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**STRATEGICALLY DIGITIZING THE  
CUSTOMER INTERACTION PROCESS IN  
HOSPITALITY INDUSTRY**

**Case: Holiday resort Järvisydän**

Master's Thesis  
in International Business

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## 1 INTRODUCTION

Digitization<sup>1</sup> has immensely changed the way that people behave and businesses are run in today's world. According to Negroponte (1995b, 68) we cannot deny or stop the digital age from occurring as each generation will learn to become more digital than the previous one. As individual people increase their use of digitized technologies also companies become increasingly aware of their possibilities in digitization. Similarly as the factories shaped the business operations in the industrial age, the digital infrastructure shapes the business possibilities in the new era (Kulatilaka & Venkatraman 2001, 15).

### 1.1 Creating value through strategic digitization of customer interaction processes in hospitality industry

Perhaps the greatest motivator to digitization is the constantly developing technology which brings businesses and individuals not only improved solutions to their everyday life but also the ability to exchange information easily and throughout the world at the speed of light (cf. Greenberg 2004, 2-3). ICT has been argued to assist in the improvement of the service quality and contribute to higher guest/traveler satisfaction in the hospitality industry (Buhalis & Law 2008, 610). One of the major reasons for growth in the international services trade has been enabled by the information technology (cf. Fisk 1999, 311). Digitization and information technology in general seem to offer businesses the opportunity to create value out of information, products and services, and processes in new ways not known before. If companies wish to keep to the pace of their competitors they need to consider how to use digitization in different activities in order to do their business better and perhaps even gain competitive advantage through it (cf. Hollingsworth & Hollingsworth 2002, 6). This is in line with Zineldin (2000, 9) who argues that companies which are not learning and adapting to new technologies can face painful competition.

In order for companies to adapt digitization in their business strategic steps are needed. A business strategy defines how a business will compete, what its goals are and what policies it will support to achieve the set goals (Harmon 2003, 45). Not every company can and should digitize everything in its business and thus, strategic

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<sup>1</sup> In this research the term 'Digitization' means the process of converting data into digital format and using that data for the benefit of the company. The subject is further discussed in chapter three.

evaluations allow companies to better consider digitizing those activities which possibly bring the best benefit to the business. Digitization can occur in many ways and can be used in several business activities of a company. Companies may choose to digitize not only one activity but several activities in their business supply chain. In this way they can gain more benefits from the procedure and for example become more efficient in their business processes and generate hard to replicate business processes to create possible competitive advantage.

The extent to which digitization can be adapted to a business varies between different industries depending on the type of business in question. Digitization in the hospitality industry<sup>2</sup> is different from, for example, electronics industry due to the service intensity in the business. Hospitality industry is commonly connected to tourism industry where people are transported on a temporary basis from their homes to places where they stay for a while and indulge in a range of pursuits before returning home (Laws 2004, 32). As the main products in the hospitality industry are usually services, where the production and consumption of the product is simultaneous, the companies need to be able to look beyond the core product and break the process into pieces to see their opportunities for development. The type of products, services and processes in the company determine the level to which they can be digitized. Despite of the fact that the businesses in this industry are commonly associated with service businesses, such as hotel accommodation, which cannot be easily digitized, there are however several ways in which these businesses can involve digitization.

Spanyi (2003, 34) argues that the first thing companies should do is instill business process thinking throughout the organization from top to bottom, or else the use of technologies will fail. Strategically concentrating into the Customer Interaction Process<sup>3</sup> (here after referred to as CIP) is one approach which a company can take when considering digitization in its business. When all the steps in the company's customer interaction process are carefully defined it becomes clearer which parts in the business are reasonable and necessary for the particular business to digitize. Digitization in the customer interaction process offers the business, not only the possibilities to increase its cost-effectiveness (see, for example, Stockdale & Standing 2004, 301), but also the opportunity to provide additional value to its customers (cf. Tardugno, DiPasquale & Matthews 2000, 56). After all, the old concept of customer satisfaction still remains to be the key success factor of all businesses in every field. According to Baker and Clark (2004, 19) companies need to continually innovate in order to drive up customer

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<sup>2</sup> In this research with term 'hospitality industry' means mostly service businesses and a range of establishments providing hospitality services such as hotel accommodation, catering services, and variety of supporting services to these main services; such as entertainment. (cf. Gee, Makens & Choy 1997)

<sup>3</sup> The term customer interaction process here means a company process where communication with the customer is necessary. The topic is discussed in detail in the chapter two.

satisfaction. Baker and Clark (2004, 2) note that increasing customer satisfaction and customer retention can lead to significant impacts on company profitability and corporate success. Processes and digitization individually are well known issues but the ways in which companies in the hospitality industry could implement digitization in their customer interaction processes is rarely discussed in previous research. This research thus, provides an approach on this problem.

