandable and creates a desire to tell others about the advert. Advertising channels can in example be television, radio,
newspaper, search engines, busses, toilets, parking slots and trash cans. (Simula et al., 2010, 63, 64.)

Seventh method in the brand communication is promotions. Promotions aim to momentarily increase sales with different campaigns like giving free gift for the purchase of a certain product. Some manufacturers can also pay to get their products to be shown in an ad of a retailer. (Simula et al., 2010, 64.)

The evaluation of a brand success is the start and the end in the brand creation process. There are three questions which are recognized to be useful in brand evaluation:

1. Does the customer recognize the brand
2. Does the customer know, what the brand communicates
3. Does the potential or existing customer respect the brand

A real brand adds value to the company and gives the company an opportunity for higher pricing because customers feel that it is less risky to buy the products of this brand. (Simula et al., 2010, 65.)

Measuring the success of brand is a challenging task, which is a problem from a point of view of investments. So it is hard to evaluate when and how much the company should invest in the brand. There are two different types of indicators for measuring the value of the brand and it is recommended to use them together. The first type of indicators is customer survey related which evaluate the customer behavior and satisfaction. The purpose is not to acquire numeric information. The purpose is to study the customer behavior and satisfaction. (Simula et al., 2010, 70.)

The second type of indicators is the economic indicators. The purpose is to measure how big proportion of the value of the company comes from the brand. The value of brand can be calculated in example by reducing the bookkeeping value from the market value. (Simula et al., 2010, 70.)
Brand management is comprehensive function in which the brand communication is evaluated according to the customer segment. The brand communication is continuing process and this is why the brand must be evaluated and measured regularly. (Simula et al., 2010, 70)

2.6 Product Launch

Product launch is an event which introduces a new product for markets. During product launch the marketing activities support the product awareness about new product. Crucial decision in products launch are timing, means of the marketing communication and the timing related to completion of the product development. (Simula et al., 2010, 22; Aarikka-Stenroos et al., 2014.)
The purpose of product launch is to successfully introduce the new product to the markets which will result also success for the new product. Common mistake is to make the product launch too late, or launching an unfinished product. The launch of an unfinished product, can effect negatively to sales and to company brand. (Simula et al., 2010, 71; Aarikka-Stenroos et al., 2014.)

Product launch implements the marketing plan which is designed to build awareness, interest and sales for the product. In more broad scale the aim can be in supplementing the product portfolio, building brand, customer acquisition and market control. (Simula et al., 2010, 72; Aarikka-Stenroos et al., 2014.)

Despite that bad first impression caused by product launch is hard to fix often the product launch is badly managed. Product launch is just seen as the last step of the product development. People think that the product is ready so let’s just sell it. More systematic approach will bring better results. Product launch is a process controlled by marketing and it is linked to almost every process in the company. (Simula et al., 2010, 72.)

In product launch the whole company must work together successfully. Product must be technically finished and supported by service network, to be able to deliver the expected value for the customer. In other words product oriented strategic decisions are ready before the product launch, including target segment, product definition, competitive strategy, distribution channels and production and customer service solutions. (Simula et al., 2010, 73.)

Many challenges of the product launch seem to be elsewhere than on the marketing activities. One of the biggest challenges is the unreliable product development activity schedules, which will make it difficult to plan and execute product launch activities in the best possible way. Other challenge is the lack of product launch management skills and marketing skills. (Simula et al., 2010, 73; Aarikka-Stenroos et al., 2014.)

Product launch is recognized to require skills like market research, sales, distribution, promotion, research and development and product design. In addition
for these skills successful product launch requires teams operating cross boundaries. (Simula et al., 2010, 73.)

The basis for a product launch is a plan which defines participants, schedule, check points, tracking system and responsibilities. Designing an effective product launch plan is a challenging task for each individual company. In the plan the company must take into account the company culture, customers, field of industry and product type. (Simula et al., 2010, 73.)

Product launch process can be divided into stages to organize the process tasks which can be seen in Figure 3.

1. planning
2. concretizing
3. training
4. publishing
5. evaluation

Product launch functions are also linked to product development, production, distribution, sales and customer service, which are crucial success factors. (Simula et al., 2010, 71, 74.)

In planning phase the purpose is to process the plan, the goals and to allocate responsibilities. In the beginning the pointed product launch manager summons a project starting meeting. This meeting defines the product launch vision, what is launched, and gives opportunity to start the planning of launch message and execution. In the same time the product launch team meets first time. This team which also coordinates the product launch should include members from marketing, research and development, sales, production and top management. The result of this phase is product launch plan which can be used in production of sales materials and tools. Plan should also make the schedule and responsibilities clear. (Simula et al., 2010, 75, 77.)
Figure 3. Phases of the product launch and the core content (Simula et al., 2010, 75).

The concretizing phase starts when the product launch plan is approved. In practice this phase means the execution and testing of the plan. In this phase company has the product prototypes and it starts to develop the production and delivery chain to produce top results by gathering feedback from customers and developing details. Good foundations are set when all the product launch related materials and supporting functions are tested with customers successfully. (Simula et al., 2010, 78.)

Product definitions, the core message and all necessary materials have to be ready by the training phase. In this phase the team creates also a sales systems, specific area related execution plans, prices and arranges pilots with key customers to receive last minute feedback. Pilot should not only consider the
product, also the sales materials and tools should be tested. In this phase there is still time to fix things that do not work. (Simula et al., 2010, 79.)

If the product has several different target groups it is important to pay attention to their different needs in the product launch plan. The product launch communication must be often planned and communicated separately to different target segments to be able to provide a better feeling that the product is just for them. In this the knowledge about markets is crucial. The team must know the needs and values of their customers, and to speak their language. (Simula et al., 2010, 79, 80.)

The training phase ensures that the organization has ability to perform, after the product is ready and the producing ability is confirmed. Mainly it means the training of people in the sales, customer service and technical support teams. These trainings involve all the people who are working with the new product, or in contact with customers about them. In this phase the previously developed sales materials and tools are given to the employees and they are also educated to sell in the right way in the right markets. (Simula et al., 2010, 82.)

In the publishing phase it is all about execution. When this phase is successfully finished the product is introduced to markets as planned and available to customers. It is important that all the events and actions which are made in the product launch are supporting the cause together. (Simula et al., 2010, 83-86.)

When the product launch is made it is time for the evaluation phase. The indicators which were set in the beginning of the process are now studied. In this phase the team evaluates which functions have worked as planned, which ones have not, has the product launch stayed in the schedule, what customer feedback was got and what were the results when compared to the expenses. The sales numbers are hard to evaluate, because it is hard to define, when is the right timing for evaluating the sales numbers. (Simula et al., 2010, 86.)

At least all the product launch team members should take part in the evaluation phase. This is also a good moment for the sales team leader to collect the feedback from the team and to represent it to the project team. This is also the
right moment to evaluate if some function was a disaster and if something could still be made for it. In the end of this phase the results are studied according to the set indicators and learnings are recorded for use in the future. (Simula et al., 2010, 87.)

2.7 Measuring

The purpose of measuring in commercializing is to measure the commercializing success of an individual product. Commercializing in the simplest form can be thought to be successful if the new product thrives on the markets. However it is a challenging task to define the success, because success can be described with many different indicators and point of views. (Simula et al., 2010, 97.)

Usually economic indicators are the most important measures for following of the company objectives. It is also very common to use the sales as a significant indicator for success. However the sales are not sufficient indicator alone, because sales should be linked to the monitoring interval, realistic goals and to role of the product in portfolio. Profitability is the second often used indicator, and third is the customer satisfaction which is all the time thought to be more important indicator in commercializing. (Simula et al., 2010, 97.)

In measuring the key point is to measure an issue which company wants to develop by choosing indicators which show the success in it. The indicators should cover economical, technical and market oriented perspectives, but still there should be focused on a few key indicators. There are countless different indicators so it is crucial that the goals are clear before the indicators are chosen. In addition for quantitative indicators, company needs also qualitative evaluations to be able to develop the operations. Qualitative indicators give different kind of information than traditional indicators by telling how and why. (Simula et al., 2010: 97, 98.)

There are few rules which can be fulfilled with right selection of indicators. Indicators should show the functions which are well managed and also the func-
tions which need to be developed. Indicators should be able to follow how well the goals which are set are achieved. They should also give the possibility to follow the success of inner functions and also the market success. Diverse indicators include indicators with economic, technical and market perspective. (Simula et al., 2010, 100, 101.)

Economic indicators are traditionally meant for middle and top management. Usually every company has easy access to basic data for economic indicators, like sales data. Traditionally these indicators are used for measuring the efficiency instead of developing it. Still it is clear that economic indicators are needed because the company has an aim to make profit. The common economic indicators are the sales, profits and profitability. Return on investment and internal rate of return are good indicators for innovative products. Often also the measurement of how the project achieves its set profit goals is very useful. (Simula et al., 2010, 101.)

Technical indicators are important for product development, but they will not tell how successful the product is on markets. For most of the projects the information about how much the product brings competitive advantage is a good product oriented indicator. If there is a goal to reduce a price of an old product with new product the net price of product manufactured is an appropriate indicator. Other product oriented indicators are gained efficiency, the lead time to markets, amount of defects and reasons, eventual project time compared to schedule and cycle time of production and production starting. (Simula et al., 2010, 103.)

Market oriented indicators study the customer perspective and market indicators. These indicators have strengthened their position among the indicators but mainly in theory not in practice. Companies want to develop more customer oriented indicators, but still they are focusing too much to past and to economic indicators. The reason to this may be the fact that to be able to receive this data the customers must really be reached which raises the costs. Customer experience is more likely measured if the product is new for the company or to the global markets. (Simula et al., 2010, 104.)
A customer satisfaction and a customer approval are useful indicators for most of the projects. The customer satisfaction indicators are used more on the companies operating on business to customers field of business. In business to business field operating companies often feel that because of the close customer relation and smaller group of customers, they already know their customers experience even without measuring. But in the worst cases this causes distorted and subjective results. (Simula et al., 2010, 104.)

One indicator which tells about success on the markets is the time-to-minds indicator. It studies for how long it takes to get into customers minds with customer panels, customer surveys, feedback analysis, customer and salesmen interviews and focus groups. The aim is to find out the awareness, willingness to buy and opinions of the potential and current customers. (Simula et al., 2010, 105.)

Recently the success of operations development is more and more measured through customer satisfaction and opinions. Most important and most used methods for acquiring this information are customer feedback, customer surveys and interviews. (Simula et al., 2010, 107.)
3 LITERATURE REVIEW SERVICE DESIGN

Service design is a human centered process. It is crucial that people do not think that in design the designed thing is always a product. People and their needs need to be in the core of development. This is achieved through combinations of products and services which will satisfy the customer needs. (Miettinen, 2011, 13; Tuulanniemi, 2011, 66.)

3.1 Design thinking

Design thinking is an important way to think for service designer. Design thinking is a creative human oriented design process which is used to find new discoveries and observations. (Miettinen, 2011, 27; Stickdorn & Shneider, 2012, 36.) Design thinkers have ability to feel empathy and to detect issues, which no one else does, and exploit them as sources for innovations. Design thinking enables the development of new, desirable and useful services and design solutions. The focus in design thinking is human orientation and usage of user originated information. Process produces, develops and tests thought which may lead to solutions and after realization may offer a route to markets. (Miettinen, 2011, 27.)

