



# Managing Customer Experience Online: A Model to Enable Business Growth

Laura Halonen

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# **Managing Customer Experience Online: A Model to Enable Business Growth**

Laura Halonen  
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Laura Halonen

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Tämän opinnäytetyön tarkoitus on tutkia ja kehittää verkossa tapahtuvaa asiakaskokemuksen luomista, sekä luoda malli, jota hyödyntää palveluita muotoillessa. Mallin on tarkoitus antaa suuntaviivat sekä konkreettisia esimerkkejä, jotka ovat tärkeitä ottaa huomioon joko uusia palveluja luodessa, tai jo olemassa olevia palveluita kehittäessä. Opinnäytetyön tuloksena luotua mallia voidaan hyödyntää erilaisissa palveluissa, jotka ovat vuorovaikutuksessa asiakaseen verkkopalvelujen kautta. Koska nykypäivänä tämä tarkoittaa suurinta osaa yrityksistä ja organisaatioista, on opinnäytetyön aihe erityisen relevantti ja ajankohtainen.

Kehityksen kohteena toimivat erilaiset verkkopalvelut, ja kehittämistehtävänä on saada kokonaisvaltainen kuva siitä, mikä tuo asiakkaalle (loppukäyttäjä) onnistuneen asiakaskokemuksen, ja saa hänet palaamaan samaan palveluun jatkossakin. Kehittämistyön tavoitteena on luoda malli, jonka voi monistaa useammalle yritykselle onnistuneen asiakaskokemuksen luomiseksi. Tämän vuoksi tutkimuksessa loppukäyttäjät otetaan osaksi tutkimusta, eikä esimerkiksi mallia käyttävän yrityksen työntekijöitä.

Mallin kehittämisessä hyödynnetään teoreettista viitekehystä tai teoriapohjaa, joka pohjautuu alan tuoreisiin tutkimuksiin. Tietoperusta perustuu suhteellisen uusiin lähteisiin, sillä asiakaskokemus verkossa, erityisesti kun kyseessä on nettideittailun palvelu, on aiheena suhteellisen uusi, ja etenee huimaa vauhtia. Asiakkaat odottavat verkkopalveluilta jatkuvasti enemmän, ja tarjonta on globalisaation ja kiihtyvän teknologiakehityksen vuoksi laajaa. Tämän vuoksi on tärkeää luoda erittäin hyvä ja onnistunut asiakaskokemus loppukäyttäjälle.

Koska kyseessä on ylempi korkeakoulututkimus, opinnäytetyö on kehittämispainotteinen. Ylemmän ammattikorkeakoulun opinnäytetyön tarkoituksena on tukea työelämän tai liiketoiminnan kehittämistä, minkä vuoksi työ on luonteeltaan tutkivaa kehittämistä. Tässä opinnäytetyössä tutkimuksellisinä menetelminä käytetään osallistavia laadullisia kehittämismenetelmiä, kuten photo elicitationia hyödyntävät haastattelut, sekä erilaisia tietopohjaisia aineistoja ja niiden analyysejä. Kyseiset menetelmät on valittu tähän opinnäytetyöhön sen aiheen luonteen vuoksi, sillä siinä tutkitaan ihmisen käyttäytymistä ja kokemuksien muodostumista. Koska tutkimuksen aiheena on hyvän asiakaskokemuksen luominen, on olennaista ottaa loppukäyttäjät osaksi tutkimusta, ja mallin muotoilua. Malli perustuu opinnäytetyön yhteydessä tehtyihin haastatteluihin, kohderyhmäkeskusteluun, sekä tietotaustan hyödyntämiseen. Nämä menetelmät sopivat tutkimuksen luonteeseen, mutta tulokset ovat täten laadullisia, ja perustuvat suhteellisen pieneen otantaan henkilöitä, vaikuttaen tulosten luotettavuuteen.

Koska kehittämispainotteisessa opinnäytetyössä käytetään menetelmiä, joista syntyy jotakin aineistoa, kuten tässä haastattelujen tuloksia, voidaan näitä aineistoja analysoida kehittämätöntä lopputulosta, joka tässä tapauksessa liiketoimintaa tukeva toimintamalli. Kehittämistyön tuloksena syntynyt malli kuvaa asiakaskokemuksen merkitystä yritykseen kasvuun johtamisessa, sekä taustoittaa yrityksen kasvun muita tekijöitä: kehityksen, innovaation, ja oikeanlaisen strategian synergioita. Yrityksen kasvuun johtamisen mahdollistamiseen tarvitaan asiakaskokemuksen kehitystä, siinä missä yrityksen sisäisten prosessien ja osaamisen kehitystä sekä uusien tuotteiden innovaatiota.

Asiasanat: asiakaskokemus, yrityksen kasvuun johtaminen, asiakaskeskeinen kehittäminen

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The purpose of this thesis was to examine the formation of customer experience online and create a model to enable business growth. The purpose of the model is to provide guidelines and recommendations on how to manage customer experience in a sustainable way. The model is suitable to be utilized in all online services, though this specific development process did aim to manage customer experience in online dating services. Since most companies and organizations today operate online, the topic of the thesis is relevant and current.

The target industry of development was services online, and the goal of the development process was to get a comprehensive picture of what enables a successful customer experience. Therefore, in this research, the end users (customers) were part of the research, and the company's other stakeholders were not. The purpose of the development work was to create a model that can be utilized and duplicated to create a successful customer experience in several companies.

As a part of creating the model, a theoretical framework was formed, which is based on recent studies in the field. The research is based on relatively new sources, as customer experience online, especially online dating services, is a relatively new topic and is progressing at speed. Today's customers expect more from online services, as the offering is extensive due to globalization and accelerating technological development. Therefore, it is important to focus on customer experience to provide unique experiences.

Since this thesis was written for a higher university degree, it is development focused. Participatory qualitative development methods were used as research methods. The methods were chosen for this thesis due to the nature of the study subject, as it examines human behavior and the perception of experiences. Since the topic of the research is the creation of customer experience, it is essential to include the end users in the design of the model. The model is based on interviews, focus group discussions, and theoretical background material. These methods fit to the nature of the research, but the results are therefore qualitative, and are based on a relatively small sample of people, thus affecting the reliability of the results.

Since a development-oriented thesis uses methods that generate material, such as the results of the interviews, conclusions were formed by analyzing these materials. The model was created as a result of this development process, and it describes the importance of the customer experience in the context of leading the business to growth, as well as defines other factors that impact on business growth: development, innovation, and the right kind of business strategies. To enable business growth, the management of the customer experience is required, as well as the development of the company's internal processes, and innovating new services.

Keywords: customer experience, managing business growth, customer-centered design

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## 1 Introduction

The role of digital services in people's lives is constantly growing. People use digital services in their everyday life, to conduct the basic errands they need to run their lives. People pay their bills online, shop online, have Teams calls at work, and they socialize and interact with other people online. On average, globally, one person spends 147 minutes on social media every day. (Statistica 2022)

This thesis examines which factors impact on the formation of customer experience, how it impacts on business growth, and how we can make these minutes online, valuable minutes. The purpose of this thesis is to get a comprehensive overview of what aspects create a successful customer experience, and what makes them return to the same service in the future. This thesis will form a model to manage customer experience online, in a way that enables business growth.

Consumers have a greater number of choices today than ever before in all aspects, and they have increasingly varied ways of getting access to them. In this environment, where the competition is high, and customers' lives are busy, it is important for the companies to focus on delivering online services that make their lives as easy as possible. As the customer keeps hearing about all other alternatives, companies must find ways of retaining their customers by innovating and providing the right kind of care to maintain their status as a market winner. (Schwager & Meyer 2007) Even the slightest error, or misjudgment, can cause the consumer to shift on to "the next one". That is - in a nutshell - why creating an excellent customer experience is important in today's business operations, and why the topic of this thesis is current.

In order to grow a business, companies must have a solid customer base where they get recurring revenue from, and a steady stream of new ones. (McKinsey 2017) According to McKinsey (2017), growth is top priority for many companies. And according to a survey they had conducted, the respondents stated that "93% have pursued at least one strategy to generate organic growth in the past three years, and nearly two-thirds agree or strongly agree that organic growth is at the top of their executive teams' agendas". (McKinsey 2017) Growth and customer renewals are a couple of the themes of business that should be focused on when reaching for growth. These two themes sometimes walk hand in hand: sustainable growth might refer to the size of the business, or growing revenue - and renewal means expanding, developing, and growing existing business or customers - both with internal and external stakeholders. (McKinsey 2017)

As previously stated, one of the most obvious ways of growing a business is to acquire more customers, and keep the current customers satisfied. (McKinsey 2017) New York Times (2021) outlines that one of the ways to achieve customer satisfaction is to get to know your customers better. (New York Times 2021) New York Times (2021) states that it is important to keep asking customers what their current challenges are, why they have purchased the service that they have, and why they chose said provider. (New York Times 2021) In other words, knowing why the customer has chosen your service in the first place, is crucial information to acquire. If the customers are all aligned, and agree on why they have purchased a service, you probably shouldn't change that specific aspect of your business.

Keeping track of your customer, and having continuous interaction with them, allows the company's focus to be on the things that your company is doing right, and what needs to be changed. Forbes (2020) agrees, and states that a company growth cannot occur without paying customers. (Forbes 2020)

One could state that you need to keep your customers happy enough not to drive them to a competitor, and you need a solid customer base to keep your company operational, if you are a service business. In practice, this means giving a great experience that the customer would choose instead of a competitor, and you need to invest time and effort to create this exceptional customer experience.

In order to enable business growth, a company must be willing to invest resources to develop their business offering to ensure that successful customer experience can be achieved. This is true for both online and offline service businesses. Ensuring business growth is also about taking action after you have gotten to know your customers and their needs. To incorporate the research and development part of regular business operations, a company must put in the time and effort. (McKinsey 2017; Harvard Business Review 2007)

Innovating to achieve new interesting offerings is crucial to maintain customers' attention amidst the ongoing competition in the markets. The importance of development is equally relevant all the way to the key functions of the business as well as to the service offerings. It is as important to have the business develop their internal operations, as they are developing their customer facing ones. As the customer changes, the company that offers the services must also keep changing to keep up with the needs and the speed.