A lot has been studied in the area of technological and digital innovations (see for example Nicholas & Rowlands 2008; Coussement & Van den Poel 2009; Levy 2001; Hanssens 2002; Paasilinna 2001; Stroud 1998; Weber 2007), however the possibilities and true adaptation of those innovations in the hospitality industry has not been clearly evaluated. Many of the companies in the industry are small and medium sized companies (SME's) that may not have been able to effectively use this century innovations in their business processes perhaps due to the lack of knowledge and resources in the business. For example the possibilities for allowing necessary attention to get familiarized with the available solutions as well as other resources may be of scarce and the suitable innovations to the particular business may be hard to define. Also the particular benefit and solutions offered by digitization need to be ensured in the case of SMEs to facilitate the use of limited resources. This research is dedicated to businesses that wish to gain insight on how real life small and medium sized businesses in the hospitality industry can strategically digitize the customer interaction in their business to gain more efficient running of their day-to-day activities.

Holiday resort Järvisydän is a good example of SME's in the hospitality industry that is seeking for up-to-date digital solutions to the business's customer interaction process to facilitate growth and to increase their competitiveness in the market. Because of limited resources the company managers have widely spread responsibilities and the determination of how to choose the right digital solutions to the particular business may be difficult. Holiday resort Järvisydän was therefore selected as a case company for this research.

## **1.2 The purpose and structure of the research**

The purpose of this thesis is to give the reader an insight to the strategic digitization of customer interaction process in the case company Järvisydän in the hospitality industry. This will be done by answering the below research problem and sub-questions.

Research problem:

*How could the strategic digitization support the customer interaction process in the case company operating in the hospitality industry?*



Sub-questions:

1. *What is the customer interaction process in hospitality industry?*
2. *What can be strategically digitized in the hospitality industry?*
3. *What are the possible hindrances in strategically digitizing the customer interaction process in hospitality industry?*

The research is focusing on digitization of customer interaction processes in hospitality industry and thus, examples of the industry and in hotel businesses in particular are given throughout the research. The words: digital, digitizing/digitalizing and digitization are commonly associated with technical issues where advanced software is needed to create the content suitable for presentation by different devices. Instead of focusing on these ‘technicalities’, in other words how digitization occurs in practice, this research rather brings out the business process context of digitization and thus, gives examples on how digitization can take place in particular business operations. This research is also limited to discuss the various challenges and benefits of digitization although companies should also consider possible barriers and threats involved in the process in implementing strategic digitization in their business. The figure 1 below demonstrates the structure of this thesis.