3.2 Service design and process

Service design is a process which follows the principles of the creative problem solution. The process is a series of logical repeated functions, this allows the chain of functions to operate with no need for development during operation and it saves time for creative work. The characteristics of service design is always the creation of something new, so service design cannot be described as uniform process. Service design model is a framework for service design and can be applied when one has enough perspective to do so. (Tuulanniemi, 2011, 126.)
Service design helps organizations to notice the strategic opportunities of services to be able to innovate new services and to develop existing services for a better business. Service design brings the practices of design industry and combines them with traditional service development methods. Service design is not a new innovation it is instead a new approach in combining old things in a new way. Service design lives in a constant development mode. (Tuulaniemi, 2011, 24.)

Service design is a set of concrete actions which combines the needs and expectations of users and the business goals of service provider to a functional service. The invisible parts of the service are made visible with visualizations and models. (Tuulaniemi, 2011, 25.)

Service design is a systematic method to approach the development of services and innovating simultaneously both analytically and also with intuition. Analytical approach refers to information related with logical thinking, facts, customer survey and existing data. Intuition refers to skill and experience in seeing what is possible in the future; seeing what does not exist yet. (Miettinen, 2011, 21-23; Tuulaniemi, 2011, 10-11.)

Many times service design is observation of the human behavior. Human has the essential and centric role in a service. In service design user experience is a much used term. The goal is to optimize customers' user experience. This is made with focusing in critical points of user experience by optimizing the service process, working methods, spaces and interaction, and by removing the disturbances. (Miettinen, 2011, 23; Tuulaniemi, 2011 : 26, 29.)

Service design is a systematic method to develop business. It is at the same time a process and a tool and a method kit forming from several fields of competencies. Comprehensive and overall perspective for the developed service is a characteristic feature for service design. In the beginning an overall picture from factors influencing the service is formed and kept in mind throughout the design process. In service design process the service is divided in to smaller sections which can be divided further to smaller elements. When service is in
smaller elements the individual elements can be optimized more easily. (Tuulaniemi, 2011, 27.)

The goal of service design is to get all stakeholders of the service participating to the process. This is made by committing customer segments and everybody who is involving the service production already in the beginning of the planning process. (Tuulaniemi, 2011, 28.)

The idea of business benefit of the service design is simple. The idea is that people are willing to pay more from better service and buy it more often. Better services also have better customer loyalty. Service design proficiency grants competitive edge and efficiency for the companies, public sector and non-profit organizations. (Tuulaniemi, 2011, 29.)

A basic function of an organization is to create value to its customers. The owners of the business define the business environment they want to operate in and what kind of value they want to produce to their customers. The value of the purchase is the relation between the price and benefit for the customer. Price may also include sacrifices of the customer which can be for example be the effort to go to the store. Value is always related to the previous experiences and it is never absolute. People buy services and products to solve some problem or to be able to do something. If one can solve a problem or achieve a goal through buying a service or a product, one experiences value. (Tuulaniemi, 2011, 30-31.)

Service design reacts on new environment and needs. Users generate information which can be used in service development through interpretation. Service designer must understand how the value, meaning, and utilization of the service are related to everyday living of the user. All this is used as a basis for the concept design. (Miettinen, 2011, 26.) Service design has gained a status as an development method for service and service business. (Miettinen, 2011, 29.)

Service design gives a new approach for the productization of the customer experience and development of service environment. With service design the ser-
vice organization is designed around the user experiences and user interaction. The understanding of the service experience helps organization to build better interaction relations with customers. Customer insight is the starting point for designing of service. Understanding of the user experience forms a strong relation between user orientation and service design. (Miettinen, 2011, 29-30.)

The purpose of service design is to bring new thoughts and by so far unseen approaches to every day service culture. The common goal is a hundred percent customer satisfaction. (Tuulaniemi, 2011, 12.)

Finnish companies face more competition all the time. The competition increases in domestic markets not only because of Finnish companies but also when global brands aim for market share. Innovation activities of companies aim for renewal and competitive edge. Before Finnish companies relied on development of technology, but now days when technology is developed around the world, Finland is a small actor. There must be developed a new kind of added value, which competitors don’t have, because the technology alone is not anymore enough. (Miettinen, 2011, 9-10; Tuulanniemi, 2011, 253.)

People in companies and also in field of politics have lately been interested about user oriented innovation activity as a new source for added value. The interest is based on observation that successful international companies apply more often user oriented development successfully in their business. (Miettinen, 2011, 10.)

User oriented innovation activities are easily mixed with traditional customer orientation which is not the case and this makes the situation challenging. Service design methods can be applied in services, industry, combinations of previous and public sector renewal activities. (Miettinen, 2011, 11.)

Service design makes use of user data collection methods which have been used in design field for long time. Traditional service development uses market research and customer feedback which consists of collected customer feedback and quantitative sales data. This kind of information does not give any foundation for customer experience evaluation. In service design terms like customer,
customer insight, user and user information are used. Service design begins from understanding and insight of human actions, needs, feelings and motives. This customer insight can be used in development of new service innovations. Service design uses the customer point of view as the core of the service development. (Miettinen, 2011, 13, 21-23.)

In ideal situation all parties, customers, service producers and other interest groups attend to the service design process in which specialists from many fields implement process which is facilitated by service design professional. The process described below is mainly used in cases when new service is designed and many times there are realities which have to be faced. When existing service is designed and developed previous process can be applied from necessary parts. The scope of the process is defined and adjusted according to the project financial resources and time frame. It is most important to evaluate needs and available resources and to apply the process according to current needs. (Tuulaniemi, 2011, 129.)

The process and tools of service design require strong social skills, empathy, creativity and visual thinking. In service design project the designer has a centric role as a coordinator between all interest groups. (Miettinen, 2011, 32.)

Service design process begins with acquisition of customer insight and user experience. The goal of emphatic design is to recognize hidden customer needs. Hidden needs are demands or new solutions for the product from which customer does not know about or cannot even imagine. New technology makes it possible to provide new solutions for customer needs. In emphatic design process researchers observe people in their regular home or working environment to find out how they use products or services and how they interact with them. (Miettinen, 2011, 31-32.)

The customer insight and acquisition of user information helps in finding of new commercial opportunities. Research methods of design are in important role in service design process. Design research reveals behavior patterns and experiences studies human response to the probes and prototypes and provides in-
formation with continuous product development process. User information can be described as tacit information. (Miettinen, 2011, 61, 63.)

There are numerous methods for acquisition of user information. Human oriented research methods can be divided in three categories (Miettinen, 2011, 63). First category is the traditional methods in which the information is gathered analyzed and visualized. In this category the method can be market research survey or target group research. Methods in this category produce quantitative and measurable information. (Miettinen, 2011, 63.)

The second category is the applied methods of information acquisition. Applied methods are borrowed from traditions of humanistic research and applied to be more suitable for designer's needs. In applied method researcher observes the usage of product in environment, in which the usage of the product or service is significant for the user. (Miettinen, 2011, 64.)

Third category is the innovative methods. Innovative methods are reasoned creative practices to collect user information. These methods have both visual and engaging characteristics. Innovative method can be workshop, prototyping or design probe. Design probes are a mean to understand human behavior and to find design opportunities. Design probe method is based on user self-documentation. When user keeps diary from experiences related to current development target, the designer has in hand users' interpretation about issue as a tool. (Miettinen, 2011, 64.)

In service design processes traditional methods support the design process. Data gathering and user insight acquisition often begins with interviews. Applied methods especially ethnographic methods are common in user oriented design processes. (Miettinen, 2011, 65.)
Figure 4. Service design process phases (Tuulaniemi, 2011, 128).

Service design process consists of five steps which can also been seen in Figure 4:

1. Definition phase
2. Research phase
3. Design phase
4. Production phase
5. Evaluation phase

General Service design process is one method to understand the service development model. (Tuulaniemi, 2011, 128.)

3.2.1 Definition phase

In the definition phase the development team defines what the problem is and what the project goals are. The purpose is to create understanding of the organization producing the services, and the goals. (Tuulaniemi, 2011, 128; Stickdorn et al., 2018, 337.)
The work of service designer in research, and design phase is to be focused in customer insight, idea generation and concept design. But it is also important to use and keep in mind these approaches already in project definition phase. They are needed to be able to understand the goals and resources of the organization which produces the services which are under development. (Tuulaniemi, 2011, 127.)

Project definition starts with service definition, which tells what benefits service produces to users and producing organization. The minutes of meeting in which these matters are recorded is called brief. This brief shows the direction of the project but not the exact result. (Tuulaniemi, 2011, 132.)

The brief is created by service provider. It is used as a communication tool which tells the service designers and other interest groups the goal and background of the project. Good brief includes:

- Project goal
- Primary and secondary target group
- The existing information about target group
- Business goals of service
- Portfolio offered by company
- The vision, mission, and business strategy of the company
- Market situation from equal services
- Project scale, timeframe and phases
- Project budget
- Project overview
- Project background information

The brief is refined step by step during the definition phase. The brief is the tool which is used in acquiring service design services from service providers. From
the brief and from conversations the service design service provider can calculate an offer. The offer can be based on the required working time or required actions. Usually the offer can only be given for the steps until the end of design phase only because the workload is somewhat predictable. The workload of the latter phases is hard to predict because nobody knows beforehand what the end product will be. (Tuulaniemi, 2011, 133-134.)

Unfortunately usually the service designers’ task ends to the design phase when the final product is still not ready. Even if there are prototypes of the new services the final product can easily have some important details missing when the same team does not also finish the project they have started. (Tuulaniemi, 2011, 135.)

Even if the service design work is bought from subcontractor it is characteristic for the service design that the service producer is working closely with the project (Tuulaniemi, 2011, 135).

After the organization has chosen the service design service provider, the second step of the definition phase is the pre research stage. In pre research phase the brief is refined further with discussions, interviews and research. Also the tacit information from members of the organization is acquired through conversations. The purpose is to create a best possible image about service provider, its goals and business environment. (Tuulaniemi, 2011, 133.)

_Tacit information_ is information or knowledge in organization which is not documented or written. This information can be skill, know-how, or knowledge which employees can have in service production but managers do not have it in decision making. This kind of information can be acquired through discussions with employees in organization. (Tuulaniemi, 2011, 133-4.)

Important information in this step for service design team is:

- Vision
- Values and principles
This information helps the design team to shape the big picture about the organization and its goals related to the service which is developed. (Tuulaniemi, 2011, 136.)

Next the service is evaluated whether the service is compatible with the business strategy or not. This is evaluated with following questions:

- Does the service support the company strategy?
- Does the service support the service portfolio or does it cannibalize it?
- What kind of know-how and resources the service require?
- What kind of risks is related to service?
- What is the impact of service to growth and to competitive edge?
- Does the service fit in corporate image?

Usually the crucial factor is the economic benefit. These benefits are calculated by comparing the starting costs of service to the potential profits. Design team uses customer surveys and evaluates results if the customers are willing to pay appropriate price from service. This economic evaluation is called as business case and it answers to the question of why is this project made? (Tuulaniemi, 2011, 138.)
With benchmarking the design team can study markets and competitors. It can be used in evaluation of strategies, products, services and modes of operation in certain field of business. With benchmarking one can learn from best practices through research, observation, comparison and evaluation. (Tuulaniemi, 2011, 138.)

The benefits of benchmarking are:

- To be able to utilize best practices which others already use
- To be able to avoid the mistakes of other actors
- Own cup of tea can be found through market research
- The business logic of other field of business can be utilized in own operations
- Strategic choices can be made when competitors and their operations are identified.
- Rules of the field can be altered when the logic of the field is mastered
- Organization can design a positive impact with good knowledge about markets

(Tuulaniemi, 2011, 138-9.)