## 1.1 Research and development goals

The purpose of this Master's thesis is to get an overview of what aspects are the most important for creating a successful customer experience, and what makes a customer retain, or

to invest more in a service - and therefore, creating business growth. The goal of this thesis is to form a model to structure these factors to provide an easy model for companies to manage their customer experience online. This thesis will also evaluate the reliability and trustworthiness of this model and explains how the model can be utilized in multiple working life environments.

This Master's thesis's approach is practical, as its purpose is to develop a model that can be utilized also outside of this specific case study. In other words, it is a development process that uses a research approach. The goal of this thesis is to study creating and managing customer experience in online services and to develop a model for it, as previously mentioned. As this model is built utilizing different companies' practices, and benchmarking to identify common factors among different dating services providers that operate and interact online with their customers.

The company that will be utilizing this model, is requesting to form a business case and reasoning to validate the investment to the management of customer experience in their business operations. At the time of the finalization of the thesis, the results of this development work and research, have already been utilized in two different companies' operations.

The goal of this thesis is to develop a model to utilize customer experience as a way to achieve and support business growth. This model can be utilized when designing new online services or developing existing ones.

The research questions are following:

1. What kind of model would help to develop online service to create better customer experience?
2. How could this kind of model be created?
3. How can customer experience enable business growth?

In order to get answers to these questions, as a part of this research and development process, 1:1 interviews were conducted as a way of seeing what creates customer experience, and what creates value for the customer. In the interviews, different participatory methods were used, and following questions were used to gather insights from the subjects:

1. What are the key components that create a positive customer experience?
2. What are the deal breakers that create decreased satisfaction in customer experience?
3. Would you change/choose a service provider solely based on customer experience?



To get insights on what creates a positive customer experience, and which kind of aspects affect a person's choice when it comes to choosing a service provider, the questions above were asked as part of the 1:1 interviews. Interviews were chosen to be the most efficient and natural way of getting insights from the users of the service examined. The research methods were qualitative by nature, since the research was exploring human behavior.

This model is intended to provide guidelines as well as concrete action points that are crucial to take into consideration either when creating new services, or when developing existing ones. As said, the model created as a result of this thesis research can be utilized by various companies and organizations that interact with customers through services, especially online.

The company that is examined in this thesis, operates fully online, so the research is focusing on the online services in particular. The model that has been developed, however, can be used when designing services also offline with few modifications. This means most companies and organizations today can benefit from this research, and therefore the topic of this thesis is particularly relevant and current as more and more of services and customer demand has moved online, and the number of choices is growing by day.

## 1.2 Research methods

This thesis is investigating the human behavior and perception of experiences. As qualitative research methods are often used to examine those behaviors (Guest, Namey & Mitchell 2013, 1-40), they were chosen as the research methods for this thesis. Qualitative research methods' purpose is to help researchers understand how people perceive the world, and how they realize it. (Guest, Namey & Mitchell 2013; Merriam 2009) Therefore, the choice of qualitative research method is justified as this development-based thesis examines the topic of customer experience and its meaning to business growth. According to Merriam (2009, 13) qualitative research uses questions such as "why" to find out reasons for human behaviors (Sage Publications, year unknown) and thus, these kinds of questions have been used as a part of creating the research questions for this thesis.

The research questions for this thesis aim to help focus on the area of development by understanding how and why people make choices the way they do, and how that can be used to make educated decisions in business development.

There are three different styles of qualitative research that was utilized in this thesis, and they are following:

- Observations: documenting what an individual has seen, heard, or encountered

- Interviews: 1:1 interviews with randomly selected individuals
- Focus group: setting an agenda, asking questions, and generating discussion among a random groups of individuals

This thesis development process includes interviews of the customers of the company, as we are examining the formation of customer experience from the user point of view, while connecting it to business growth later on.

## 2 Service as a business

“Service as a business is a form of business where the service forms the base of value given creation.” (Business Finland, formerly known as Tekes 2010) And according to Business Finland (2010), the development of a company's business that centers around a solution, needs collaboration between a service provider and its customer, and an in-depth knowledge of customers' ways of behaving and living. (Business Finland 2010). Arantola & Simonen (2009) concur with the previous statement and explain that in order to be customer-obsessed business, it requires enough information about their users and their challenges. (Arantola & Simonen 2009)

According to Arantola & Simonen (2009) companies often have processes for developing new services, and that already in the beginning phases of the development cycle, you need to understand and evaluate the market requirements and the need for the service you are planning on building. (Arantola & Simonen 2009) This is in order to know if the service you are planning to launch is even a feasible business opportunity. Arantola & Simonen (2009) also emphasize the importance of understanding and knowing your customer and their processes to be able to build a solution that makes a difference in their lives. (Arantola & Simonen 2009). Thus, in order to succeed in the service business, one must focus resources on developing services that correspond to the need in the market, and the customer expectations.

### 2.1 Digital services as a industry

Software development and digital services have been, and are constantly progressing and developing, especially in the recent couple of decades, and at an even faster pace during the last few years. (McKinsey 2021, Gartner 2021) According to McKinsey (2021), the need for digital services goes above essential services such as banking and taxes, and that each company needs to have a solid strategy to offer digital services to their customers that benefit the customer, the market, and the service provider, and continues to emphasize the importance of relevance of the produced services. (McKinsey 2021). According to a latest forecast by

Gartner (2021), worldwide spending on software was projected to be more than 4 trillion USD in 2021, which would mean an increase of 8.6% from the previous year. (Gartner 2021).

Gartner (2021) also notes that the leaders are now more willing to invest in software and technology if it ties directly to business wins. (Gartner 2021) Gartner continues to explain that, it is crucial to know how to present this tie to the leaders of the companies for them to agree to invest in software development according to customer and market requirements. (Gartner 2021) And that in order to succeed in presenting this link to future business wins, companies must set relevant key performance indicators that make it easier to measure and display the impact of the software and digital services. (Gartner 2021) By setting appropriate key performance indicators, succeeding in them, and tying their impact to business wins, the business leaders are more prone to agreeing to invest in suggested software development.

There are different factors why the companies' investments into digital transformation are increasing, and according to McKinsey's new survey (2020), one of the reasons is that the COVID-19 pandemic has speeded the adoption of digital services and development by several years - and that many of these changes could be long-term investments. (McKinsey 2020) McKinsey (2020) also states that the pressure that COVID-19 created with the global shut-downs pushed customers to new online shopping behaviors, and that some of these behaviors are likely to continue beyond the crisis. (McKinsey 2020) Therefore, it is crucial to focus on customer experience online since that is where the business is centered, and it is the preferred choice for the customer today, to conduct their lives in multiple aspects of their lives.

The emergence of this new environment that we live in today, increased use of online services has arisen, and it has heavily impacted on the way consumers are using digital and online services. Due to increased time people spend online, their expectations and needs have grown. It is no longer enough that online services cover the basic needs such as booking a doctor's appointment, or renewing library loans - but consumers are also expecting to be able to conduct everything in their lives online.

### 2.1.1 Customer experience online

According to Harvard Business Review (2007) customer experience is an "internal and subjective response" of consumers' interaction with a company or a service. (Harvard Business Review 2007) Thus, customer experience refers to the interaction between a company and its customer. Gartner (2022) defines that customer experience is how a customer has felt and perceived its interaction with anything related to that company's stakeholders or products. (Gartner 2022)

Customer experience has become a “remarkably sophisticated discipline”, according to research from Harvard Business Review Analytic Services (2015). The research continues to state that customer experience is “driven by the tech-savvy customers”, and that it requires a reshuffle of existing processes and organizational structures, and even a new kind of take on what companies’ internal attitudes and actions should look like. The research also states that in order to succeed in this reshuffle and the creation of a successful customer experience, the company must have the right kind of people and capabilities in place. (Harvard Business Review 2015)

Due to the competition in this industry that is digital services, delivering an excellent customer experience is increasingly important in order to stay relevant and in the field of view of a consumer. (PwC 2018) Having a process for managing customer experience is a powerful tool to succeed to stand out from the competition, and it is a vital tool, as the consumer now has a wider range of options than ever, and plethora of places to look for information for comparison. (PwC 2018; SAS 2022; Harvard Business Review 2007)

SAS (2022) refers to Gartner, that managing customer experience is important in order to achieve customers retention, loyalty, and advocacy. And that by managing customer experience the right way, it can positively impact on customers' choice of brand through a more superior experience, growing revenue through increased sales caused by positive rumors, improve customer loyalty having received excellent service, and lower company's costs and losses due to decreased customer churn. By following these steps, it is possible to guarantee sustainable growth by managing customer experience and having the opportunity to keep up with the competition in the market. (SAS 2022)

## 2.2 Dating services online

The study subject and the development topic of this thesis is an online dating service and developing a model for managing its customer experience process. The market of online dating services has grown as the services online have continued to have a bigger part in our daily lives making dating services online an interesting topic to examine in this context.

Dating, as all other interactions with people, has substantially shifted to online in recent years. The Atlantic (2018) article says that just 20 years ago couples mostly met through friends, family, or in school. The same article also explains that even in the late 1990s, it was not a social norm to meet people in other ways, such as through personal advertisements in the newspapers, people kept how they met, a secret. (The Atlantic 2018) Fast-forward to 2018, The Atlantic article explains that more than 13% of people said they have met their partners on a dating app, whereas Toma (2015) states that at least a third of the population

now meets their partner through a dating app. (The Atlantic 2018; Toma 2015) According to The Atlantic article, people who had posted their weddings to a popular Wedding Announcement section in the Times newspaper, 93 out of approximately 1000 couples had met through different dating apps. (The Atlantic 2018) The shift to this new way of finding your partner, is a big difference to the prior.

This change in people's behaviors and ways of meeting their partners, has initiated the creation of multiple different dating apps, and one can see a difference in the number of popular apps in the most recent years. The figure 1 below displays the emergence of the modern dating apps, and their launch times. These apps have similar ideas and missions by default, however, some of them are more niche, and directed towards certain groups of people to cater the needs of that specific group.