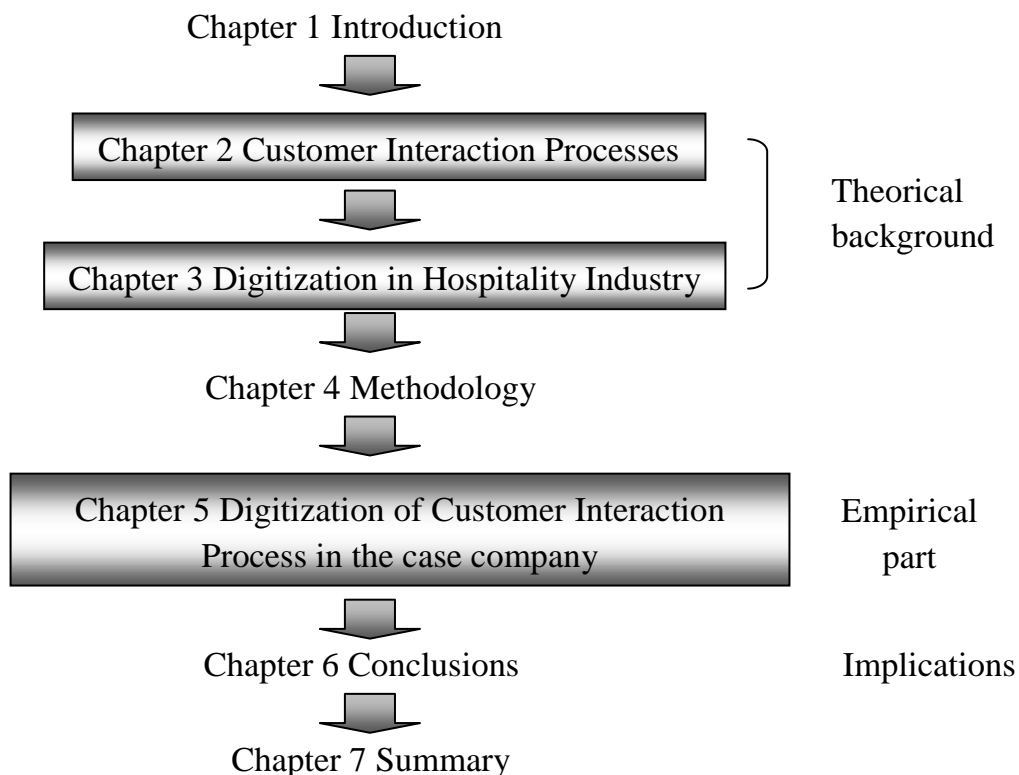


Figure 1 Structure of the thesis

In chapter two the concept of customer interaction processes in the industry is discussed and the suitable approach in which the customer interaction process can be formed is discussed. Chapter three outlines the concept of strategic digitization in the hospitality industry. In the chapter different approaches to the question of what can be digitized in the industry are evaluated and possible hindrances as well as some advantages of strategic digitization are discussed. At the end of the chapter a synthesis is given of the strategic digitization in the customer interaction processes in hospitality industry. Chapter four focuses on the methodology used in this research and thus, discusses the research approach, selection of the case company, data collection, data analysis, and the trustworthiness of the research. In the chapter five the case company findings are described and analyzed. Finally both theoretical and managerial implications are evaluated in the conclusion of the research.

## 2 CUSTOMER INTERACTION PROCESS IN THE HOSPITALITY INDUSTRY

*“The way to drive up customer satisfaction ratings is to continually innovate not only what the organisation does, but also the way in which it does it.”* (Baker & Clark 2004, 19)

High quality customer service is hardly a new topic for successful businesses aiming for full customer satisfaction (cf. Galbraith 2005, 1). This is in line with Bushwell and Williams (2003, 3) who argue that the main strategic issue facing all organizations is achieving customer-perceived service quality. Service businesses, in particular, are generally known as companies which act in constant interaction with their customers (cf. Normann 1993, 17). In the hospitality industry the customer-supplier interaction is very intensive as the main products of those businesses are services which often require the presence of both parties simultaneously (cf. Grönroos 2007, 46; Mäkelin & Vepsäläinen 1991, 10). In order to ensure top quality services companies in the industry can consider looking at the customer interaction as a process which has a beginning and an end. One way of creating these types of processes is blueprinting the events in the total service provision (cf. Bruhn & Georgi 2006, 88). Due to the fact that in the service businesses the customer interaction changes depending on the different phases, the process could be easily divided into different sections. Similarly to any processes in a business also the customer interaction process requires attention from the management in respect to the implementation of such processes as well as measuring and developing the activities involved (cf. McDonald & Payne 2006, 232-233). Each one of these aspects of customer interaction and the overall process are next discussed in this chapter.

### 2.1 The customer – supplier interaction in service intensive businesses

*“The performance consists of guests living an out-of-their-world fantasy, released from the constraints of their every-day/community socially constructed behaviours, within the space administrated by their host...”* (Lashley, Lynch & Morrison 2007, 181)

Choobineh, Fuerst and Wells (1999, 55) note that the first step which a company needs to take when it has decided to establish an interactive relationship with its customers is to analyze the current business process for the communication. One of the ways in which companies can better focus on their customers is identifying their service

processes. A service process can be viewed as the series of activities which can be defined from the customer's point of view, thus the way in which customer makes use of and interacts with the service operations (Kullvén & Mattsson 1994, 19). Those service businesses which are trying to reach the optimal customer satisfaction have the possibility to outline their overall customer interaction as a bundle of events to ensure better quality management. One typical way to accomplish this is thinking the phenomenon as a business process.

Business processes are commonly used strategies to identify different activities in a company (cf. Hannus 1993, 34). A company's core processes are comprised of smaller processes which are formed of different activities in a company. The core processes are commonly presented with the use of a process map. Galbraith (2005, 5) argues that the interaction between the buyer and the seller has been systematically moving to the buyer due to the customer driven marketplace. Service companies can thus, use processing to help better manage their customer relationships. Such processes can be mapped in order for companies to construct a common view of their operations (Kullvén & Mattsson 1994, 23). It is commonly known that particularly large companies use processing as their normal business strategies to keep in track of their operations.

When looking at the customer interaction from the traditional service point of view Berry, Parasuraman and Zeithaml (1988, 35) argue that the service quality is highly dependent on the interaction between the customer and the personnel of the service company. The interaction between the customer and the company becomes particularly apparent in the context of service businesses (Bruhn & Georgi 2006, 17). A variety of different service providers in the hospitality industry strongly fall in this category. Examples of typical service businesses in the hospitality industry are restaurants where the customer and supplier communicate with each other to fulfill the service encounter. The service encounters are often also called as 'the moments of truth' since it is through those encounters which the customers derive their quality impressions about the service (Baron, Harris & Hilton 2009, 69; Cook, Marqua and Yale 1999, 207). Kandampully (2006, 175) states that effective management of service quality is a core management function which essentially determines a company's success or failure in the marketplace. Thus, ensuring high quality service needs to be understood by all service companies and by all personnel within those companies (cf. Grönroos 2007, 51).