Competitors or other actors operating on same field of business may not be willing to share this kind of information. In these cases alternative data collection methods can be used. As sources for information can be company web pages, company registers, government registers and web pages and mystery shopping. In mystery shopping one has to keep in mind to operate according to good habits. (Tuulaniemi, 2011, 139.)

Mystery shopping is method to collect information and experiences about services and companies by using and buying the services without service provider knowing about it. (Tuulaniemi, 2011, 139.)
Mind map means a graphical presentation of related subjects and concepts. It is used as a tool to demonstrate the interaction between the designed service and related functions and issues. Visual demonstration is easier to understand and remind than written description. (Tuulaniemi, 2011, 140.)

3.2.2 Research phase

In research phase research team builds up a mutual understanding from the service, service environment, resources and user needs. This understanding is acquired through interviews, discussions and customer surveys. After this the strategic goals of the service producer are redefined. (Tuulaniemi, 2011, 127.)

In this third phase of customer insight the focus is on collecting and analyzing of the customer information which directs the design work. The services are designed according to customer needs and wishes so it is very important to recognize the actual needs and motives of the customer. (Tuulaniemi, 2011: 142)

It is typical for the service design that the customers participate to the process in its different phases. Customer insight is built with understanding the motives of the end user through observing and inspecting their daily lives. Customer surveys in the service design mean the acquisition of meaningful information which can be used as guidance and as inspiration for the design process. (Tuulaniemi, 2011, 142.)

Customer information can be quantitative or qualitative. In practice the experiences have shown that the qualitative information is significantly more useful in design of services. (Tuulaniemi, 2011, 142-143.)

Quantitative research refers to a research which is made with computational and statistical methods. The analyzing of quantitative information studies societal phenomenon and makes generalizations. This research method is suitable for mapping of big human groups but it does not give comprehensive information from individual cases. (Tuulaniemi, 2011, 143.)
With qualitative research the researcher aims to understand the phenomenon. It aims to find out the meaning and purpose of the phenomenon. In practice this usually means that the research gives room for experiences, point of views and feelings of the people who are investigated. (Tuulaniemi, 2011, 143.)

Well analyzed information about customer behavior and customer value makes it possible to develop a service concept which produces enough value for customer and service producer (Tuulaniemi, 2011, 143).

In qualitative research the research questions are what, why and how. The information is usually acquired with interviews and observation. The collected information is describing, diagnostic, evaluative and creative. Qualitative research can also be used to deepen the results of quantitative research. (Tuulaniemi, 2011, 144.)

In service design the quantitative and qualitative research results support each other. Still the qualitative methods are more suitable for acquiring the information which can be used for getting customer insight. In the end the methods are applied according to a current need. (Tuulaniemi, 2011, 144.)

Traditional customer surveys, focus groups and other corresponding market research methods provide basic information. Usually this information is described with market segments and customer profiles and can be used in positioning and targeting of services. (Tuulaniemi, 2011, 144.)

Customer panel can be used to gather opinions, ideas and wishes related to service development. Customers’ reactions to new ideas can be tested with concept testing. Mystery shopping again can be used in testing of value promises of services and in finding of problems. (Tuulaniemi, 2011, 145.)

The building of customer insight starts with analysis of all available information. Organization may already possess information from market research or as tacit information. Many times the existing tacit information is very useful and it can be acquired with interviews or workshops. Service is always human oriented so it is
as important to get the understanding of the people producing the service as the people consuming the service. (Tuulaniemi, 2011, 145.)

All the information acquired from organization in pre research phase is used in creation of research hypothesis which is tested in following customer research. These hypotheses are later proven to be true or false. These hypotheses are used to deepen the customer understanding in research phase. (Tuulaniemi, 2011, 145-146.)

The methods for collecting the user information for service design purposes are:

- Existing information in organization
- Interviews and inquiries with different methods
- Observation and involving to life of target group in different degrees
- Engaging the target group to design process
- Cultural probes equal to self-documenting methods
- Online ethnography and survey

(Tuulaniemi, 2011, 146.)

Ethnography means to describe human. The purpose of ethnography is to understand human actions and social meanings in certain environment. With this it gives tools to get better understanding of a customer. (Tuulaniemi, 2011, 146.)

It is characteristic for ethnographic methods to study people in their natural habitat. The researcher aims to live a moment of the life of the subject and with this embrace the point of view of the subject. Empathy means true and deep interest towards the target segment is one of the centric issue in service design. (Tuulaniemi, 2011, 146, 147.)

Interviews are typical ethnographic means for studying the life, thoughts and experiences of customers. Interviewer must effect on the normal behavior of the customer as little as possible. It is important to notice that interviewer can easily make the normal situations of customers unrealistic and effect on the results of the study. Interview can be made with structural formula or as an open conver-
Design games are used as a tool to deepen the data collected with interviews. The design games are interactive board or card games which are easing the research and give possibility to study the thinking patterns and processes. (Tuulaniemi, 2011, 149.)

Shadowing is another tool for understanding customer behavior and patterns. It means the observation of the customer in real situation. The shadow observes the customer in the facility of service provider to understand why people use or do not use some services or its features. (Tuulaniemi, 2011, 150.)

Probes are self documenting tools in other words a sort of diary. Probes are used in situations where the service designers do not have possibility to observe the behavior of the customer. Probes are also used when the data is needed around the clock or from so many people that observing them is not possible. The researcher prepares a research package which is then sent to customer. It can include in example a diary, a map, feedback material and web page where customer sends pictures from certain situations. (Tuulaniemi, 2011, 151.)

Customer surveys are made in service design to be able to find target segment related relevant matters and to be able to understand the motives. It is meaningful to make design work already during the research activities but still the research should continue according to the new findings. Many times it is beneficial to control the research according to findings to be able to deepen the study during the process. This will also make it easier to interpret and handle the data in the end of the study. (Tuulaniemi, 2011, 153.)

Similarity diagram is used in service design to categorize the research data. The similarities are studied and gathered to categories. The categories are then titled and this gives possibility to observe all subjects relevant to the customer at once. (Tuulaniemi, 2011, 154.)
Customer profiles are centric demonstration method for the data received in the customer survey. It combines behavior models and motives which were found on the study. Even individual behavior pattern found in study can be significant but it is even more important to recognize a behavior pattern of a bigger group. The development of solutions and services can be based in behavior of this bigger group. (Tuulaniemi, 2011, 154, 155.)

Customer profiling can be used in creation of new alternative concepts and in evaluation of their potential value before they are launched to markets. This kind of profiling gives critical information about service and about which ideas should be maintained and which rejected. (Tuulaniemi, 2011, 155.)

In customer profiling the value creation of customer can be made as a format which is used to guide the designing and to understand to whom the service is developed and why. The understanding of the value creation process of the customers helps the company to create excellent customer experience. Well-built customer profiles can be used as a tool for the ideation, decision making and for service conceptualization. They also help in designing the communication for the target segments. (Tuulaniemi, 2011, 156.)

Design drivers are definitions for guiding the design work. The design drivers are based on the findings which are found on customer research. Design drivers are used to bring the needs, goals and motivation of the customers to key role in design process. Design drivers help the designers to develop clear and strong concepts. (Tuulaniemi, 2011, 156.)

Strategic design phase is the fourth phase in service design process. In this phase the brief is improved with matters which are found on the research phase. The goal in this phase is to steer the strategy of the service. This means the adjustment of the service, brand and company positioning on the markets. (Tuulaniemi, 2011, 174.)

By choosing the competitive strategy the company can steer the design of service in to desired direction. The idea is that company must make a decision on
how to succeed on the markets. There are recognized three positioning strategies which company can use. (Tuulaniemi, 2011, 174.)

The first strategy is the cost leadership which means the production of the services with lowest cost in specific target segments. Customer chooses this option because of lowest price. This strategy usually requires vast quantities and developed automation in production. (Tuulaniemi, 2011, 174.)

The second strategy is the differing which means that the service stands out from the competitors with one or multiple features which are important for customers. Differing usually causes higher production costs but makes it also possible to get higher profits. To be able to do this company must create features which are hard to copy. In this strategy customer chooses according to the value the service creates to customer. (Tuulaniemi, 2011, 175.)

Focus strategy is the third competing strategy for a company. In this strategy the company focuses to a narrow target segment with differing or cost leadership emphasis. Focus strategy is useful when competitors operate on extensive and general level and are not able to satisfy the special needs of all target segments. (Tuulaniemi, 2011, 175.)

Many of the companies using the service design are focusing on the differing strategy. The objective of service design is to produce added value to the end user. Good customer insight is the basis in service design. This ensures that the services will satisfy the needs of customers and preferably exceed the expectations. As a result the customers should have a good customer experience and a will to use them again. (Tuulaniemi, 2011, 175, 176.)

A new competing strategy which has caused a lot of discussion is the blue sea strategy. This strategy aims to find and create new markets instead of competing on the old ones. Service design provides systematic tools to develop and find blue sea markets. (Tuulaniemi, 2011, 176.)
The choice of competing strategy usually covers the whole company. It is conflicting for company to use many competing strategies and this may confuse the customers. (Tuulaniemi, 2011, 176.)

There is a study about investing in which innovation type results the best return on investment. According to this study the best investment is to develop already existing business model. Innovating for existing business model generates profits worth ten times the investments. This signifies the importance of the design and development of the business model. (Tuulaniemi, 2011, 177.)

Business model canvas is a good visual tool for designing and developing the business model. This tool helps to understand the most important functions of the company and the interaction between them. Business model canvas also concretizes how the company creates and enables the value creation to the customers. (Tuulaniemi, 2011, 177.)

Business model canvas is an template which is divided to a nine sections. The sections are customer segments, value proposition, distribution channels of value propositions, customer relations, earning model, resources, core processes, partnerships and cost structure. (Tuulaniemi, 2011, 178-180.)

3.2.3 Design phase

In design phase design team finds alternative solutions for the design case problem and tests alternatives with customers. The indicators for a service production are also defined in this phase. (Tuulaniemi, 2011, 128.)

Design industry uses both iterative and incremental development methods. Incremental means a method where the developed matter is separated to smaller development cases. The solutions are designed to these smaller components which will in the end shape the end product. Iteration means repetition. In iteration process the solution is developed quickly and it is iterated until the goal is reached. (Tuulaniemi, 2011, 112.)
Divergence and convergence belong to a creative problem solution. Divergence means idea generation and it is based in imagination and a free combination of matters. Convergence means analysis and qualifying and is based in knowledge and analytical thinking. It is important for designers that these two approaches do not mix up. They must be used sequentially and strictly a part from each other. (Tuulaniemi 2011, 113.)

Divergence thinking is used idea and solution generation. After this idea generation process the convergence approach is harnessed to evaluate and qualify the ideas. In iterative development this sequence is repeated time after time. (Tuulaniemi 2011, 113.)

Visualization refers to a presentation of a matter in a form which supports the human comprehension. Visualization makes presentation more concrete than a spoken or written word. Visualizations and prototypes are used to create mutual understanding for a design team despite the backgrounds. This speeds up the development process. The efficient way to optimize success of services is the continuous development model. (Tuulaniemi 2011, 114, 115.)

Concept design combines user oriented design, qualitative and quantitative information, and sketches, illustrations and designs. Service concept can be used to describe service moment, customer journey or other structures which are related to the production of the service. (Tuulaniemi 2011, 115.)