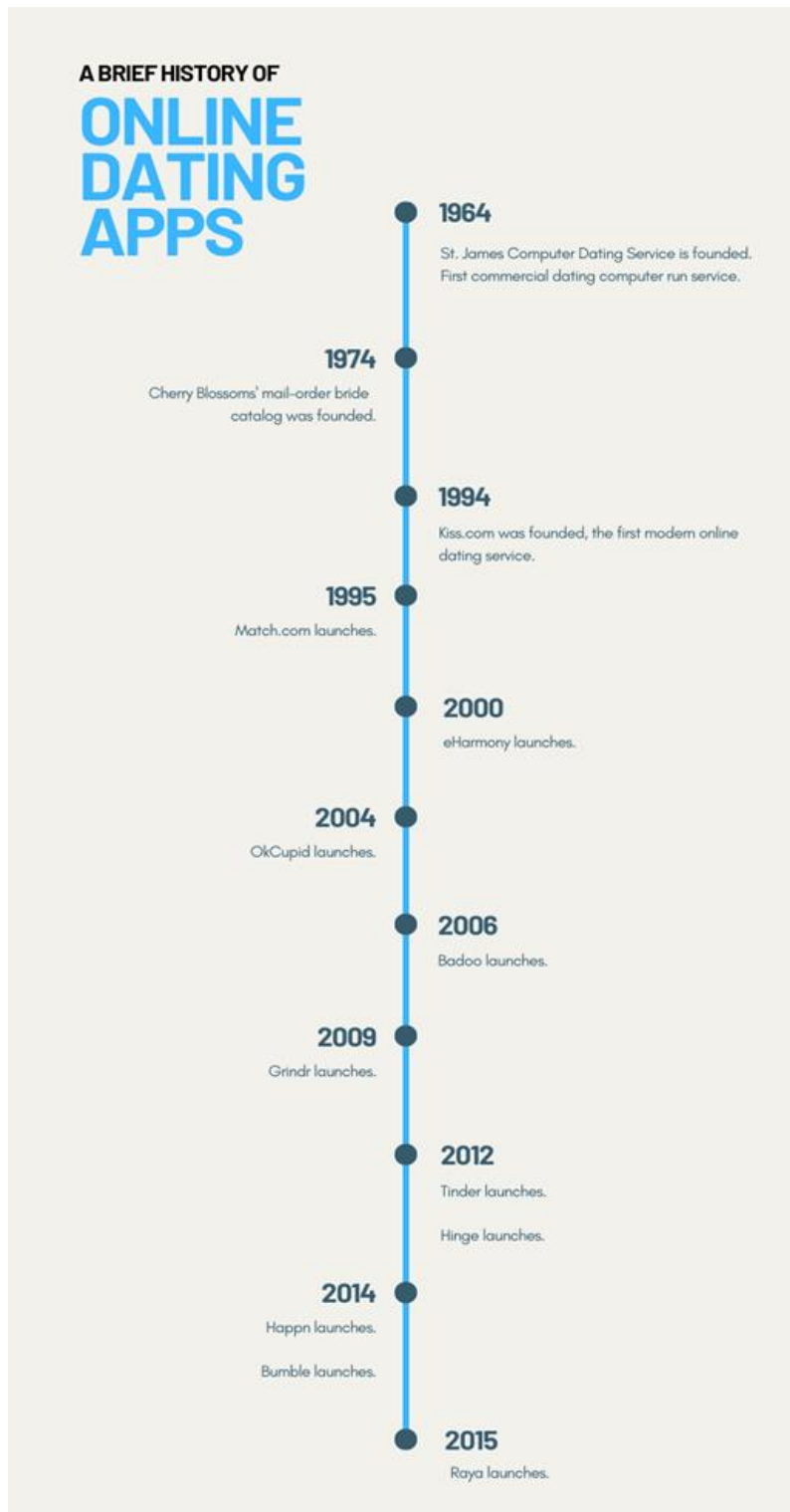


Figure 1: Brief history of online dating apps

The speed of digital services development, as well as global COVID-19 have only increased using online services to connect with others. Dating, as one example, was moved completely to

online, when worldwide restrictions of not allowing people to physically meet anyone outside their family, were put in place. The same pattern could be seen also in making new friends and connecting with old connections.

Creating social relationships and managing them was moved almost fully online, and therefore the whole world was adjusting to this change and learning new ways of communicating with their friends, family, and potential partners. This was also stated in a recent journal (Joshi 2021) published during the pandemic: “With COVID-19 our everyday activities and errands have witnessed a shift to the online mode. From online transactions, online purchase, virtual learning, running businesses online, work online from home to finding potential partners online, the internet has transformed the lives of individuals drastically” (Joshi 2021). The increase in the use of online services had already been on the rise even before the pandemic happened, however, the pandemic only accelerated the progression of this shift. And the trend of interacting online is not stopping now, that the restrictions no longer apply.

As the expectations of today's services are higher, and the need for developing services online is increasing due to our move of socialization online, the need to create an experience that is standing out is even more important. (Harvard Business Review 2007) As people have a plethora of options to choose from, and plenty of good offers to take advantage of, such as free trial periods or other similar promotional campaigns, it is therefore vital for the service companies to be ready to fight to keep and get customers to engage. (Harvard Business Review 2007) Getting customers' attention is trickier the more services and competition the industry has, and online dating services have a competitive market.

Generation Y (the generation of people born in the period from 1980 to mid-1990) (Merriam-Webster 2022) and generation Z (people born between 1990 to early 2000) (Merriam-Webster 2022), for example, create and maintain social connections in a different way than the previous generations, as they are used to operating online. (McKinsey 2018) Lissitsa & Kol (2016) reinforce this statement in their article about Generation Y and Z and their habits online. They state that “internet connectivity and usage has risen dramatically in the past decade, providing people with easier means for obtaining information, and engaging in economic and social exchanges, social activities and online communities”. (Lissitsa & Kol 2016) Customers today feel that they value experiences more than they do actual physical goods, and therefore, companies should focus on creating memorable experiences for the customer. (McKinsey 2018; Lissitsa & Kol 2016)

In the emergence of this new generation, especially Generation Z, companies must learn to adapt their online services to match the expectations and needs of the first fully digital native generation, and rethink how to deliver value to this, and other generations. (McKinsey 2018)

### 2.3 Understanding your customers

Online dating services are being used different different groups of people from different backgrounds, genders, age groups, and representatives from different groups of sexual orientations. To be able to understand your customers and their needs and wants, a company should invest resources in connecting with them to create more market-ready services for them. (Lemon & Verhoef 2016; Camilleri 2018)

Each person has different demands and values that impact how they perceive their daily lives. Everyone has different feelings, perceptions, biases when it comes to how they experience things. In order to understand the customers and these perceptions, the development process of services should include them. By incorporating the actual users of the service as part of the development journey, a company can be more confident that their service will fit into their customers' lives.

When it comes to deciding which requirements to include to your service development, a company must identify their potential user groups. The more varied user groups the service provider has, the more people should be included in the development process.

Harvard Business Review article (2011) mentions that data, in addition to actually talking to your customers, can also be used as a powerful tool to receive information about your customers and their behavior. Using analytics and customer loyalty, a company can collect information from their customer, and target them the right way - and predict what it is that the customer wants now, and in the future. (Davenport, DalleMule & Lucker 2011)

## 3 Theoretical background

According to Berry, Carbone & Haeckel (2002), customers will always have an experience when they buy a service from a company. And the key to succeeding to create a positive experience, is learning how to manage this experience the right way. (Berry, Carbone & Haeckel 2002, 5). "Building a good customer experience does not happen by accident. It happens by design" concurs Clare Muscutt, the CEO of Women in CX. Therefore, it is important to allocate resources to the development of this design.

The model developed and presented in this thesis is based on a theoretical background based on the latest scientific and academic articles and studies, as well as other printed sources. The theoretical background is based on relatively new sources, as the customer experience online is advancing at a tremendous pace, and the key performance indicators change with



the same pace. Whatever was relevant 10 years ago, or even 2 years ago, won't necessarily apply today or tomorrow. Customer demands are higher today than before, and the customers are constantly expecting more from their online services, and the offering is extensive due to globalization. Therefore, it is important to create a very good and successful customer experience for the end user to keep the existing customers, and to get new ones.

### 3.1 Cornerstones of business growth

Forbes (2020) presents how to manage business growth with five steps. According to Forbes (2020) the key to manage business growth is to 1) consistently plan and set objectives for growth, 2) consistent high level of efficiency and hiring the right people to do the work required, 3) budget, 4) focus the resources on the aspects of the business that need to be prepared to scale up and adapt, and finally, 5) take care of your customers. (Forbes 2020) As this thesis focuses on customer experience's role in business growth, the last point that Forbes (2020) mentions, will be examined more thoroughly. Managing customer experience is a big part of taking care of your customers.

Also in customer management businesses, it is important to focus on the relationship between partners, customers, and the company. In business partnerships, when collaborating with other companies, relationship building is in a key role of enabling customers to grow. When the relationship is trust-based, and the customer relies on the companies for their ideas and strategies, they allow you to get closer to them. They might come for you to solve their problems or keep using your service based on the previous successful encounters with your business. And this means that by nurturing your customers' business, you are also growing your own business as a side product. (Bronfman 2018) Same logic can be applied to a service business, where customers will be more likely to stay as your customers if you provide them value for their time and money, and meet, or exceed their expectations.

“To create a successful service offering, managers need to determine which attributes to target for excellence and which to target for inferior performance. These choices should be heavily informed by the needs of customers. Managers should discover the relative importance customers place on attributes and then match the investment in excellence with those priorities.” (Frei 2008) In order to achieve a proper strategy to provide a successful service offering, you should include the people you are planning the service for. The process of co-creation and its meaning in business growth and customer experience will be introduced more closely in this thesis, as it is one of the methodologies that can be used to include customers as part of developing service offerings.