The interaction takes place after either party has made the decision to approach the other. The communication of the two parties does not simply mean the transaction between the parties but rather the overall contact efforts. The communication can take place once, but often occurs several times before the interaction comes to an end (Grönroos 2007, 178). The interaction can thus be looked into as a process where several contacts may be done between the parties (cf. Baron et al. 2009, 71). Companies

should attempt to keep the communication with the customers as consistent as possible to make customers to return to the business (cf. Grönroos 2007, 147). Calloway (2005, 19-20) for example points out that companies need to maintain continuous contact with their customers on an ongoing basis in such way that strengthens their relationships.

Although service is intangible it provides satisfaction to the customers through an interaction of one person with another (Balachandran 2004, 2). However, services can also be divided into high and low contact services. In the high contact services presence is necessary and thus, the physical facilities and process are more important. In the low contact services presence is not necessary and the service provider and the customer can be located far from each other. (Balachandran 2004, 207.) Amos, Elson and Griffiths (2001, 65) underline that service needs to be more focused on the individual end-users satisfying the perception and expectation of each customer and providing them with extra value while at the same time enhancing the profitability of the company. In the next chapter particular theories are introduced on how service businesses can outline their customer interaction process for better quality management.

## **2.2 Customer interaction process architecture**

According to Olsen and Teare (1992, 174) to support the overall corporate effectiveness companies should have a fairly comprehensive perspective on achieving both internal efficiency (competency) and innovation. Kullvén and Mattsson (1994, 17) argue that the management control in services must be based on operations, such as a process in order to make visible the activities aimed at customer satisfaction. The first internal alignment proposition in firms' strategic implementation deals with the organization's production/service process, thus the way in which tasks are organized to transform organizational inputs into outputs (Olsen & Teare 1992, 174). According to Harmon (2003, 78-79) "*a process is a sequence of activities that achieved a business goal*". Harmon (2003, 79) argues that a process is comprised of business processes which are large-scale processes, sub processes, and activities.

Generally, a process consists of two main types of activities: operational activities and customer service activities. The first is needed to deliver the service to the customer and the latter indicates the personal interactions between the customer and the service provider. These together influence the quality of the service. (Ramaswamy 1996, 130-131.) In comparison to manufacturing, in the service industry systematic analytical methodologies are less commonly used in designing processes (Looy, Gemmel & Van Dierdonck 2003, 263). Selected approaches to how companies in the hospitality industry can generate service processes in their customer interaction are discussed next. Although there are variety of ways how service processes can be discovered in this

research only those customer interaction processes are considered to best apply in the service intensive hospitality industry. Dividing the customer interaction activities into different phases of a customer visit is particularly suitable model in the hospitality industry because of the service intensity. A more detailed process can be found with the use of blueprinting which is commonly used in process formation in the technological industries. Each of these approaches is discussed in the following chapters.

### *2.2.1 Configuration of the interaction process dimensions*

In the service intensive businesses customers typically physically enter the service providers' premises for the service delivery. The importance of location to a large extent depends upon the nature of the service provided and the type of interaction it sets up between the supplier and the customer (McDonald & Payne 2006, 214-215). Before the service the customer receives or looks for information of the service provider before making the decision for a purchase. Often with the actual service the customer comes familiar with possible additional products and service offering of the company and finally makes the payment for his purchase decisions. Possible after-sales services are also taking place at this stage.

Amos et al. (2001, 58) explain that when a service provider sells a product or service to a customer, suppliers should provide an acceptable environment for the customer before, during and after the transaction. The three stage model of service encounter by Lovelock and Wirtz (2007, 39) provides a rather comprehensive model to further explain this service encounter. In the figure 2 below the three stage model of service consumption it can be seen that three main phases of a service consumption event can be identified. Each of the phases contains two or more steps which are indicated with the bold font. On the left side of the phases the nature of the different steps is argued to vary between high- and low-contact services. On the right side of the phases key concepts are introduced to provide insights which can help to understand, analyze, and manage the different actions taking place.

| High Contact Services  | Low Contact Services   |  | Key Concepts   |
|--|--|--|--|
|  |  | <b>1. PREPURCHASE STAGE</b>  |  |
|  |  | Awareness of Need  | Need arousal   |
| Can visit physical sites, observe  | Surf Web, phone calls, visit library                                       | Information search   |  |
|  |  | x Clarify needs  |  |
|  |  | x Explore solutions  |  |
| (+ low-contact options)  |  | x Identify alternative service products and suppliers  | Evoked set   |
|  |  | Evaluation of alternatives (solutions and suppliers)   | Search, experience, and credence attributes  |
|  |  | x Review supplier information (e.g., advertising, brochures, websites, etc.)   | Perceived risk   |
|  |  | x Review information from third parties (e.g., published reviews, ratings, comments on web, blogs, complaints to public agencies satisfaction ratings, awards) | Formation of expectations  |
| Can visit in person and observe (possibly test) facilities, equipment, operation in action; meet | Primary remote contact (websites, blogs, phone, email, publications, etc.) | x Discuss options with service personnel   | x desired service level, x predicted service level, x adequate service                                 |
|  |  | x Get advice and feedback from third party advisors, other customers   |  |
|  |  | Make decision on service purchase  |  |
|  |  | <b>2. SERVICE ENCOUNTER STAGE</b>  |  |
| At physical site (or remote reservation)   | Remote   | Request service from chosen supplier or initiate self-service (payment may be upfront or billed later)   | Moments of truth, Service encounters, Servuction system, Role and script theories, Theater as metaphor |
| At physical site only  | Remote   | Service delivery by personnel or self-service  |  |
|  |  | <b>3. POST-ENCOUNTER STAGE</b>   |  |
|  |  | Evaluation of service performance  | Confirmation/disc onfirmation of expectations, Dissatisfaction,  |
|  |  | Future intentions  |  |