The fifth phase in service design process is the brainstorming and conceptualization phase. The idea of brainstorming is to develop as many solutions to the defined problem as possible. Then the viability of ideas is defined with determined evaluation indicators. (Tuulaniemi, 2011, 182.)

The nature of brainstorming is divergent or convergent. The purpose is to first produce a lot of ideas, which are then discarded and combined. This is continued until the project team sees that there are enough ideas or until the resources and time run out. It is seen that the more there are ideas it is more likely that the ideas include significant bits and pieces for problem solution. (Tuulaniemi, 2011, 113, 182.)
In brainstorming it is important to clarify the goal and the design challenge. To be able to do this one has to comprehend the problem. Appropriate initial phase builds a strong foundation for the entire development work. If the project team fails to set the project goals, the goals just cannot be reached. (Tuulaniemi, 2011, 183.)

All the bigger issues should be divided to sub problems. In this way they are easier to be handled. The service path experienced by customer is divided to service moments and service touchpoints. In service design it is important to see the service from the perspective of the company and the end user. Still also the small critical issues must be taken in to account. (Tuulaniemi, 2011, 184.)

Human mind requires peace and serenity to be creative it cannot be forced. Positive atmosphere and environment are feeding the creativeness. Still if there are no schedules it is too easy to be doing nothing. It is normal that best results will evolve when the deadline approaches even in the projects which are well designed and executed in schedule. This is why it is great to have the basic information about to project early enough to be able to develop the idea slowly. (Tuulaniemi, 2011, 184.)

It is important in brainstorming that every participant feel that also the exceptional ideas are welcome without critics. This encourages the divergence and results a good amount and good variety of ideas. The time for critics and qualifying is in the convergence step. The praises and good feedback may help the brainstorming to develop more ideas with bigger variety. (Tuulaniemi, 2011, 185.)

In brainstorming the ideas should also be combined. One can study successful ideas by benchmarking and then one can copy, borrow or exploit it. It is useful to study the successful solutions from other fields of industry and to bring them as a solution for own industry. Own ideas can also be passed to other people in organization to gain different perspective and ideas. (Tuulaniemi, 2011, 186, 187.)
A variety of ideas should also be categorized. There are usually clear groups of ideas, which can be categorized in idea groups. The touchpoints of service pathway gives allocation and needs for which the ideas are meant as a solution. (Tuulaniemi, 2011, 187.)

Change of methods and environment can also help the brainstorming. If a certain method does not produce desired solutions the method can be changed. Sometimes also the change of environment can help in the process. (Tuulaniemi, 2011, 187, 188.)

Using drawings and models can help in the process. An abstract service can also be concretized though a performance or play. The design work in service design is usually experience oriented so visualizations and cheap models can give the idea of physical environment in order to help to design the service. (Tuulaniemi, 2011, 188, 189.)

Brainstorming and development work is heavy so one must also remember to rest. According to experience the facilities, breaks, open air, foods and drinks must be compatible for workshops. There must also be different spaces to work. There can be desks, couches and walls must have plenty of room to hang papers. (Tuulaniemi, 2011, 190.)

A service concept is the bigger picture of the service. Concept describes the whole service instead of individual ideas. The service concept is the customer journey map with service moments and service touchpoints made in such a way that one can understand what kind of service is produces, how it is produces, how it satisfies the need of customer and what it requires from the service provider. (Tuulaniemi, 2011, 191.)

The concept is a map which gives the outlines but still the picture is not clear. Until this moment there has been a search for the ideas which could be used as a solution for producing a service. Now the best ideas are developed and used to build a concept. This concept is used for simplifying of complex issues. (Tuulaniemi, 2011, 191, 192.)
The sixth phase in service design process is the service prototyping. In service design prototyping means swift model creation in order to support the service design and development. Prototyping is a low cost and swift method for testing the created service with customers and service providers and it helps in minimizing the risks for failure. (Tuulaniemi, 2011, 196.)

With prototyping the company can test following issues:

- Does the service work
- Is the service desirable and interesting from customer perspective
- Is it easy to use
- Does the service add up with the strategy
- Is the service economically and logistically profitable for service provider

(Tuulaniemi, 2011, 197.)

The method to describe the service process, the touchpoints of service provider and customer and other related actors is called as a service blueprint. It is a visual description of a service production, required resources and the customers’ relation to the production model. Service blueprint separates the issues giving the customer experience from the service providers’ invisible actions for the service, called backstage. (Tuulaniemi, 2011, 212.)

The blueprint model can be used in development of new and existing services. The blueprint model describes the service chain in chronological order. The model describes also the moments of truth in which the customer evaluates the ability of the organization to produce services. This method of using the customer perspective separates the method from other methods of process description. (Tuulaniemi, 2011, 212.)

To make the blueprint model useful the precision must be meaningful. Many times the service can be described so accurately that the big picture is overlooked and the focus is too much on details. In the other hand sometimes the description can be in too general level, and the essential details are overlooked. (Tuulaniemi, 2011, 213.)
The blueprint model is divided into four lanes. The top lane describes the customer experience. The second lane describes the actions of service provider in direct interaction with customer. The third lane describes the interactive technical equipment which customer is using during the service chain. The fourth lane describes the parts which are necessary for the service production but are invisible for the customer. (Tuulaniemi, 2011, 213.)

The layer structure of service blueprint enables the design of long service chains. The edge will be lost if the service description is started from the perspective of service provider. The model can also be used for calculating of the costs and for the evaluation of the prices for customers. (Tuulaniemi, 2011, 214, 215.)

3.2.4 Production phase

In a production phase the service is taken to the markets to be tested and developed by customers. In the same time the production of the service is designed. (Tuulaniemi 2011, 128.)

The seventh step of service design is the pilot phase. In pilot phase the service concept is tested on markets and the goal is to gather measurable information about the service. Methods for measuring are mystery shopping, interviews, observation and internal evaluations in company. Results can be used to determine which parts from the service work and which do not. The bottle necks can be fixed with changes to inductions of personnel, tools, proves of service and to service environment. (Tuulaniemi 2011, 232.)

Service concepts must be productized early and then they have to be taken to be evaluated by customers. The services are tested on markets when they are semi finished. Some businesses make a brochure which is used for testing the demand and for acquiring feedback from required features. If there is enough demand the product is made. In this the cooperation of marketing, sales and product development is very important. (Tuulaniemi 2011, 233.)
When the service concept is tested on the markets and it is improved according to feedback to be ready the service process must still be documented the touchpoints must be perfected and the service must be launched to the markets. The core of the service is that it is produced in certain way. (Tuulaniemi 2011, 234, 235.)

The service model describes the implementation of the service in practice. It describes the elements and resources involved in the service and also method of for implementing the interaction. (Tuulaniemi 2011, 235.)

Product launch is the eight phase of service design. It is a basic fact that service can be great, but if which customer does not know about it or understand it, it is just a good idea. (Tuulaniemi 2011, 239.)

Pre-launch activities increase the awareness and interest towards the new service already before it is officially launched. It is important to think if the service can be launched in a narrow form to get feedback and to increase expectations. It is also important to consider the business and earning model. If one gives something for free it is hard to ask money for it later. (Tuulaniemi 2011, 239.)

There are many variations for product launch. There are also dozens earning models which are more interesting than old fashioned manufacturing and selling of goods. Especially the internet services have extended and developed a variation of new earning models. (Tuulaniemi 2011, 239.)

It is crucial in product launch that the service is introduced to designed target segment in right environment, and customer oriented way. The customer insight has been built during the development process and this helps to understand the behavior models and significant locations which can be used in product launch. Customer insight also helps to define the right mean for communication and the right message to be used in marketing. (Tuulaniemi 2011, 240.)
3.2.5 Evaluation

In evaluation phase the success of the development process is evaluated. The success of the service is measured on the markets and the service is fine adjusted according to the service experiences. (Tuulaniemi 2011, 128.)

A service is never ready, it should be constantly developed. So it is important to observe the changing markets, the consumption habits of the people, weak and strong signals and according to them constantly develop the service to be able to satisfy the customer needs in a best way possible. (Tuulaniemi 2011, 245.)

The evaluation is used to ensure the competitive advantage of the service. This can be achieved by defining proper meaningful indicators for evaluating the service. In measuring the services the aim is on measuring the interaction between the customer and service provider. The most used indicator in the customer experience and other typical indicators are brand awareness and reputation. Service provider often focus to technical quality but the customer experience and perceived value are at least as important. (Tuulaniemi 2011, 241.)

The results of service design are hard to measure but many people think that it does not make sense to measure it. Instead just like strategic management it is measured in the end of the year from the profit numbers. Still one of the most typical methods for measuring is the return on investment indicator which is used to measure the return for the invested capital. (Tuulaniemi 2011, 242.)

Net promoter score measures how likely the customer would promote the service when asked. It is an essential indicator in measuring of the customer experience. It is very useful when the impact of service design to the customer experience is measured. (Tuulaniemi 2011, 243.)
4 RESEARCH METHODS

This thesis uses a combination of research methods. These methods include interviews for the existing customers and a literature review. The literature review comprises the existing literature about commercializing and service design. The purpose was to study the similarities and differences between these approaches and at the same time learn how they can be employed in design of modern customer oriented service strategy.

The purpose of interviews was to understand why customers use the services of the case company and which functions should be improved. When the reasons why current customers use the services are found out this customer understanding helps the building of customer oriented service strategy with literature review of the service design and commercializing.

The interviews were conducted in Finnish because all the customers had Finnish representatives responsible for functions related to this thesis. The analysis from the interviews was conducted in Finnish, and the author translated the results in English.

The success of the service strategy based on interviews and designed according to the commercializing and service design methods was tested with pilot sales to potential customers.

4.1 Interviews and literature review

Qualitative research is looking for qualities which make the object of research meaningful (Anttila, 2005, 276). Most common data gathering methods in qualitative research are interviews, survey, observation, data based on different documents and combinations of these. (Hirsjärvi et al., 1997, 181; Tuomi & Sarrajärvi, 2013, 71.) Interviews were chosen as primary data collection method because in strategy work company must know and understand customer needs.
and behavior. (Kuusela & Neilimo, 2010, 98) When there is a need for data related to attitudes, opinions, experiences, and observations the interviews can give the information. Interviews can give more in depth information than surveys (Anttila, 2005, 195). Another advantage of interviews is that interviewer can observe at the same time about how the questions are answered in addition for what is answered (Tuomi & Sarajärvi, 2013, 73). The final purpose of interviews was to recognize different target groups with different needs, experiences and backgrounds from existing customers. At the same time the research had a function as a customer experience research.

The secondary data collection method was literature review which is used to organize and plan the interviews and to build a customer oriented service strategy according to the interview results. Recently the customer orientation approach and business models have been highlighted in strategic thinking. The strategy and competitive edge are built more and more on understanding the customers and innovative business models. (Simula et al., 2009, 27; Kuusela & Neilimo, 2010, 14.)

Modern company is efficient and customer oriented. The companies are combining the benefits of mass production to the customer orientation and global thinking. Productization is a method to help the audience to understand to which need the service is up to in a customer oriented way. (Simula et al. 2009, 27; Kuusela & Neilimo, 2010, 24) Masstailoring is the road to success in customer oriented business model. (Simula et al., 2009, 27; Kuusela & Neilimo, 2010, 102, 103)

Service design approach has strengthened its position as a method for developing customer oriented business. The understanding of the customer experience creates a strong relation between customer orientation and service design. Service design benefits from usage of customer oriented research tools. (Miettinen, 2011, 29-31.)
4.1.1 Planning and conducting the interviews

The Interviews were made to existing customers of the case company to recognize who they are and why they are customers. The idea was that if one is able to recognize and understand the needs of target segments the case company can use the information to optimize the service strategy for each recognized target segment or customer profile. Through this information the company can also increase sales because they know who their customers are and what their needs are. At the same time the interviews would bring information about good and bad customer experiences which help to develop the features of the services.