Keeping your customers, or customer retention, measures not only how successful a company is at acquiring new customers but also how successful they are at satisfying existing customers. (Bernazzani 2022) It also increases return on investment (ROI), creates loyalty, and brings in new customers. It's easier and more cost-effective to keep customers than to acquire new ones, as returning customers spend more and buy more often, refer friends and family, thus creating more business for the company. Only a 5% increase in customer retention can increase company revenue by 25-95%. (Bernazzani 2022. Therefore, there is no denying the worth of the customer, and their experiences in business growth. Thus, a model to achieve this retention, will strongly impact on business wins in the long-term.

### 3.2 Customer centered design

According to Berry, Carbone & Haeckel 2002), “companies compete best when they combine functional and emotional benefits in their offerings. Emotional bonds between companies and customers are difficult for competitors to sever.” (Berry, Carbone & Haeckel 2002, 5) Humans are emotional beings, and an emotional connection is often the strongest one. To compete successfully in an environment such as this, customer centered design is often used to apply customer experience management to ensure customer loyalty. When an emotional connection, and individual experience, it is more difficult for the competition to win the customer over. (Berry, Carbone & Haeckel 2002, 5)

Markey (2020) states that “design thinking is about seeing the world through customers’ eyes and learning through direct observation. Managers, frontline employees, and even C-level executives should engage in the exploration and design process. Design thinking combined with a constant flow of customer feedback helps product groups create highly personalized offerings”. (Markey 2020) “Getting customer feedback and showing it will be acted upon is important for organizations as they attempt to reduce friction between what customers want and their ability to get it.” (Harvard Business Review 2021) This is how the customer centered design was described in a white paper written by Marco Bill-Peter in Harvard Business Review (2021). He also mentions that empathy towards customers is at the core of what is needed to make customer experiences better - which gives nod to the fact that a customer and their needs should be taken into consideration when designing customer offerings. Then it is possible to tailor the offering, so it is suitable for relevant customers. (Harvard Business Review 2021)

All in all, customer centered design is about understanding that the customer should be at the core of business and learn to recognize different customer behaviors and patterns and then, acting accordingly.

### 3.3 Human-centered design

Human-centered design is one method of designing services that take the end-users', the customers', needs as focus, while the development of the service is still in the process of being finalized. Human-centered design acts as a tool of utilizing customers in the value creation process with the service business. (ISO 9241-210:2010)

Human-centered design is defined by The International Organization for Standardization's ISO 9241-210:2010 as "an approach to interactive systems development that aims to make systems usable and useful by focusing on the users, their needs and requirements, and by applying human factors/ergonomics, and usability knowledge and techniques." (ISO 9241-210:2010) However, Lanter and Essinger (2017) describe human-centered design the following way: User-centered design is a design methodology and philosophy in which the needs, goals, and success of the end user are considered. (Lanter & Essinger 2017)

A key in user-centered design is to incorporate users' perspective on the service, its functionalities, and its purpose to customers' processes. The user-centered design process uses different tools to achieve these kinds of results, such as prototyping, customer journeys, and usability testing. (Lanter & Essinger 2017; ISO 9241-210:2010)

Therefore, the mention of human-centered design is relevant for this research as this research aims to provide a service that a user, or a customer, is happy with enough to keep subscribing to the service, or making an initial decision on ordering the service.

### 3.4 Customer-dominant logic

According to Heinonen & Strandvik (2015), customer-dominant logic is a "marketing and business perspective dominated by customer-related aspects instead of products, service, systems, costs, or growth. It is grounded in understanding customer logic and how firms' offerings can become embedded in customers' lives/businesses." (Heinonen & Strandvik 2015) Similar points are being made by Cheung, Millissa & To (2016). They state that "understanding and satisfying customer needs is crucial to the survival of any organization, regardless of how small or large it is or whether it is a private or public organization". (Cheung, Millissa & To 2016)

As customers are more aware of their choices and they have access to more information, companies need information from their customers directly. Companies need to know how their customers live and interact with the world. In order to understand customers better,

companies need to discover customers' hidden processes that they can't see online. (Heinonen & Strandvik 2015)

In practice, this can mean implementing customer-centricity in planning what kind of products or services a businesses' customer needs and taking the customer's point of view to the center of every development process. This makes sense in different situations. When a new business is about to launch a new product, it is beneficial to test the product first with potential real customers, and not only within the product development team. Follow that up with a repetitive iteration process of the development cycle based on the customers' feedback. Same could be applied to an existing company launching into new product areas or launching into new markets. A lot of time and effort can be saved by adopting customer-dominant logic in product or service development, because then you'll launch a product or a service to the market that has already proven to be useful and viable among your customers.

Adopting customer-dominant logic to designing means shifting the focus from how the service providers involve customers in their processes to how customers in their ecosystems engage different types of providers. This means that the emphasis should be on how customers use service in their processes rather than how companies provide service to customers. The focus should be on what the customer sees rather than what the company sees. (Heinonen & Strandvik 2015) This is especially important since the whole perspective is very different when looking at a product or service design from the customer's point of view versus a company's point of view since each side has different things to gain.

Customer-dominant logic is a theoretical framework which prioritizes the customer and focuses on understanding customer logic and context. The focus is on holistic understanding of customer's life instead of thinking about how an organization can involve customers in their processes. (Heinonen, Strandvik, Mickelsson, Edvardsson, Sundström & Andersson 2010)

### 3.5 Customer experience as an enabler of business growth

This chapter clarifies and discusses service design as a part of managing and creating customer experience and its meaning in creating business growth. And what is customer experience? According to Schwager & Meyer (2007), customer experience is a person's own perception of an interaction with a company. This interaction is individual and subjective. Schwager & Meyer (2007) also elaborate on the definitions of direct and indirect contact. Direct contact is an interaction that happens when the customer buys or uses the service, and indirect contact, in most cases, is an unexpected interaction with a representative of the company or its services. (Schwager & Meyer 2007) This could mean a positive news article about a company's CEO, or a friends' bad experience with a specific brand's laundry detergent that caused an

allergic reaction, or an ad on the tv. In conclusion, customer experience matters how you think and how you react when you get this information.

It is crucial for a business to focus on the excellence in the quality of customer experience. Keeping current customers is even more important than acquiring new ones, due to the state of current markets, and customers' unwillingness to move, and therefore focusing on customer retention is vital for business. According to Gallo (2014), acquiring a new customer can be even 25 times more expensive than ensuring that a current customer is happy. Acquiring a new customer always means spending resources on negotiation, cold-calling, or other activities depending on which kind of business you are in. (Gallo 2014) This points out very strongly to the conclusion that customer experience is something that each organization should focus on, if they are aiming to grow their organization. Spending resources in developing customer experience is worth it, if it means keeping your current customers happy, and having them as your ambassadors for any other potential customers. Reichheld & Kenny (1990) concur with this and have stated that customer retention drives margins and growth, and that the advantage gotten from retention is both hidden and sustainable and why the customer experience matters. (Reichheld & Kenny 1990)

Customer satisfaction is another thing to keep an eye out for. According to Harvard Business Review (2007), it is a "culmination of a series of customer experiences, or the net result of the good ones minus the bad ones". (Harvard Business Review 2007). This phenomenon, the notion of how customer satisfaction, or an experience is formed, is being examined in this thesis, and the goal of this thesis is to find a solution to help to bridge the gap between customers' expectations and their experience.

Customers today are expecting services that provide everything. They are expecting a service that is fully operational, provides them with an ease to their daily lives, and a service that makes their lives better, gives it a way of improving and making an aspect of a life smoother. In order to create a service that is useful for the customer, it is crucial to get that customer's insights on what creates value for them - and how it can be achieved with a service that is under development or online today. For a company to grow their business, this kind of way of operating is crucial. Customers have a multitude of options to choose from, and you want to make sure that they choose your service over your competitors. The way the company can ensure that, is by designing a service in collaboration with the customer base. Because who knows better what the customer needs - than the customer? In addition to winning your competition, listening to your customers leads them to being loyal to you, since you have solved their problems in a way that they wish them to be solved. (Forbes 2020).

McKinsey (2021) states that value is a key metric in the market. However small or big investments people make when purchasing a service or a product, people expect to get the value

they have paid or acquired for. Even when the service they are getting free of charge, customers are still expecting that their needs are catered for, and that they receive the value they came there for. (McKinsey 2021) Therefore, it is important to focus on customer experience, so that the customers of a service or a product get the value that they have invested on.

### 3.5.1 Competitive advantage using customer experience

According to Ulrich (1991) there are three traditional means of creating competitive advantage in business (financial, strategic, and technological). (Ulrich 1991)

Understanding customers is commonly seen as a key aspect of business practice for companies to improve their performance in increasingly competitive markets. However, many companies struggle with the role of customers in their business (McGovern et al., 2004; Strandvik et al., 2014). When the customer's opinion is at the center of decision making in business, the service has a better chance of succeeding since it was designed together with the people who are using that service. (McGovern et al. 2004; Strandvik et al. 2014)

There are also other ways of achieving a competitive advantage. Customer experience is one of the alternatives, and it is an effective one, as customer experience is something that can be highly impacted on, and can make a big difference when it's being prioritized.

### 3.6 Double diamond

Double Diamond is a Design Council's design methodology for a design process to have structure. The two diamonds in the Double Diamond model represent a process of exploring an issue more widely (divergent thinking) and then taking an informed action (convergent thinking). The Double Diamond methodology has four core principles: discover, define, develop, and deliver. (Design Council 2021)

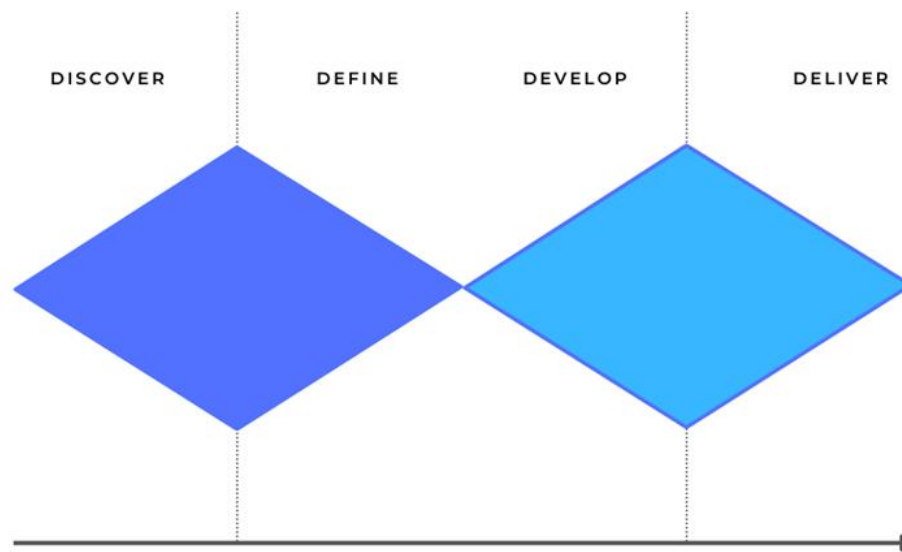


Figure 2: Design Council’s Double Diamond methodology

According to this methodology, the framework for innovation outlines four core principles for making efficient shifts. (Design Council 2021)

The core principles, according to Design Council (2021) are the following:

“Put people first. Starting with getting an understanding of the people who are using a service, their needs, strengths, and aspirations.