Figure 2 Three stage model of service consumption (Lovelock & Wirtz 2007, 39)

Explanation of the figure 2 is based on Lovelock and Wirtz (2007, 38-60). In the first phase namely the '*prepurchase stage*' a customer experiences a need to which he then looks for a solution and thus, searches information and possibly looks for advice to find a solution to the aroused need. The person then attempts to identify potential suppliers of the solution and when more than one provider is found the possible benefits and risks are evaluated between the solution providers. (Lovelock & Wirtz 2007, 38-60.)

If the customer already has in possession the information regarding the alternatives he may have a favourite supplier that he is likely to choose again unless there is a compelling reason to do otherwise. The alternatives that the customers consider are known as the 'evoked set' which is referred in the key concept section. These options can be derived from customers past experience and exposure as well as new options from external resources such as advertising, retail displays, news stories, and recommendations from service provider's personnel and other customers. There are three dimensions when evaluating the service before the purchase: search, experience, and credence attributes. (Lovelock & Wirtz 2007, 38-60.)

The search attributes can be explained as tangible characteristics which help the customer understand and evaluate what they receive in exchange for their payment and reduce possible uncertainty or risk associated with the event. The experience attributes refer to attributes which cannot be evaluated before the service and thus, they need to be experienced. The credence attributes comprise of those product characteristics which customers find impossible to confidently evaluate even after purchase and consumption, because the customer is forced to trust that certain tasks have been performed from which benefits will result. Finally, based on the evaluation by the customer a decision is made for the purchase. At this stage the customer has formed certain expectations to the service based on the information which has been reached. Naturally certain trade-offs may have an influence on the customers decision. Such trade-offs can include for example: the price, length, and quality of the service. (Lovelock & Wirtz 2007, 38-60.)

The second phase of the service encounter is the '*Service encounter stage*' which is taking place at the core of the service experience. This stage often includes series of contacts with the service providers and can include activities such as making the order, requesting for a reservation, or even filling an application for the service. If the service in question requires participation from the two parties then personal exchanges between the customer and service employee is needed. In the case of services where no service employees presence is needed the customer may handle the interaction with for example machines and computers. In the service encounter stage the customer begins to evaluate the quality of the service in respect to the formed expectations. (Lovelock & Wirtz 2007, 38-60.)

The final phase of the service encounter is called the '*post-encounter stage*'. At this phase the customer continues the service quality evaluation which leads to possible



satisfaction or dissatisfaction that ultimately affects the customers' future intentions in terms of for example becoming a loyal customer and giving possible recommendations to third parties. (Lovelock & Wirtz 2007, 38-60.)

The time that it takes to proceed from the pre purchase stage to the post-encounter stage varies depending on the encounter in question. Sometimes the purchase decision is easy to make for example because of similar earlier encounters; however, on the other cases the purchase decision involves higher risks which require more considerations. The three stage model of service encounter is applicable to both service events of individual customers as well as other businesses as similar stages can be seen in both interactions. (Lovelock & Wirtz 2007, 38-60.) An example of three stage service encounter in the hospitality industry could be an event where a company is looking for a place to hold a two-day meeting of a group including necessary accommodation and food supply as well as activities for the free time outside the meetings. Once the secretary responsible for organizing the event knows the need their company has he then starts to search for information to find a suitable solution to meet the needs of the company. If there is no previous information, experience or recommendations available the secretary may for example first browse information from potential service providers remotely from the internet and advertising and possibly later call and/or physically visit the site for evaluation of the suitability of the service. Once a preferable provider is found a decision is made for taking the group of customers to the selected location. During the customers' stay in the site the customers make evaluation of the quality of the service attributes against their personal expectations.

The service which the group receives can be two fold. The services can be delivered by the service personnel (e.g. restaurant services) face-to-face to the customers or the services may involve self-service (e.g. accommodation, meeting services, and activities) where the service provider simply offers the premises and necessary equipment. Once the group of customers has left the site the evaluation of the level of satisfaction or dissatisfaction is determined to define whether each of the visiting group members would be willing to visit the site again and whether they would feel comfortable in recommending the site to others. In the case of satisfaction and delight each of the group members may become potential customers, for example, in the best case each of the group members brings another group of people to visit the site. This could bring vast benefits to the business, where as in the case of dissatisfaction the word-of-mouth can be very destructive for the service provider (cf. Bruhn & Georgi 2006, 119).