In openness a theme interview or semi structured interview is closely similar to the deep interview. Theme interview proceeds according to predetermined themes and additional questions and it aims to highlight the human experiences and human interaction to a related issue (Tuomi & Sarajärvi, 2013, 75; Hirsjärvi et al., 1997, 181; Saaranen-Kauppinen & Puusniekka, 2009, 55). To increase the interaction between interviewee and interviewer there were no manufactured questions or questionnaires. Only framework or themes for conversation was prepared. See appendix 1. The idea of this was that customer will start from the most critical and up to date issues after the reason of the occasion is introduced. If customer has some problem on the top of mind that is the first issue to be said.

After the most current issues are discussed the interviewer guides the conversation to the next subject. When the customer experience is charted the interview proceeds in framework to the reason why customer is customer and what is the most important benefits the services of case company produces to them.

All data gathered in the research is used to develop a service strategy for the case company with commercializing and service design activities.
4.1.2 Implementation of the survey

The case company provided the phone numbers of the contact persons of their customer companies. The interviews were made with phone calls because the people are busy and scattered across the Scandinavia.

The process started with booking calls in which the time for interview calls was agreed. The call introduced shortly that the purpose of upcoming conversation is to improve the services of the case company which is beneficial for the customer. The response was great and six out of seven companies agreed to have a ten minute conversation about the issue during two following weeks from the booking calls.

The interview conversations were successfully conducted during two following weeks. Most of the conversations took an hour instead of ten minutes which was booked. This was because the customers had a lot issues to talk about and now they felt that they have the undivided attention of the case company.

In interviews there was no problem with answering time or response rate because the method is so proactive and shows to the customer that company is really interested about their opinion and experience.

4.2 Content analysis

In modern days the qualitative research is understood through analysis not the data gathering (Tuomi & Sarajärvi, 2013, 68). The analysis, interpretation and conclusion of the collected data are the issue research aims for (Hirsjärvi et al., 1997, 181; Saaranen-Kauppinen & Puusniekka, 2009, 52).

When the analysis of qualitative research is presented with data based, theory bound and theory oriented approaches the factors guiding the analysis can be considered better than with classification of deductive and inductive analysis
This thesis applies the data oriented approach in the analysis of the qualitative research results, and theory based analysis in case study to build a customer oriented service strategy. The analyses are described more in the case study. The success of service strategy is analyzed through the feedback from sales and with sales results.

As mentioned in the beginning of chapter 1, the sales are the objective of the successful strategy, so good sales results will prove that the developed service strategy is successful.

4.2.1 Data based content analysis

Data based analysis aims to create a theoretical model from the data content. In data based analysis all the results should be content based and previous observations, information or theories should not have any impact on the results (Tuomi & Sarajärvi, 2013, 95; Anttila, 2005, 285).

Data based qualitative content analysis consists of three steps. These steps are reduction of the data, clustering the data and abstracting the data. The purpose of data reduction is to remove the irrelevant data content. In clustering the purpose is to categorize coded expressions from the data content. Similar expressions are gathered as classes with the describing word or expression of the class. In abstraction phase the expressions from the data content are redefined to a theoretical concepts and conclusions. Abstraction of the data can be continued as long as it is possible from the point of view of the data content (Anttila, 2005, 280.; Tuomi & Sarajärvi, 2013, 110, 111) Figure 5 shows what steps the researcher has to complete during the three steps of data based qualitative content analysis.
4.2.2 Theory based analysis

Theory based analysis is the traditional model of analysis. Usually it is based on some certain existing theory or model or thinking of some authority in the field. In theory based analysis the phenomenon is defined according to an existing model. This kind of analysis is usually used in testing of old information in a new context. Theory based analysis refers to research which tests an existing theory (Tuomi & Sarajärvi, 2013, 97). In this thesis the theory based analysis is used in building of customer oriented service strategy according to service design and commercializing methods literature. These methods are applied in this thesis in new context in the way the Tuomi & Sarajärvi (2013, 97) described.
4.3 Validity and reliability of the survey

The reliability of research means the repeatability of the results. Validity refers to the ability of the research method to measure the intended issue. The validity of qualitative research can be improved by an accurate description of the implementation of the research process. This means the exact description from the conditions during the research, the time spent and other issues influencing the research. (Hirsjärvi et al., 1997, 216, 217.) Qualitative research does not aim to statistical generalization. They aim to understand or describe a phenomenon, and to give a theoretically meaningful explanation for it. (Hirsjärvi et al., 1997, 217; Tuomi & Sarajärvi, 2013, 85.) This is why the size of sampling is not as important as the depth of the analysis. In qualitative research it is important that the people from whom the data is collected understands and has experience from the studied phenomenon. (Tuomi & Sarajärvi, 2013, 85.)

It is important to tell in report why certain people are chosen for the research. The evaluation of the success is in the end given to the reader. (Tuomi & Sarajärvi, 2013, 86.) Triangulation or mixed methods meaning the use of combination of research methods can improve the validity of the research (Hirsjärvi et al., 1997, 218; Tuomi & Sarajärvi, 2013, 143).

Saturation is a phenomenon where certain amount of research results starts to repeat the same results even if the sampling grows. If the target groups classification is made according to the results, it is impossible to predefine how many classes is found. (Saaranen-Kauppinen & Puusniekka, 2009, 50; Tuomi & Sarajärvi, 2013, 86.) It is also important to tell to the reader the origins of the classes because of the validity of the research (Hirsjärvi et al., 1997, 217).

In this study the purpose was to understand the customers and build a service strategy according to it. The purpose of interview research was to acquire the information of what kind of target groups or classes exist and how do their needs vary. The author was able to recognize two classes which had totally dif-
ferent needs for the services of the case company. According to Hirsjärvi et al. (1997) validity refers to the ability to measure the intended issue, and this study measured the information which was looked for. Hirsjärvi (1997) and Tuomi (2013) also referred on the reliability of the research to the repeatability of the results and to the saturation when certain amount of answers starts to repeat the same results and this is what happened. Only two classes were found from the perspective of the thesis. Tuomi (2013) named that the sample size is not as important as the depth of the understanding, and this research found out the reasons why customers use the service and how does the reasons relate to customers backgrounds. The final success of the acquired data can be seen in the results of the building of the service strategy and pilot sales.
5 CASE STUDY

A case study proceeds according to the process described by the service design literature and reflects the service design in to the commercializing literature. In research and results chapter the case reflects to research methods chapter about interview, research results and validity of the data content. One must still remember that case company has already a service which is now developed with short timeframe and small budget to improve the customer experience and to be able to design a customer oriented service strategy to get sales.

The characteristics of service design is always the creation of something new so service design cannot be described as uniform process. Service design model is a framework for service design and can be applied when one has enough perspective to do so. (Tuulaniemi, 2011, 126.)

Successful product is born through successful commercializing. Still there is no comprehensive list about what commercializing is or is not. (Simula et al., 2010, 10, 19.)

Commercializing process means the construction of the commercial goals and preconditions and the designing and implementation of market entry. Successful commercializing requires management and organizing through the process. Also the continuous interaction between divisions is crucial for success from idea stage to sales stage. (Simula et al., 2010, 40.)
Figure 6. The adapted service development process used in case project (Tuulaniemi, 2011, 128).

Service design process consists of following steps (Tuulaniemi, 2011, 128):

1. Definition of the case
2. Research phase
3. Design phase
4. Production phase
5. Evaluation

This original model of Tuulaniemi was adapted for case project because of lack of resources and a small scale in case project. The phases of the case project can be seen in Figure 6. The only change made was that the production phase was left out and replaced with productizing phase to be able to test the customer response for the new service strategy in short timeframe.

In service design development process the user of the services has the centric role (Miettinen & Valtonen, 2013, 106, 107). Because the service design approach describes how to develop customer oriented services and commercializing describes more what should be done in general the service design approach was chosen as a main guideline for the case project. The commercializing literature is used as a reflection for service design approach. These methods do
not have an exact process. This leaves a lot of room for the service designer. This is why the case project is described as well as possible with information about why certain methods are chosen for the project.

![Case project timeline](image)

Figure 7. Case project time line.

Figure 7. shows the case project timeline and each number equals to an event or workshop related to the case project listed below.

1. Starting workshop 13.4.2018 (Case company insight and project goals)
2. Service design team workshop without case company 16.4.2018 (design of theme interview)
3. Contact information for existing customers 17.4.2018
4. Bookings for interviews 17.4-19.4.2018 (6 customers)
5. Customer interviews 20.4-23.4.2018 (6 customer)
6. Analysis of the results 25.4.2018
7. Research results workshop with case company 27.4.2018
8. Project team productizing workshop 30.4.2018
9. Productizing revision among the project team. Dispatch of iron wire model to the case company to be revised 1.5.2018
10. Iron wire to a graphic designer 1.5.2018
11. Productized Sales materials ready 8.5.2018
12. Case company sent the list of potential customers & Pilot sales start 9.5.2018
13. End of pilot sales 5.6.2018
5.1 Definition of the case

According to Tuulaniemi (2011, 128) and Stickdorn et al. (2018, 338) in the definition phase of service design the development team defines what the problem is and what the project goals are. The purpose is to create understanding of the organization producing the services. The service designer has to know the goals, purpose, scope, content resources and time related to the project. This is needed because in service design, external service providers are often used.

According to Simula et al. (2010, 41) in commercializing the important issue related to the innovation process is the product related business case also called as a business plan. The multidisciplinary team draws the product related business plan immediately in the beginning of the process. All the decisions should be made according to the business plan and organization should also take care of the updates for the business plan during the project.

The case project was started when author of this thesis got appointment to the case company in the April 2018. In this meeting a service development contract and nondisclosure agreement were signed. Nondisclosure agreement was signed in addition for the development project agreement to define how the certain information should be handled. The purpose of service development project was to develop the whole service concept to be able to serve the current customers better and to be able to make new customers. In the starting workshop on thirteenth of April the purpose was to acquire insight and understanding of the case company and its services, situation, objectives and service problems which they have identified by themselves. The workshop was attended by two commercializing and service design specialists with different educational and professional background and the executive manager of the case company. The meeting was recorded by writing.

The main problem which rose up during the workshop was that case company had a problem selling its services to new customers. The case company handed over also the current sales material to the project team. At the same time the
case company wanted to know what their existing customers think about their services.

The idea of business benefit of the service design is simple. The idea is that people are willing to pay more from better service and buy it more often. Better services also have better customer loyalty. Service design proficiency grants competitive edge and efficiency for the companies, public sector and non-profit organizations. (Tuulaniemi, 2011, 29.) Case company wanted to know where their services were successful and in which parts services needed to be improved and developed. The main issue of course is that case company needed customers to continue business and bad services will not sell. So they have to know what existing customers think about their services to be able to develop the services and communication about them so that they can be sold to new customers.

In the definition of the case phase there is made a service definition, which tells what benefits service produces to users and producing organization. The minutes of meeting in which these matters are recorded is called brief. This brief shows the direction of the project but not the exact result. (Stickdorn et al. 2018, 337, 338; Tuulaniemi, 2011, 132.) Conversations with case organization can give the service designer information about the strategy and objectives related to a designed service (Tuulaniemi, 2011, 136). The tacit information from members of the organization is acquired through conversations. The purpose is to create a best possible image about service provider, its goals and business environment. (Tuulaniemi, 2011: 133.)