Communicate visually and inclusively. Help people gain a shared understanding of the problem and ideas.

Collaborate and co-create. Work together and get inspired by what others are doing.

Iterate, iterate, iterate. Do this to spot errors early, avoid risk and build confidence in your ideas.” (Design Council 2021)

Double-diamond model introduces the term “iterate”. The key to succeeding in creating any service that is beneficial, or a product that keeps customers interested, requires always some kind of collaboration and work. It can be a product development cycle, or it can be continuous service level development for example.

As this methodology can be used to develop services, and identify customer’s needs, it is an appropriate tool to use in this research to gain insights. As previously stated, this thesis aims

to develop a model to ensure business growth by managing customer experience, and a way of finding out the defining factors to do so, is conducting interviews with relevant stakeholders. The goal for the interviews that were conducted as a part of this thesis was to get an understanding from people, who are using the service, of what is and is not important while creating customer experience online. As a part of the interviews photo-elicitation was used to communicate visually and inclusively.

Therefore, it is important to remember that customer experience should also be always topical, since customers are expecting more and more out of the services that they are using and paying for.

#### 4 Development process and research

This chapter aims to describe the development process and the methods used to conduct the research and the development assignment, and to introduce the logic behind the development process. It also visualizes the development process in the timeframe it was conducted in the fall of 2021.

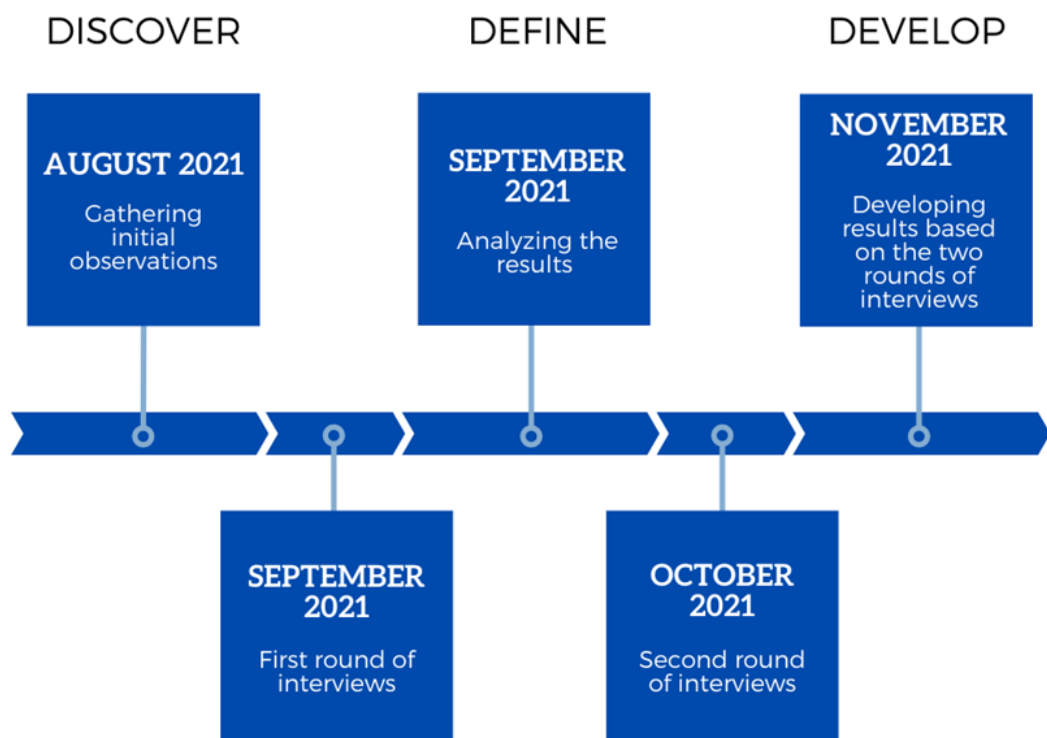


Figure 3: Timeline of the development process



The development part of this assignment is based on a theoretical framework about human centered design and customer dominant logic. These two development approaches were introduced as a part of the theoretical framework. These two methods are used to assist the research and to help develop the model for ensuring the business growth using the management of customer experience.

The development portion of this thesis explains and examines how the model can be formed, and what needs to be involved when developing the model for ensuring business growth. The development process will be introduced, and different phases in a development cycle will be presented giving an overview of how the model can be formed.

#### 4.1 Discover

In this first phase, the goal was to get an overview of the industry, and benchmark the best practices, and examine the topic itself, and to deepen the understanding of the research topic to compare and evaluate against later.

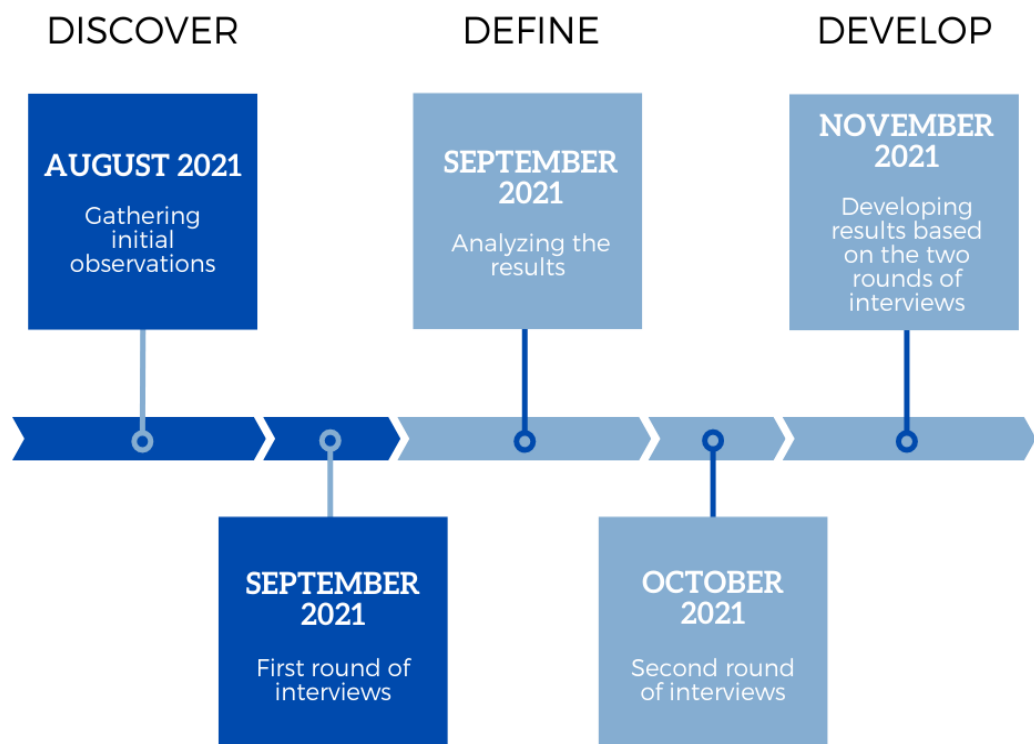


Figure 4: Timeline phase: Discover

Participatory development methods were used as research methods in this thesis. Interviews utilizing photo-elicitation, as well as various information-based materials and their analyzes were used to examine people's behaviors. These participatory development methods have been chosen to be used in this thesis due to the nature of its topic. As the subject of the study is the creating and managing customer experience, human behaviors, it is essential to include customers of the company in this study. The model has been created using the insights gained from the interviews.

As previously mentioned, the goal of this research is to examine a human's behavior, and to understand customers' thought process. Qualitative research methods were a more appropriate choice than the quantitative research method.

Photo elicitation is a visual qualitative research method that increases interaction and thought process in interviews by using visual props, such as photographs or video to drive results in a research process. The visual props are being used to help subjects to give context, drive thought process, and reflect on the topic. (Lauck, Oliffe, Stephenson & Adhami 2021)

Lauck, Oliffe, Stephenson & Adhami (2021) states that the use of photographs can "enrich connections with participants and empower them to be creative and engaged to communicate their insights, priorities, and perspectives." (Lauck, Oliffe, Stephenson & Adhami 2021) Therefore, as a part of this research this visual research method was used as a tool as it provided to be useful to gain more detailed information on the subject of this research. It allowed detailed information to be collected directly from the customers of the service.

The insights gained from these interviews shed light on what the customer sees bringing value to them while using online dating services, and what is important to focus on when creating or developing a service.

#### 4.2 Define

The thesis uses qualitative interviews as a way of seeing what factors are shaping customer experience, and what factors are harmful to the process. This part of the development process defines the needs of the customer, that were established in the discovery phase, and gives a baseline to develop the model for managing in the creation of excellent customer experience.

This part of the thesis was done in combination with the two data collection methods: the insights gained from the interviews, both 1:1 interviews and the focus group interviews, and

combining it together with the theoretical background introduced in the earlier chapters. In short, the purpose of this phase is to define the results gained from the interviews, and make sense of them based on using the theoretical background.