Silvestro, Fitzgerald, Johnston and Voss (1992, 73) propose that there are three kinds of service processes: professional service, service shop, and mass service processes. The professional services were argued to share the following qualities: they have relatively few transactions, are highly customized and process oriented, with long contact time with the customer, with most value added in the front office, and where considerable

judgement is applied in meeting the customer needs. The mass services include organizations which in contrast have many customer transactions, involve limited contact time and little customization. The offering is mostly product-oriented with most value being added in the back office and little judgement applied by the front office staff. The service shops are a categorization which falls between professional and mass services with the classification dimensions falling between the two other extremes. The number of customers processed by a typical unit per day is lowest in the professional services and highest in the mass services. (Silvestro et al. 1992, 73). The service scholars are increasingly proposing the use of more systematic approaches to designing customer needs into the services processes (Looy et al. 2003, 265). Although other service process ideologies have been suggested in the literature (see, for example Grönroos 1990, 208; McDonald & Payne 2006, 229; Bruhn & Georgi 2006, 73; Laamanen, Moisio & Tuominen 2006, 55), the Lovelock's (2007, 39) three phase theory puts much focus on the customer and it has therefore been chosen as the primary theory used in this research.

Although the typical customers in the hospitality industry are individual customers the interaction can similarly be an event of other businesses that takes for example the form of incentive travel (Gee et al. 1997, 50-52). When the interaction between the two parties proceeds to real time communication the customer, similarly to the example above, is commonly represented by an assigned company agent. Regardless of whether or not the agent is the end-user of the service the service provider must ensure customer satisfaction and give good impression to the one ordering the service for creating customer relationships. According to Amos et al. (2001, 65) new customer-supplier interaction models are required to provide the flexibility necessary to deal with customers in turbulent markets. An interesting viewpoint was taken in the model of customer-supplier interaction by Amos et al. (2001, 64) where the web-enabled communication systems were considered as a part of the customer interaction process. See figure 3 below.

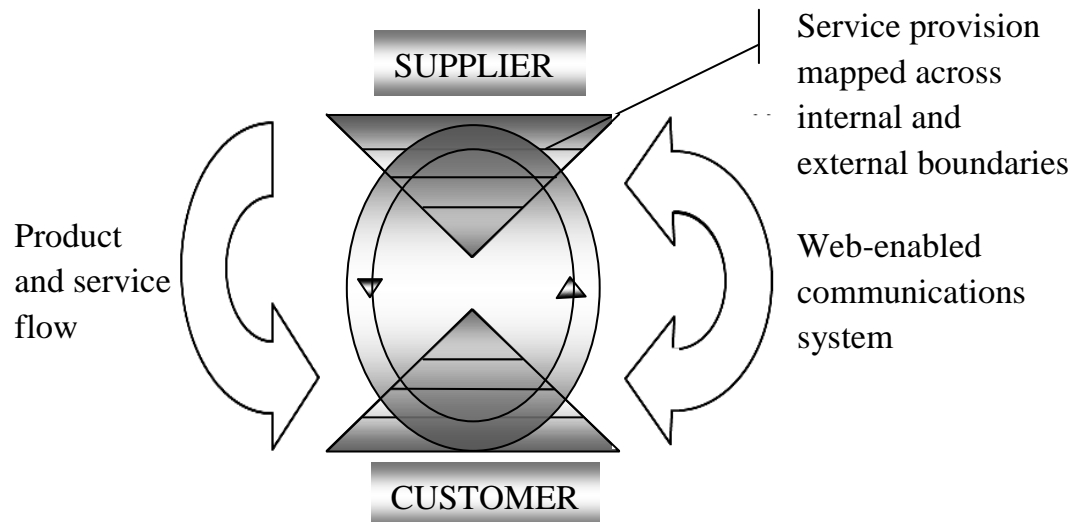


Figure 3 Customer-supplier interaction model (Modified from Amos et al. 2001, 64)

In their figure above Amos et al. (2001, 64) emphasize the need to focus the management closer to their customers and thus the suppliers' organizational pyramid is presented up-side-down while the product and service flow heads toward the customer. The service provision in the model is mapped across inter-and intra-organizational layers improving the flow of products and services to the customer. For greater collaboration between the parties, better understanding and joint, as well as rapid response on the changing market requirements are encouraged with the use of web-enabled communication links. (Amos et al. 2001, 64.)