The service design brief was made together with the case company representatives in the starting workshop even if the Tuulaniemi (2011, 133) suggests that case company should do that. Representatives of this company were busy and they were not professionals of the service design so they had no understanding about what it should include and wanted the service designers to participate in it. Using a manual in making of the brief would have taken too much time and would have felt complicated by the client. The purpose of the project was discussed with customer before making the contract and the price was calculated
in cooperation so the brief was not necessary for evaluation of the price (Tuulaniemi 2011, 133) when the contract was signed.

According to Tuulaniemi (2011, 133) a good brief includes:

- Project goal
- Primary and secondary target group
- The existing information about target group
- Business goals of service
- Portfolio offered by company
- The vision, mission, and business strategy of the company
- Market situation from equal services
- Project scale, timeframe and phases
- Project budget
- Project overview
- Project background information

The brief is refined step by step during the definition phase.

So the purpose, goals, methods, communication plan and timetable of the project was defined in the brief which was made with case company.

Case project goals in the brief:

1. Purpose of project is to increase sales through developing a customer oriented service strategy
2. Acquire customer insight (Research)
   a. Issues getting good feedback
   b. Issues to be developed
   c. Identifying segments and their needs
3. Developing customer oriented service strategy according to a research results through commercializing and service design activities
4. Productizing the service according to the strategy
5. Pilot testing the new service strategy concept for new customers

The timeframe for project was short, only three weeks' time from start on thirteenth of April 2018 to the end. When the purpose of the project was to get customer insight, design and improve the services and productizing and to create new sales materials according to the acquired information and new design of services. This felt very short time frame at the time. In other words the idea was to improve old service concept and to commercialize it again in a timeframe of a less than a month with customer oriented information.

The discussion with case company was necessary to be able to tell which changes are possible in their current service strategy. The purpose was that the services are developed by the case company management according to the received information. To be able to productize the improved services one has to know what the services were before how customers wish them to be developed and which improvements are possible and rational.

Benchmarking is used to develop business though learning from others (Tuulaniemi 2011, 138). The project team has also experienced the benchmarking as a very good tool to support research phase for development of services but in this case there are no similar companies which can be benchmarked. Also the companies which have similar features in their businesses are not available for benchmarking because it is not possible to acquire the needed information in legal manner.

Design games are used to deepen the interviews (Tuulaniemi 2011, 148). Design games and post it walls were not used in the case company workshop or with customers. According to earlier experiences these tools have little results and general opinion is that management of companies does not take these tools seriously and it causes results with lower quality and credibility.
There was also agreed in the end of the workshop about the dispatch of customer contact information, to be able to reach them for customer insight research.

5.2 Research phase

In strategy work company must know and understand customer needs and behavior (Kuusela & Neilimo, 2010, 98). When there is a need for data related to attitudes, opinions, experiences and observations the interviews can give the information. Interviews can give more in depth information than surveys. (Anttila, 2005, 195.) Research phase is critical in service design because services are designed to satisfy the needs and wishes of customer so it is very important to find and recognize the actual needs and motives of the customer (Tuulaniemi 2011, 142). Data gathering and user insight acquisition often begins in service design with interviews (Miettinen, 2011, 65). Customer insight was agreed to be acquired by theme interviews with the customers because of the literature review of the service design and previous experiences of the project team. It was the most cost efficient method to acquire understanding but because of the short timeframe it was also the easiest and fastest to arrange. According to the earlier experience of the project team the interview discussions are also better method than surveys to acquire significant qualitative information which has enough content to be used in service development and to be able to understand the drivers of the customers. According to Simula et al. (2010, 20) in commercializing approach the sales division of the company provides customer insight and this had not worked in the case company before so the service design approach was used.

The information from starting workshop was collected in a meeting on sixteenth of April 2018 by the project team. All four project team members attended the meeting in which the framework was planned. These four persons were from different educational and professional backgrounds to get as diverse perspec-
tives as possible to be able to use the framework in acquiring as much substantial information as possible at once from the customer interview discussions.

The meeting focused on what case company does according to their own opinion because there were no documented customer feedbacks or significant sales information which should have been used as a source for information according to Tuulaniemi (2011, 145). Next the framework for customer conversations or interviews was brainstormed and designed among the service design team according to the brief and project goals. With this plan the information acquired would be comparable and significant.

The appendix 1 is the actual theme interview structure which is the result from the theme interview design work for the case company. The appendix was first designed and used in Finnish but author of this thesis translated it for thesis purpose. The purpose of first theme in interview was to find out was the contact person of the customer the right representative to answer to the interview. The purpose of second theme was to acquire information what is on top of mind of this customer about case company and its services. The third theme was designed to find out the added value of the services to the customers. Fourth theme aimed to understand the backgrounds of the needs to which customers use the services. And the purpose of fifth theme was to collect suggestions for the development of the services.

After the customer contact information were received in seventeenth of April the work started with contacting the customers and agreeing the dates and times for conversation. The meetings were booked with calls straight to the decision makers who are responsible for the services of case company. Case company sent information about six customer companies and contact information for them. Even if project team had direct contact information for the customers it took several calls to be able to agree the time for meetings to be able to discuss about services of the case company.

The response from the customers was positive and it was quite easy to rationalize why they should reserve time for conversation. Of course they are already
using the services of case company and they are interested in improving the services they use. All the customers wanted to have the conversation in the phone because of time issues. The first calls for each customer was made as a booking call because it is more professional and customers feel that project is well organized and can arrange time for the conversation. All the six customers were reached and discussed with by twenty third of April and everything was written down. Conversations took from thirty minutes to an hour. Lengths of conversations and contact person titles are collected to appendix 2.

The purpose of theme interview was to get the understanding from customer needs, experiences, drivers and backgrounds which could be used as a basis for building customer oriented service strategy. The results were collected and analyzed on workshop on twenty fifth of April by the project team. The case company was not present. The data was analyzed according to the model of Tuomi & Sarajärvi (2013, 108) described in the chapter 4 and figure 5. The data was written down during the interviews. The project team familiarized with the data and proceeded to reducing of the expressions. The data was gathered on whiteboard. The analysis was made with table matrix from the notes made during the customer conversations. The answers of the customers are collected side by side, which is easiest way to compare the answers and issues brought up. The customers were listed on the top horizontal line and the themes to the left side of the board. This formed a table in which the project team can compare the feedback from each customer from each theme. Then the data was clustered, labeled and the content was described.

The issues which customers discuss about without specifically asking are written to the vertical line. It is important to notice that if one asks and gets answer, there is very little to reason with, but if one gets answer without asking, the issue has been troubling in the mind of customer already before. And these are the issues case company is looking for.

This analysis of qualitative research answers is very time consuming because there is no strict questions and answers in which one can easily group, sort and compare the answers according to questions. In theme interview the answers
were clustered according to the themes. So the table matrix had in the beginning only working titles which were sharpened and focused more during the process.

Then the comments of the customers were shortly written to the table and then the customers with similar answers were recognized. After this the project team studied what is the connecting factor with customers with similar answers, which defines the target group or segment.

Finding the causing factor has usually required imagination and time from the project team but this time the identification of the needs and identification of segments was easy. Even if the experience of the project team has shown differently this time the needs and causing factors were strictly depending from the company size and size of the brand.

At the same meeting where research results were analyzed the customer feedbacks were collected and clustered. If six out of six customers commented about a specific issue in services of case company it was listed as a priority issue to be developed. If there was a comment from only one customer it was listed to the report only as a comment.

The results between different customers were very similar. Customers experienced the services of the case company mainly in the same way as the management of case company thought but still research gave also a lot of new information especially about how customers understand the features of the services.

The research team found significant, clear and very solid results many of which were not considered in the discussions with the management of the case company. This means that the case company really did not have an understanding from their customers’ needs, drivers and experiences. The commercializing approach of getting the customer insight from the sales people of the organization would not have worked because the organization did not have the knowledge it needed for customer oriented service development. Following issues are the
result from the theme interviews made in April 2018 (Personal communication 20-23.4.2018).

- First finding was that according to each customer the price negotiations have been distressing. This has given bad customer experiences and made the customers feel negative about the service. Customers also did not understand what products the case company would accept.
- Second finding was that the opinion of case company about the added value of their services was different from customers’ point of view.
- Third find was that case company is not active enough according to the customers.
- Fourth finding was more feedback than a finding, but according to customers all the processes work well after the agreement is signed. The problem is just the road to the agreement.
- Fifth finding was that according to customers, they use the services only when there is no other option.
- Sixth finding was that there are two major target segments, which perceive the services of the case company in different ways. Bigger companies with heavier organization have a different reason to use the services than smaller companies. Amongst the target groups the buying arguments did not vary so the information is valid. Neither of the reasons was the same as the case company management predicted.

According to Tuulaniemi (2011, 154, 155) the customer profiles are centric demonstration method for the data received in the customer survey. It combines behavior models and motives which were found on the study. So the recognition of these two customer profiles can be crucial in development of services. The two customer segments of profiles are described above as the sixth finding of the research.

The information received from the conversations with customers refined with an analysis and recommendations of the research was then represented to the
case company management in following workshop on twenty seventh of April 2018.

5.3 Design phase

Tuulaniemi (2011, 143) writes that well analyzed information about customer behavior and customer value makes it possible to develop a service concept which produces enough value for customer and service producer. Hirsjärvi et al. (1997, 217) and Tuomi & Sarajärvi (2013, 85) stated that the purpose of qualitative research is not to produce statistical generalization. The purpose is to understand the phenomenon. This research produced this information by recognizing two classes or target segments which have different drivers to use the services of the case company. These two classes perceived the value of services differently and the research also explained also why. The research helped to understand the phenomenon and it is easy to develop customer oriented service strategies according to these results.

In commercializing literature value thinking means the understanding of the value experienced by the customer. In case of commercializing it means the understanding of the value for the use in product development and market entry. It is used in value building and in communication with customer. The customers` experience from buying process, customer support, interaction and company image can effect to the value experienced by the customer. (Simula et al., 2010, 20.) Still commercializing literature offers very little tools or methods related to the acquisition of customer insight.

The research proved that customers had problems in understanding the service model and benefits. Customers only know the one benefit why they must use the services but the service experience has a lot to improve. Customers did not understand how the price of the service is defined. The service also transfers a lot of benefits to the end customer but customers had a false view that the case company benefits a lot more than it does. Due that customers did not understand that part of the benefits are transferred to the third interest group of the
services. This caused negative attitudes towards services of the case company. This again made the customers to use the services more seldom than they have a need. Even if there were only six customers discussed with the similar results of drivers and arguments prove that there are few things to be developed.

On twenty seventh of April two project team members went to a meeting to the case company where the results were introduced to the management of the company.

When the results of the research are categorized further into a short format the case company had four issues to develop:

- All the customer felt price negotiations distressing
- Customers did not understand what products the case company agrees to buy
- There are two different classes or segments who perceive different added value from the services and use them because of different reasons
- Case company is not active enough

According to Tuulaniemi (2011, 196, 182) the service designer uses brainstorming to develop solutions to defined problem. After ideas are born prototyping can be used to a swift and low cost testing for the new concept. In the case project the design team had a clear idea how to develop the service concept according to the research results.