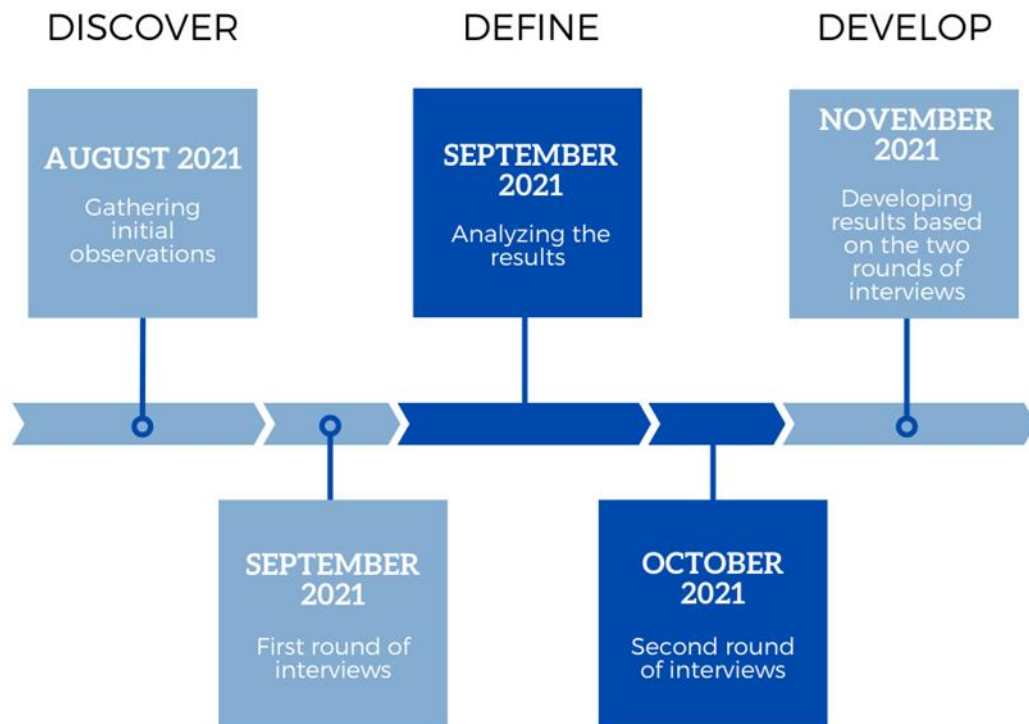


Figure 5: Timeline phase: Define

As a part of this development process, 1:1 interviews were conducted to retrieve and collect data that could be used as a basis of the model that was being built as a part of this research. The subjects were asked to make a list of things that create the feeling of positive customer experience, and list aspects that could cause them to cancel their subscription or start using another service instead. The same methodology was utilized in this define phase, as in the prior one.

#### 4.3 Develop

The purpose of the development process was to find a way to form a model of how to create a successful customer experience that enables business growth. In this phase, the results of the interviews and the focus group were used to develop a model to achieve this.

As part of this process, the co-creation process was used to bring theoretical background, company's interest, and customers interest together to create the model for managing business growth through customer experience.

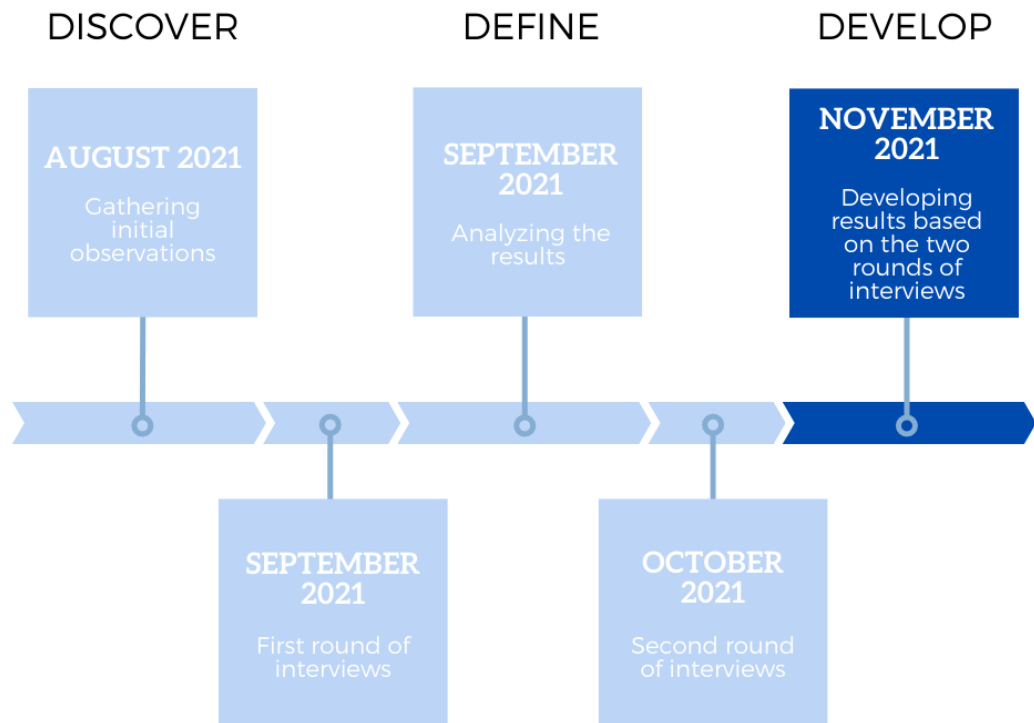


Figure 6: Timeline phase: Develop

The model was formed by tying together the best practices identified from benchmarking, theoretical background, and the themes that arose from the data collection phase. One of the development tools to create this model was co-creation, by ideating with the interview subjects during the focus group session. From those sessions, valid ideas and insights were gained to enrich the existing information gathered in the discovery phase.

#### 4.4 Deliver

The purpose of this thesis was to build a model that can be utilized in business to improve the customer experience to enable business growth. The model was formed by using an online dating app as an example, to create a framework for other online services to gain similar insights about their business and their customers.

This model can be utilized across different industries and businesses, and is therefore a useful tool to start building new services and develop existing ones while also providing an opportunity to develop the model to each company's specific requirements.

Delivering this solution and this model that was created as a part of this research shall be left for further for different service companies to implement and utilize within their operations and business functions. This model can be enhanced and specified based on the services that it is being used to develop or create, and can be used also as a basis of creating a framework for each individual service and their business model.

The delivery of this service shall not be examined more in depth as a part of this thesis research process as the purpose was to develop a model, not test its feasibility in operations of the business. However, the results of this thesis will be used to improve customer experience in the workplace of this thesis' author.

## 5 Development process in a practical level and the results

In this chapter we will analyze the results from the interviews and start to formulate conclusions on how to manage customer experience in a way that is beneficial to the service company's business.

The development process took place in the fall of 2021 with two different days. The timeline of the discover, define, and develop phases is pictured in the figures in the previous chapter.

The insights that were gained from the interviews are following:

- feeling of safety
- finding relevant matches to their searches, and finding meaningful connections across different aspects of their live
- a service that works and is accessible
- a service that is easy to use and doesn't create more stress (as its purpose is to make a life easier.

Business needs the retention of customers, consistent flow of increasing revenue, and services that correspond to the needs of the market, to succeed in market penetration. In order to gain the understanding of the customer, the above-mentioned requirements will be utilized in the model that is created.

## 5.1 Customer interviews

As a tool of data collection, 1:1 interviews were conducted, to obtain useful information of the key aspects for a customer when using a service online. Focus group session was also conducted as a part of the second round of interviews among the same group of people who were interviewed to get the subjects ideating together to discuss about the topic, and to go on creating solutions and insights.

The more specific purpose of the interviews was to:

- Get an overview of what creates a good customer experience
- Map out what and why customers chose those services, and what makes them especially successful
- What are the deal breakers that create decreased satisfaction in customer experience?
- To get development suggestions from the customers to improve services

The customer interviews were conducted in two phases with 8 different people. In the first phase photo-elicitation was used to initiate conversation with the interview subjects and to open a discussion about the topic. There were a couple different examples of services used in this phase.

In the second phase the subjects were asked to find examples of good and bad user experience that they had had in the past. It was encouraged to think about if they had ever experienced superior customer experience, and what they felt had been the key factor in creating it. The subjects were asked to explain the reasons for their decisions. They could freely choose the services they were using as an example.

Most of the interview subjects mentioned that they had experienced excellent customer care when they were in need of help, and they got their questions answered instantly, or within a few hours. After asking additional questions, I also got similar replies from the other interview subjects. From that, there can be a conclusion that customers value presence and immediate responses, when thinking about customer experience. In the interviews another theme related to previous factors was also found: getting answers to their questions when they arise. The interview subjects mentioned that by getting responses to their questions they had asked, it felt that they, as a client, were valued since the service had used their time to help them.

The key insights from the interviews were following:

1. Focus on creating feeling secure when using the service

More than 62,5% of the study subjects mentioned that in dating services online, they value the feeling of a safe environment. The subjects mentioned that it is important for them to be able to, for example, report a suspicious user, and get assurances from the service that they are committed to creating a safe environment for the customer.

## 2. Availability and functionality of the service

In order for the subject to continue using an online dating service, 37,5% of the study subjects stated that they expect the service to be functional and have no bugs in the system. And that they would feel that the experience would suffer, if they would not be able to use the service when they want to use it.

## 3. Reputation of the service

All of the study subjects mentioned that other peoples' opinion on which online dating service is the best, impacts largely in making the choice between which service to use. The subjects also mentioned that they are using multiple different online dating services simultaneously, however, all of the topics said that if a friend has met their partner on a certain app, that they would also prefer to use the same service.

## 4. Easiness and usability of the service

37,5% of the study subjects mentioned that they are using a service that works the best, and has the most up-to-date features. The ease of using a dating app was highly important to these study subjects. They mentioned that finding a partner from the dating app is difficult enough and that at least the app should make it easy to use the app itself.