### 2.2.2 *Employment of blueprinting in the service process design*

When companies wish to pinpoint the detail activities in the customer interaction processes a systematic approach is needed for identifying the design. Blueprinting<sup>4</sup> offers an effective way to do this (cf. Bruhn & Georgi 2006, 88). According to Polonsky and Sargeant (2007, 460) the term blueprinting means mapping the actual experiences and interactions which can be compared to the ideal operation of the service exchange. Blueprinting includes diagramming the process steps in a service operation bringing in the complexity and points of divergence of a service organization. With blueprinting companies can better understand their service delivery process and it helps managers to analyze alternative ways for delivery systems. (Olsen & Teare 1992, 203.) In addition,

<sup>4</sup> The methodology was originally developed by G. Lynn Shostack in 1984 to systematize the description, documentation and analysis of service processes.

service blueprinting shows the interactions between the customers and the service process activities which can be represented through visual flow-charting (Ramaswamy 1996, 31). Bitner, Morgan and Ostrom (2008, 67) note that blueprints are the first and foremost customer-focused, allowing companies to visualize their service processes, points of customer contact, and the physical evidence associated with their services from their customers perspective. In this research the focus is put on the actual customer service activities of a service process, however some of the activities in the ‘backroom’ service operations are also considered necessary because they too may require customer interaction to a certain extent.

In the figure 4 an example is made of the process blueprint of a customer having a dinner in a restaurant. It can be seen that the blueprint diagram is visually showing the main activities in the process.

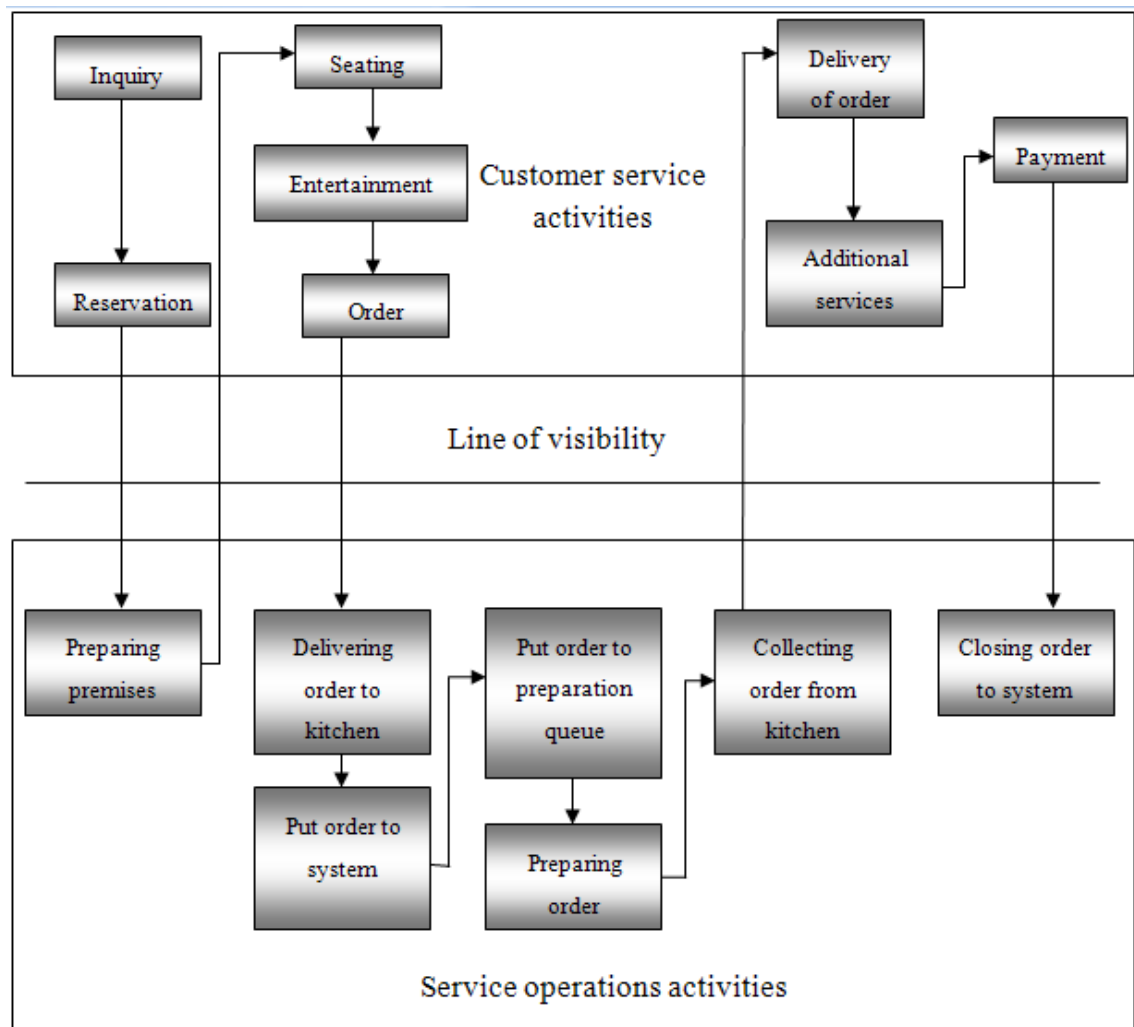


Figure 4 Process blueprint of a dinner in restaurant (Modified from Ramaswamy 1996, 135)