The idea to develop the customer experience in price negotiations which got bad feedback was to visualize the factors affecting the price for customers in beforehand. Then they would understand the price formation and could be prepared for price negotiations. The idea to give the customers information about desired products was similar to the price negotiations. The information about desired products must also be visualized and handed to the customers.

The idea to develop the services to two different needs was to develop the one existing service strategy of the company into two service strategies which are
optimized to the needs and expectations of two different target segments which were found in the research. The need for increase in activity has to be embedded in the processes of the strategy.

In other words to match to the customer needs and expectations the case company must specialize to serve the target groups with different needs, with different service strategies. Company cannot expect that all the customers would have similar general need and expectations. Tuulaniemi (2011, 155) writes that customer profiling can be used in creation of a new alternative concept and in evaluation of the potential value before it is launched to markets. This kind of profiling gives critical information about service and about which ideas should be maintained and which rejected.

As mentioned before following actions are required to improve the services of the case company:

1. The pricing must be visualized and rationalized. Customers felt that the price negotiations and bargaining was very negative experience. As a result the case company was the last solution for customers.
2. Customers had no idea about the compatible products for the case company so it must be visualized.
3. Two customer profiles require two service strategies: Customers’ opinion about outsourcing some functions to the case company differed totally from case company’s opinion among the companies. Some smaller companies saw this again as an opportunity for cooperation. Bigger customers think that they do not even use the services of case company very often.
4. Customers feel that case company is not active enough in working with them.

From the results can be easily seen that the opinions of the customers and case company about the services differ and because of this the services of case company are used a lot less than they could be. The main flaws are in information flow and processes before sales.
Traditional service development uses market research and customer feedback which consists of collected customer feedback and quantitative sales data. This kind of information does not give any foundation for customer experience evaluation. In service design terms like customer, customer insight, user and user information are used. Service design begins from understanding and insight of human actions, needs, feelings and motives. This customer insight can be used in development of new service innovations. Service design uses the customer point of view as the core of the service development. (Miettinen, 2011, 13, 21-23.) From these results it is easy to see that survey cannot give this kind of specific information from actions and reactions and behavior and reasons. These results are from customers’ perspective and a basic survey normally asks how logistics work and how customer feels about services of the company. This specific understanding required conversations with customers. Even interview could have overlooked this information, because they are not straight answers for predetermined questions.

These results also reveal that big and small companies have different needs and expectations for the services of the case company. Still in each segment the need and expectations are the same and consistent among the segment. This proves that case company needs different sales material and communication with different arguments for different target groups.

The case company agreed all issues revealed by research even if they said that they knew that the bargaining process can be unpleasant to the customers. The management of case company agreed that changes must be made but because they were too close to their business and made the things they were used to they could not tell how the issues can be fixed. To some issues they said that it is not even possible to fix them. Because there was a purpose to develop only one service strategy the case company stated that the design team should focus on developing service strategy for the mentioned bigger companies which had their own needs and expectations.

In service design users generate information which can be used in service development through interpretation. Service designer must understand how the
value, meaning and utilization of the service are related to everyday living of the user. All this is used as a basis for the concept design. The understanding of the service experience helps organization to build better interaction relations with customers. Customer insight is the starting point for designing of service. Understanding of the user experience forms a strong relation between user orientation and service design. (Miettinen, 2011, 26, 29-30.)

Even if the personnel of the case company said that some issues cannot be fixed the project team thought differently because the project team were not addicted to do the processes every time in the same way.

All other issues to be developed concentrated on the customers` understanding of the services except the communications activity with customers. So the problems could be fixed with proper productizing which helps customers to understand the services. In this meeting on twenty seventh of April was agreed that the productizing will be made only to the customer segment of bigger companies. There was no co-creation with the case company the project team took the responsibility to design all the developed issues and the case company evaluated and agreed on them.

Service strategy was developed in design phase with specializing to the needs of desired target group and with defining the sales and communication process according to the research results. The communication activity was an easy fix because when the case company heard of this, they answered that they thought that customers contact them in need. The case company representatives did not understand that customers would like to have contacts from service provider. As a result case company scheduled more active communications with customers.

The sales process was designed with comprehensive sales expertise and sales experience of the project team. The basic of the new sales process is simple and it starts with a call to potential customer. Second the contact person agrees that one will send the material which was developed in productizing phase and will then call again. Then the contact person will send the new productized sales
material and call again to start to negotiate. Also the upcoming productizing was included in the new sales process. Case company had negative experience about sales and this is why they had not focused on it lately. This process with productizing was expected to make good results because according to customer feedback the service mainly works well but the understanding of service benefits is challenging for the buyer.

Bargaining problem was also solved in productizing section by helping the potential customers and also existing customers to understand how the price is calculated and who benefits from the prices and how much. This all is productized to simple form in such a way that customers can easily understand the pricing of the services.

5.4 Productizing phase

In this case study the phase defined in the service design approach as production phase was applied with productizing phase from commercializing literature. This was made to be able to test rapidly the success of the new service strategy. The other reason for this was the fact that case company already had a functional service from which customers had bad experiences because of poor understanding from service and the purpose is to improve the understanding by productizing.

According to Parantainen (2007, 11, 14, 38) the productizing has no one right definition. But he refers to it as a work which is done to transform an expertise or know how to sellable service product. One of the most important activities of productization is to make the buying as easy as possible. Lehtinen & Niinimäki (2005, 43) writes that the external productization describes and communicates the benefits of the services of the company. According to commercializing related literature the purpose of productizing is to concretize the value produced for customer and to ensure that product portfolio meets the customer needs (Simula et al, 2010, 23). Commercializing literature focuses a lot more on productizing than service design approach. Commercializing related productizing literature
supports very well the service design approach in building customer oriented communication which is required for customer oriented service strategy.

According to Simula et al. (2010, 35) in external productization it is important to confirm following issues:

1. Naming product and branding
2. Description of product
3. Detailed description, instructions for use, what value produces
4. Adverts, leaflets, technical description
5. Agreements, terms for licensing
6. User manual, documentation
7. Creation of sales channels, training
8. Definition of sales commissions
9. Definition of discounts
10. Pricing
11. Creation of tools for sales
12. Packaging and logistics
13. Terms of delivery
14. Version management and updates
15. Warranty and maintenance issues
16. Technical customer support
17. Vision for future development

The best results will be generated, when the planning and execution will be made in teams with people from different divisions, participating to the process from the beginning. When there is a balance between internal and external productization the company is able to do and has a possibility to sell. So the company is a step closer to a successful commercializing. (Simula et al., 2010, 35.)

The purpose of productizing in this thesis was to describe the experienced benefits and added value of the existing customers to potential customers in the
same target group. The knowledge for this was acquired in research phase from existing customers.

After the service improvements were agreed there was made a draft of the customer oriented productization of the new service. After case company is satisfied with the draft it will be given to a graphic designer, to turn it in to a form of sales material. Sales material is then tested for new customers with a sales pilot.

Productizing workshop among the project team was started on the following Monday on the thirtieth of April 2018. All four members from the project team participated to this workshop and case company members were not present because their view is too close to the service to be able to see their services from customer perspective.

The idea of productizing was to inform the most important issues why present customers use the services to potential customers in a short, predigested and visual form. Project team knew from earlier experience that making things simple and easy is the hardest task in the world. The productizing was meant to be used in acquiring the new customers so the productizing would be used at least in sales material.

The first issue project team was working with was the definition of the company and its services. It took a lot time to do this with only three sentences when the business model was not generally known. The known challenges found in the research phase were considered carefully. The pricing was explained and also which products the case company accepts was presented.

Finally after a half a day of work the work was done. It was turned to a form which the project team refers to as an iron wire model. The iron wire model visualizes in simple form what arguments are represented, in which order, in which part of the material and where the graphics are located.

The sales arguments to the iron wire model were collected according to model of Simula et al. straight from the interview answers of the identified target
groups. They were not all put there only those which mattered to existing customers the most and were said by several customers. These arguments are supported by references and short phrases from the existing customers what unexpected value the services also brought.

On following day first of May the project team gathered to revise the model before sending it to the case company to be checked out. After a night sleep team had some minor changes to the model and then the model was sent to the case company in the same day for the reflections.

Case company answered during the same day and had only one phrasing issue to be changed. This was due to that in their opinion one could get slightly wrong image about the service. Some other issues were discussed but the management of case company agreed the issues after short reasoning.

In this point the productizing was already double checked by the project team and the case company. Project team had the fresh perspective which transformed the productizing of the service on a large scale. The opinion of the case company was more of a checking for mistakes.

But after all this there emerges another problem. Due to the workshop with the management of the case company and discussions with the customers and due to reading the old sales materials the project team starts to be too close to the services of the case company. Project team now knows what the service is all about so it is hard to simplify to people who has never heard about the service. This results that the project team becomes blind to be able to see the productizing and material from the perspective of potential new customers.

Due to earlier experience the next check will be made by a graphic designer who has not attended the earlier process. This graphic designer was the first test audience for iron wire model. The project team has used many graphic designers but only one has qualified to be able to do this step. It is important that this graphic designer is visually gifted but also has to be at same level in thinking in which the decision makers of the target group are.
If graphic designer do not get the idea of to whom the service is what is the service and what are the advantages of the service by only browsing the iron wire model the productizing is unsuccessful. The graphic designer had two things she did not comprehend and she introduced methods to be able to describe the sales arguments better. Like earlier mentioned many customers did not understand the pricing of the services and in visualizing of this the expertise of the graphic designer had very important role.

After graphic designer finished her part on the eighth of May 2018 the project team received a finished sales material with visualizations and texts ready to be printed. Graphic designer made the sales material in two formats in such a way that the other one can be printed to a paper and be brought to potential customer and the other to be used though mail just like the new sales process defined.

The original schedule was to develop the service strategy and features and to produce the new sales material in a month and this was achieved. The pilot was supposed to be done after improvements are made.

The project team has always two goals in the productizing which are results from a comprehensive sales experience. The first goal is to make the productizing reliable by looks. The reliability can often be defined in sales by how professional the end result looks like by modern standards which is defined by the project team and the graphic designer.

The other goal is to make the end result browsable meaning that one can easily understand the service and the advantages by just browsing the material. This is made by visualization and short phrases which describe the service to the person browsing the material. There cannot be anything extra because nobody likes to read sales material like a book. There cannot be too little information either because it leaves open questions for the person browsing the material. This can cause unnecessary obstacles for sales. Most important is that the productization has its basis in understanding of the target segment. There can-
not be understanding without research which gives the real insight to the customer segment.

When this does already sound hard enough to reach the both goals one must remember that if only the other goal is reached well enough the results can stay modest. According to experience of project team there is a standard which will result astronomical results and if the standard is only a step lower the results can be only moderate or barely anything. This can be described with either the key fits to the lock or not and the lock is gate keeper or buyer of the potential customer company.

Furthermore this material only works for one target group, which was defined in the service design phase. In productizing it is important to possess the customer insight acquired with participative methods, comprehensive sales experience, visualization expert and a good communication between the factors. If only one step is failed the results may be useless. After all this was done, in the next step the material will be tested to potential customers according to the sales process defined in earlier phase.

5.5 Pilot launch

According to Tuulaniemi (2011, 232, 233) in service design pilot phase the service concept is tested on markets and the goal is to gather measurable information about the service. Methods for measuring are mystery shopping, interviews, observation, and internal evaluations in company. Results can be used to determine which parts from the service work and which do not. Service concepts must be productized early and then they have to be taken to be evaluated by customers. The services are tested on markets when they are semi-finished. Some businesses make a brochure which is used for testing the demand and for acquiring feedback from required features. If there is enough demand, the product is made. In this the co-operation of marketing, sales and product development is very important.
According to Simula et al. (2010, 78) a commercializing product launch process can be divided into stages to organize the process tasks.