## 5.2 Benchmarking the best practices

As a result of these interviews, conclusions and recommendations can be made, and best practices can be established. The best practices for managing customer experience online dating services are as follows:

1. Create a safe space for your customers
2. Create value for the customer
3. Develop your services to match your customer's needs
4. Iterate, when necessary, constantly develop your service
5. Listen to your customers and analyze what you hear

These best practices should be used as a part of utilizing the model formed later in this thesis, to concretize the value of the actual model to business growth. These suggestions are best practices and should be adjusted based on the specific company where they are utilized. These best practices in this thesis are based on the snapshot of people's perceptions, opinions, and realizations, and therefore should be developed even further, and modified based on trends and customers' changing demands.

One could argue though, that any online service user will value the feeling of safety, for example to ensure their personal information is safe, and that the company is transparent and trustworthy enough to, for example, insert credit card details to the site. Therefore, this recommendation can also be utilized as a starting point for future development processes.

### 5.3 Identifying problems and opportunities

Customers value time and effort, and they also expect to receive it since they are paying for the service. This was the realization from the interviews, and this was true even when the client was not paying for the service. No matter if the study subject was paying for the online dating service, or not, they still expected quality in service level. Even when the client was using other services than an online dating service, for example, a free version of Spotify, they were expecting an excellent customer experience.

This can create an issue, since customer experience is not always prioritized in business, and non-paying customers might be deprioritized even more. According to Markey (2020), traditional thinking such as putting organizations' needs before customers' needs, and not focusing on having the right kind of capabilities to create value to customers, might be harming the business. (Markey 2020)

As the competition is tough today, customers will leave for a better offer if their expectations are not met, or the value gained is not what they were expecting. The purpose of why the customer has been originally interested in the service, or the need that they are fulfilling with the service needs to keep existing, and customers should be listened to when updating the service offerings. Therefore, it is important to keep the service offering up-to-date, and according to their respective industries requirements.

Value creation is an individual process for each organization, since every service organization has different kinds of offerings and different ways to produce value for their clients. According to Anderson & Narus (1998) customer experience, however, forms often the same way. (Anderson & Narus, 1998). This is to state that no matter what kind of service you are providing, and what kind of product you have created, you still need to think about how the



prospective customers, or your existing customers, experience the service. A middle ground needs to be found in order to keep business growing, and having a steady flow of recurring revenue coming in, and in order to do that, one must have customers.

#### 5.4 Co-creation as a tool for developing the model

Co-creation refers to a participative process to define value that is being created both the customer, and an organization together. The aim of this process is to create meaning and value for both stakeholders. (Ind & Coates 2012) Co-creation is an effective way of getting all the stakeholders to engage and be involved in designing services, and therefore creating a service that is meaningful for both of the parties involved: the organization who is providing the service, and the customer is using the said organization's product or a service. (Ind & Coates 2012)

Co-creation can be used as a part of designing new services. Both the terms co-creation and co-design are used in creative processes, and both emphasize the importance of collaboration. (Sanders & Stappers 2008) Therefore it is a suitable process to achieve a smoother and more suitable experience for the user of a service. Co-creation can therefore be used as a mechanism to build and mold the model in this thesis.

By using a method of co-creation, there can be mutually beneficial business implications, such as better customer experience, and business growth. As there were interviews done as a part of this thesis research, those insights can be used to form this model, and knowing the business key performance indicators, such as securing customer retention, and gaining new customers - a co-creation worked as a tool to achieve this.

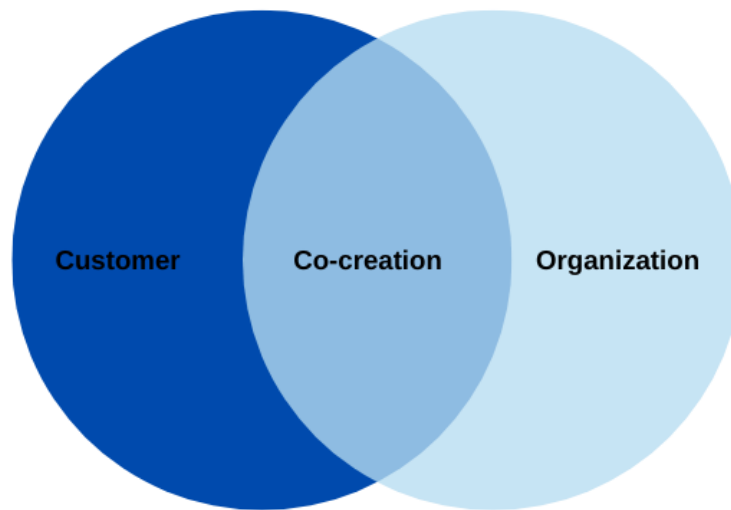


Figure 7: Illustration of co-creation process

According to Business Finland (2009) the customer does not get value solely by the features of the service, but “by their benefits, consequences and effects they generate to the customers life and processes”. (Business Finland 2009) For a service company, the meaning of including the customer in the generation of value should be prioritized. So, the customer should always be involved when value is created. “The company providing the service must understand both the customer process and the relationship between itself and the customer process. Value is created precisely when these processes meet.” (Business Finland 2009) Therefore, we want to find points of contact where value can be generated for both the customer and the organization itself.

To illustrate this process, Business Finland (2009), has produced the following process graph. The process is translated from the process graph developed by Business Finland in 2009 in Finnish to demonstrate the synergies in customer’s and service provider’s processes.

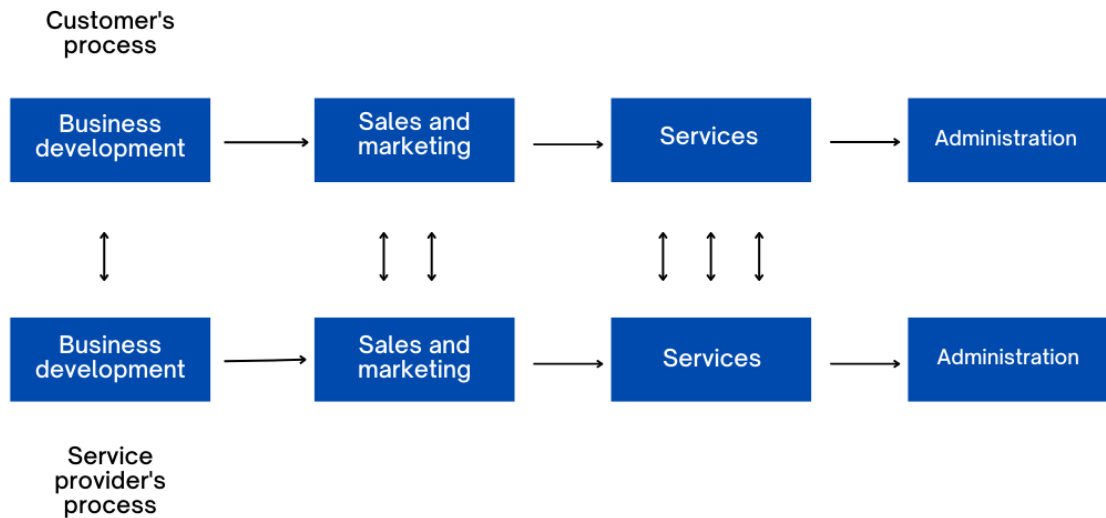


Figure 8: Connection points between customer and service provider's processes

As the processes work concurrently, and are tied to each other, it makes sense to develop these processes together, where they meet each other.

### 5.5 Creating solutions and value for the customer

The customers need to gain value from the service that they are using. And the value is formed in different ways. Customers of online dating services appreciate transparency, the ease of use, and that they are feeling safe to use the service. This was the main conclusion from the 1:1 interviews and the focus group discussion that was conducted as a part of this thesis research process. With endless options that customers have, it is a consumers' market. Businesses need to develop their service offerings to keep relevant and retain their customers. Value creation is the key.

As a part of managing customer experience, trust should be able to create. As trust was a factor that arose as a part of the interviews, establishing trust between the service provider, and the customer of the services, is one solution of creating a successful customer experience. Giovanis & Athanaspoulou (2014) concur this by stating that as the competition is high in online services, the success of the service is dependent on the company's ability to engage with their customers, build a strong relationship, and establish trust. (Giovanis & Athanaspoulou

2014) Therefore, creating a safe environment should come as a priority when developing services.

Same article (Giovanis & Athanaspoulou 2014) also presents that efficiency and reliability of an online service impacts on the customer satisfaction. (Giovanis & Athanaspoulou 2014) As previously mentioned, this theme also was mentioned by multiple subjects during the 1:1 interviews. Thus, it seems to be an important factor to consider when developing online services.

Much like the results of the interviews that were conducted as a part of this research process, a McKinsey survey found that multiple different sectors found that the quality and availability of digital interactions have a significant impact on customer satisfaction. The McKinsey survey polled over 3,600 consumers, showed that companies with expansive digital offerings receive stronger feedback scores. This was true even in sectors such as health insurance that have traditionally been seen as less exposed to the digital trends shaping other business-to-consumer industries. (McKinsey 2020) Therefore, this means that excellent customer experience guarantees return on investment, meaning that investing in customer experience will be worth it.

Customer retention is achieved by focusing on creating value for a client. Customers need to receive some kind of benefit, some tangible experience, a takeaway, to continue to subscribe and pay for the service that they have signed up for. This process needs to be constant, and it needs to be developed so that the customer has something to look forward to, something to follow and keep the attention and interest on. According to Forbes (2020), people want to receive value for the services they have paid for, no matter how much they have paid, or if the service was expensive or affordable - and the expected value must be gained. (Forbes 2020)

“Creation of value for customers is a critical task for marketers, particularly when developing new products and services or starting new businesses” is what Smith & Colgate (2007) state in their article about Customer Value Creation: A Practical Framework. They explain that the customer’s need for receiving value is in a key role to succeeding in keeping the customers feeling satisfied. (Smith & Colgate 2007) They also refer to another author by saying that Ulaga (2003), identifies eight categories of value in business relationships—product quality, delivery, time to market, price of the product, process costs, personal interaction, supplier know-how, and service support”. (Ulaga 2003) It can therefore be said that the value can also mean multiple different things, and that customer value can be a very complex thing to process.

According to Anderson & Naurus (1998) fulfilling customers’ expectations is a vital aspect to succeed in managing customer experience. Measuring the performance is an equally

important part of the process, in order to keep track if those expectations are being met. (Anderson & Naurus 1998)

According to Anderson & Naurus (1998) the company should be able to answer to the following questions about their operations:

- How do you define value?
- Can you measure it?
- What are your products and services actually worth to customers?

The research asserts that most service companies are not able to answer those questions, and that those questions are more important to be able to answer than ever before, due to the hard competition in the industry. (Anderson & Naurus 1998)

Common denominator for managing customer experience is involving customers in the process, listening to them, and using gathered information to plan future initiatives. In order to enable business growth this way, it requires the attention to be directed to creating value for the customer, and keep having that interaction with them on a continuous basis. Each customer and service company is different, and therefore the interaction between the company and customer needs to be continuous.

#### 5.5.1 Model for successful customer experience

Key to succeeding in managing customer experience in a way to create healthy business growth, you need a list of different things. There is not only one way of mandating what creating an excellent customer experience requires, but for the purpose of the development process for this thesis, and for the online dating service case, a model to manage customer experience online includes the following recommendations:

1. Gather customer insights.
2. Innovate and develop your existing offerings to match the needs of the market.
3. Make changes to both internal and external processes, including hiring the right kind of capabilities.
4. Make the development a participatory process, where you innovate with your customers.
5. Create a process where you map out what creates your customer value.
6. Execute.
7. Repeat.

By following these recommendations, you allow maintaining a service offering that is current and relevant for your customer, thus, maintaining a solid customer base, that creates loyal customers that generate more opportunities, and a healthy stream of new customers. Making sure you are developing new offerings, you are able to hold the attention of your customers, and keep up-to-date on the current trends. Customers need to feel that they are seen and heard, and by taking them part of your development processes, you are able to correspond to your customer needs. Customers expect to receive newest solutions that correspond to the current trends of services.

And specifically, for online dating services, in managing customer experience, this online dating company should invest in making customers feel safe, have easy-to-use service that allows the customer to find their future partner. And finally, customer experience is not one size fits for all. Companies' must get to know their customer, and what they want today - and tomorrow.

The model that can be used to help companies should make it easy for the companies to initiate this process of managing customer experience online, and combine what the customer needs, and what the company needs.

To illustrate this model, a process for the model was created. See the figure below that showcases the process of managing customer experience, and the factors impacting it, and the factors that are required to enable business growth in general.

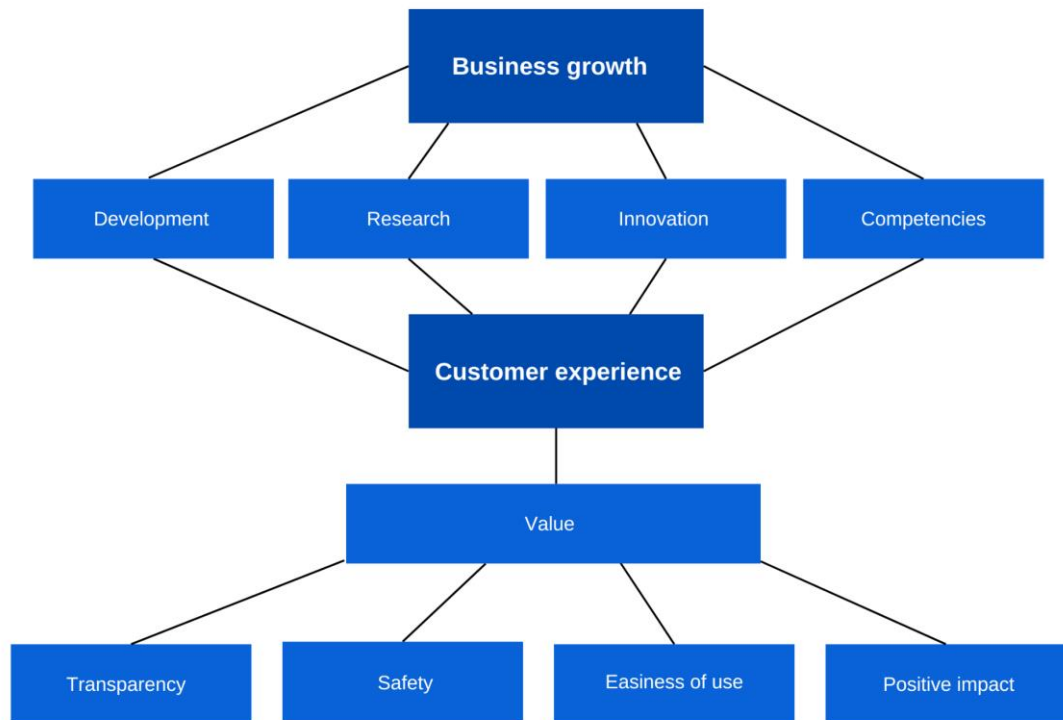


Figure 9: Model to enable business growth and factors influencing the formation of customer experience

The presented model is based on the study topic, which is the model for managing customer experience online dating services, specifically. According to the collected insights, similar aspects are also important in other online services, such as easiness of use and positive impact on life. Transparency and the feeling of safety, however, are specific to online dating services.

The change for the previous operating model, compared to the past model, is recommended that customer experience will be prioritized by adding more interaction with the customer base, and making collecting feedback as a part of future business operations. By doing this change, the company enables business growth using customer experience as a tool.

## 6 Conclusions

Customer experience has an outstanding impact on business growth. Without successful customer interactions, and without sustainably growing the customer portfolio, it is challenging to keep a business going. Companies must be able to retain customers, earn their loyalty, and

in the best-case scenario, have them become the company's advocates and thus generating more business for the company.

We have stated that it is more expensive to get new customers, than to retain the current ones. When customers are happy customers, they spread the word. Therefore, if a service is better than expected, they will talk about it, and therefore it is beneficial to focus on customer experience to enable this process. By investing in customer experience, co-creating with the customers, a company can create value for the customers in a more sustainable way. When they gain value, and the customer experience is successful, customers will retain, advocate for the business, and purchase additional services. Customer retention and acquisition is required to grow an online service business.

The value of providing a successful customer experience to grow business is exponential. When a business is providing a service or a product that a customer is satisfied with, you can see how it is affecting business growth. Good reputation goes a long way, and is spread with word of mouth. Bad reputation and unreliability travels even further. By gaining one's customers' trust and keeping them happy, one can support business growth. Therefore, a conclusion would be that if you keep your customers happy, they will stay and tell others about the service they have received, and therefore, enabling your company to grow.

Current customers want to buy more, or order additional services or features, after receiving excellent customer service, or after exceptional customer experience. Customer advocacy is important, as that generates more business for the company.

Management of customer experience online is a combination of different factors; functional, operational, behavioral, individual. Model to manage customer experience needs to include customers in an extensive way, through the whole development cycle. Including customers to companies' processes can happen for example through co-creation. Customer experience is challenging to manage, as each customer experience is individual, as each customer has their own perception of the world.

Managing customer experience is beneficial to the business. In order to fully succeed in business growth and managing customer experience, it does, however, need other functions to achieve sustainable business growth, such as innovation, development and research. All these functions must be incorporated to the business at a strategic and practical level.

There are a couple themes that occur in both in the theoretical framework, in recent research articles, as well as in the interviews conducted as a part of this research, first of them being successful encounters with the service, or a company who has offered a service, second of them being that the company has gained trust among their clients by offering what they



have promised, and when exceeding expectations. Thus, these two are at the center of building customer experience management model.

Reliability of the model and the conclusions of this thesis process can be affected by the biases of this research topic. The purpose of this thesis is to prove a point, and to support the claim that customer experience does affect business growth. Therefore, the reliability of the research can be endangered. Research methods of this thesis were qualitative as the study topic was about human behavior and how it affects business. Qualitative research methods 1:1 interviews were chosen to be the most natural way of getting observations. However, as the data is limited, it impacts the reliability of the data.

The results of the 1:1 interviews can also be biased as there was only a limited data set of people as a part of this research development. The results could change if a bigger data set would be examined. The snapshot of the results had common themes with the research topic's original assumptions, as well as the theoretical background. This, however, could change when more people would be involved, as there are multiple different ways of reaching people (creating customer experience) and different people react in different ways to external stimuli.

The topic could be researched further, and the first step for that would be to get a wider and broader scope, and conduct more interviews, allowing getting a more in-depth overview of what makes a customer experience.

Biases of the author and the interviewees might also affect the conclusions of this research. Biases, both conscious and unconscious, can affect how a person interprets things. "Bias is seeing something through one kind of lense." (Burdick 2021, 12) This is an important note to make, as the model formed as a result of this thesis research might contain unconscious biases, or even conscious biases. The subjects of the interviewees might have a background in design, or they might have a bad experience, or an excellent one from using this specific dating app - and therefore having a bias that affects how they perceive their feelings about customer experience. This, however, will always be a topic of discussion when involving a human in a research, since according to Burdick (2021), everyone experiences or feels some degree of bias, and makes decisions or actions based on (at least) unconscious bias. (Burdick 2021)

A recommendation can be made that this model for ensuring business growth using customer experience management as a tool, could be enhanced through a trial-and-error process. The model should be implemented, monitored, and then developed further. The model can be utilized, tested, and iterated back after implementing it to different business functions and verticals, and scaled according to different industry requirements. As stated previously, online service business advances at speed. Therefore, it is important to keep updating the business processes and tools, such as this model.

The complexity of each customer insight and actions taken from them, is one of the factors why the development of this model is difficult to fully grasp: there are as many ways of creating a successful customer experience as there are different people in the world. As many consumers there are to reach and make an impact on.

People are different, and therefore what creates value for each one of them, and what they experience is very individual and therefore difficult to foresee. But educated guesses are easy to make after gaining those insights from the customers themselves. Therefore, it is beneficial to spend some time observing one's client base, and create new and improved customer experiences that bring value to your business - and your customers.

In order to fully be able to enable business growth through the management of customer experience, the company must have the right kind of structures in place, be ready to invest not only doing research on your customers, but also by market research, benchmarking, investing in new technology, making structural changes to the organization and internal processes by innovating new - externally and internally.

As a result, you have a company that stays relevant, keeps growing, is healthy, and is interesting to the most important stakeholder group a company can have: the customer.

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