1. planning
2. concretizing
3. training
4. publishing
5. evaluation

The concretizing phase starts when the product launch plan is approved. In practice this phase means the execution and testing of the plan. Because the purpose of this case project was to test the revised service strategy for sales, this model was revised in a way that the phases three and four were skipped, and the project proceeded from concretizing step straight to evaluation after testing the new concept.

The earlier research with customer conversations showed that the service is experienced to be rather good, but for customers getting the understanding of the service and its benefits in the buying situation is hard. This tells to the project team that service and productizing required improvements and clarification in those parts.

The Pilot was made according to instructions of Tuulaniemi presented in chapter 3. The problem of the case company was to sell the service to new customers which match with identified customer segment. As a result the project team focuses in the pilot to the sell ability of the service to new customers. After all the improvements made during the project this should be easier than before and produce more results with less effort.

The pilot was started according to plan after the development process to the service and to the sales material was finished and the materials were ready to be printed. The sales process was already defined in earlier stage to be made through phone and email so the graphic designer produced email compatible materials. This made it possible to start pilot sales immediately without waiting for the printed sales material form printing company.
The purpose of the pilot was to get not only feedback but also sales. According to (Donaldson 2007, 4) the sales is the only measure in defining if the service strategy and as a part of it the productizing is successful.

The real pilot selling started in the ninth of the May when the case company provided the project team with the desired seven potential companies they had tried to get as a customer for years. These companies matched with the target segment or customer profile of the bigger companies which was identified before and to which also the sales materials and productizing were designed according to.

The process worked as defined before. First salesperson called to the potential customer company and scouted for decision maker. When the decision maker was found sales person called to him introduced shortly the service and its major benefits. After this the sales person said that one would receive the materials right away and if they could get familiar with the materials the sales person will call later in fixed time.

The most time consuming part was to find the decision makers and reach them in multinational companies. It required several calls in every company to reach the right person. Even though the project team had some information about which manager usually is the decision maker on related issue from the research phase which made it a little easier to reach them.

Usually in pilot the salesperson of the project team gathers counter arguments and questions in which the materials do not answer to. If many enough potential customers present counter arguments and questions which indicate defects on the service or productization it is developed further. This time there was no issues to be developed.

In the follow up calls six out of seven potential customers were interested about the service instead of a flood of a feedback. This was a great result. The sales negotiations started and after a month on the fifth of June the case company had five new customers, one customer under negotiations and only one customer disagreed to use the service.
The hit rate for sales in the project was 71.4 percent which can still be better if the one potential customer is closed later on. There were only seven potential customers in the pilot but in this pilot the size overcomes the number. The customers are big and already the first one-time purchase of the new customer is valued on twenty-five thousand euros which tells that if the value of first purchase in so big and it was closed in short time frame the developed service strategy and supporting functions are trustworthy to a new customer and leaves no questions.

5.6 Evaluation

In evaluation phase of service design the success of the development process is evaluated. The success of the service is measured on the markets and the service is fine adjusted according to the service experiences. The evaluation is used to ensure the competitive advantage of the service. This can be achieved by defining proper meaningful indicators for evaluating the service. In measuring the services the aim is on measuring the interaction between the customer and service provider. (Tuulaniemi 2011, 128, 241.)

When product launch is made on commercializing it is time for the evaluation phase. The indicators which were set in the beginning of the process are now studied. In this phase the team evaluates which functions have worked as planned, which ones have not, has the product launch stayed in schedule, what customer feedback was got and what were the results when compared to expenses. (Simula et al., 2010, 86.) The purpose of measuring in commercializing is to measure the commercializing success of an individual product. Commercializing in the simplest form can be thought to be successful if the new product thrives on the markets. However it is a challenging task to define the success, because success can be described with many different indicators and point of views. (Simula et al., 2010, 97.) Usually economic indicators are the most important measures for following of the company objectives. It is also very common to use the sales as a significant indicator for success. However the sales
are not sufficient indicator alone because sales should be linked to the monitoring interval, realistic goals and to role of the product in portfolio. Profitability is the second often used indicator and third is the customer satisfaction which is all the time thought to be more important indicator in commercializing. (Simula et al., 2010, 97.)

The purpose of the case study was to develop a successful and sellable service with service design and commercializing activities through understanding the current customers. In this study successful means first that the concept sells and second that the customer experience is as good as possible.

It is undeniable that the new concept sells when the sales rate is over seventy percent. As it is said that service design results are seen only in the end of the project and this is true. Before the product or service is sold nobody can evaluate how the project has succeeded. The goals of the case company were reached even better than they expected. Also in future customers will have better user experiences from the service because certain functions were developed according to the research results. If the project is compared to expenses the expenses were covered with the first acquired customer in less than a month. And this project produced only during the 7 customer pilot five new customers and one customer was under negotiations when the project was finished. Service design measure also the customer interaction but in this project also the interaction with customers was successful because they trusted so much on the service when they heard about the developed concept that five out of seven became as a customers and one was under negotiation. Only one customer declined because of reasons which were related to their organization not the case company.
6 DISCUSSION AND SUGGESTIONS

The purpose of this thesis was to prove that in twenty first century the customer insight is needed to build successful service or company strategy which produces sales. The customer insight in this thesis was acquired according to service design methods and the methods were also used also in service development. Commercializing literature was used as a benchmark about how companies instructed to commercialize and develop new services and was reflected to service design methods. Almost all of the documents and the materials made during the project are not presented because of non-disclosure agreement and sensitive business information. This is the reason for the study to be in such a general level in description of the case study.

The research questions for this thesis were:

1. *How companies can make use of commercializing and service design methods in a creation of successful product or service strategy?*

2. *Why service design or commercializing methods are unsuitable to be used separately?*

This thesis project demonstrated that both questions can be answered by only one answer but the answer is comprehensive. The question of how commercializing and service design can be harnessed for the development of service strategy successfully was answered in this thesis project. The literature and practice proved that customer orientation is the way to build successful service strategies and service design approach is a functional approach for acquiring the customer insight for service development. With support from productization and commercializing the thesis project resulted a service from which the flaws and communication errors were fixed with customer orientation and it resulted significant results in sales.

The understanding, communication and delivery of customer value are forming the key area of expertise in a customer satisfaction and acquisition of custom-
ers in the future. This was proven in this thesis project because without the customer insight acquired in the research phase of case project it would not have been possible to produce meaningful service development. Without customer insight the development work would have been only guesswork and experimentations. Commercializing approach does not have tools for acquisition of customer insight in such a depth so the service design methods came in the picture.

During the thesis project it was noticeable why service design and commercializing methods should not be used separately. As said before in chapter 5 in service design development process the user of the services has the centric and useful role. According to the literature about commercializing in chapter 2 and the experience of the project team the desire of the organizations to serve all the customers in the best possible way leads to a systematic tailoring which leads to ineffective operations. This seems to be typical for service design. Even if in the literature the service design seeks to recognize the different customer profiles it does not consider enough the need to design different services or service strategies to different customer profiles. This results a service which is designed for everybody but really does not answer to needs of anybody. This is the same problem the case company had in their customer acquisition. Case company did not understand the needs of different customer segments and tried to sell the same service to everybody in the same way.

The service design method of creating a solution for everybody destroys the synergy advantages of learning and improving by doing a lot of similar products. The benefits of service development are easily rejected if organization adapts too easily on demands of customers. With adapting and tailoring organization can easily make individual customers satisfied but at the same time organization consumes its profitability. To understand this service development team has to know the customer centric methods and tools from service design approach and the production efficiency and importance of recognizing target groups from commercializing approach. Without customer insight many organizations which usually use the commercializing approach with engineering cul-
ture focus on productization and basic product too much. This can lead to situation where the product is exceeding customer needs and may cause higher prices which may steer the customer to the competitor.

The best results are generated when the service development planning and execution is made in teams with people with different skills participating to the process like in this thesis project. Like mentioned before the process and tools of service design require strong social skills, empathy, creativity and visual thinking. The processes of the commercializing again requires skills like market research, sales, distribution, promotion, research and development and product design. This leads to a conclusion that one person cannot have the required skills for both approaches. Service designers need always a commercial person in a development team and commercial team requires a service design oriented person to be able to produce significant results with minimum risks for failing.

Both approaches still has the customer orientation but with different perspective. Commercializing focuses to modify the product or service in to a product that it can easily be bought by a customer. Service design focuses more on developing and testing the service with human centric methods but not on productizing the service for sales. So service designer needs people with commercializing skills and commercializing people need people with skills to acquire customer insight. This thesis project demonstrated also that the customer insight cannot be acquired by traditional customer surveys. To get insight the company must communicate personally with the customers to understand the drivers and needs of customer. In this thesis this was made with theme interviews which were conversations with predefined themes. Theme interviews give the customers enough room to really tell what they think. The project team also noticed that it feels that it was easier for the customers to tell about issues which should be developed to totally outsiders. It could have been harder for the people who are usually in contact with each other between the case company and customer to give hard feedback, because they already know each other.

If the product has several different target groups it is important to pay attention to their different needs. Communication must be often planned and communi-
cated separately to different target segments to be able to provide a better feeling that the product is just for them. In this the knowledge about markets is crucial. The team must know the needs and values of their customers and to speak their language. This was important finding in the case project. After the customer insight was acquired it was noticeable that even if the organization produced same services different target groups bought them for different reasons. This is important information for sales and communication which helped project team to reach in such good results in pilot sales.

As mentioned in chapter 3 in service design it is evaluated if the new service is compatible with company strategy. According to this study the strategy what is produced and to whom should be defined after the company has recognized the target groups and their needs and drivers. This thesis studied how to fix the strategy behind the service to be able to create successful service and do sales. This thesis results prove that the service and company strategy should be designed according to a customer insight acquired with service design methods. The efficiency to new service should be built with commercializing activities. In this way the company can secure the success of the new service. In commercializing the mass tailoring is crucial part in producing services with good efficiency. Service design focuses so much on customer experience so it is easy to forget the efficiency.

The new service strategy made in collaboration with two approaches proved to be success in sales point of view. This proves that the reason for company to fail in sales may be result from a poor or inaccurate strategy which has not identified the target groups and their needs and drivers well enough. Even if the service and the sales concept is proved to be successful now one must remember to develop the service continuously because the efficient way to optimize success of services is the continuous customer oriented development.
REFERENCES


Appendix 1. Theme interview framework

Foreword:

We are specialized in the development of the customer oriented services and case company has assigned us to develop their services to match customers needs. We would like to hear your feedback and opinions from the services of the case company and use it in this development.

Theme 1.

1. Respondent position in company
2. Respondents influence on the use of the services of case company

Theme 2.

1. The opinion and experience about case company: good/bad

Theme 3.

1. Reasons why they have started to use the services: Benefits
2. The current added value of the services of the case company
3. The best added value

Theme 4.

1. The background of the issues, the services solve
2. Segment

Theme 5.

1. Issues to be developed
2. The issues they would tell to others about the services
3. Possible target segments according to their opinions

The conversations are documented during the interviews by writing.
### Appendix 2. Interviews 20.-23.4.2018.

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<th>Day:</th>
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<td>Company D</td>
<td>20.4.2018</td>
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<td>Company E</td>
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<td>40 min.</td>
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