A division is made with the line of visibility to indicate those activities which are visible to the customer in the service process and the activities that are performed in the backroom operations to fulfil the customer demand. When the arrows cross the visibility line the internal outputs of the organization become visible to the customer. The steps at the customer service activities side enable the customer to form strong impressions of the quality of the service as the customers compare the perceived quality of the process outputs with their expectations of personal, satisfying service experience. The same points allow the company to provide exceptional service to delight the customer, however, also carry the risk of disappointing or dissatisfying the customer. (Ramaswamy 1996, 134-135.) Similarly to the example above the blueprinting method can be used to architecture any of the company's processes. With the use of this method service companies are not only able to assess their interaction with their customers, but also identify any defects in the quality of service provided, and take corrective action in areas where interaction or internal operations were not operating as anticipated (cf. Polonsky & Sargeant 2007, 460; Bruhn & Georgi 2006, 93; Ramaswamy 1996, 134). Although the flow chart in service blueprinting offers more comprehensive picture of the steps in the process the three stages model is exploited in the coming chapters of this thesis because it emphasizes the steps in the actual customer interaction at different levels of the service encounter in line with the objectives of the research.

### **2.3 Managing successful customer interaction processes**

*“As customers have become more knowledgeable with greater buying power and now more importantly greater choice, if they do not get the service that they expect they are likely to go elsewhere.” (Amos et al. 2001, 59)*

Based on a view of an organization as a system of interlinked processes the process management involves concerted efforts to map, improve, and adhere to organizational processes (Benner & Tushman 2003, 238). It is thus necessary to ensure: that correct decisions are made, that they are carefully implemented, that the quality of performance is ensured, and the process is developed to the necessary standards for value creation. Management of customer interaction processes demands extra control because it has a straight impact on the customer satisfaction and thus, the organizational performance. Without some means of monitoring, controlling and reviewing the programs it is impossible to ensure that the short-term strategies are working and leading towards the long-term objectives (McDonald & Payne 2006, 233). Ramaswamy (1996, 27) provides a model where such control of service process can be achieved. The figure 5 below -

service design and management model emphasizes the process management of service businesses which could be well utilized by companies in the hospitality industry.

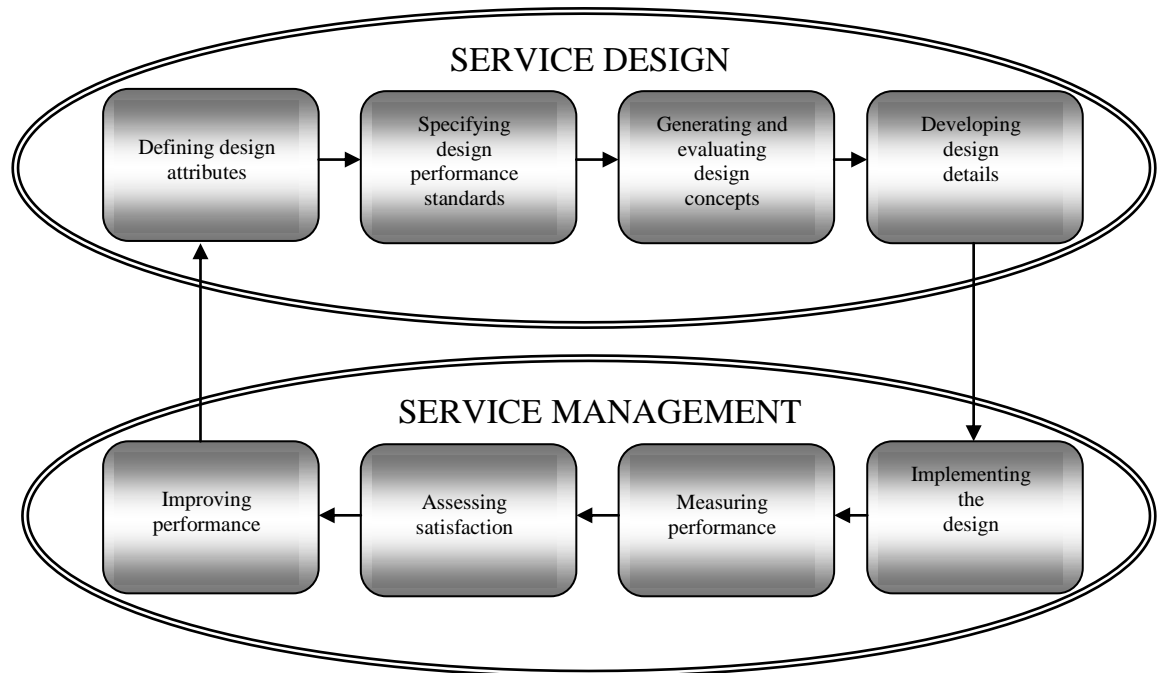


Figure 5 The service design and management model (Modified from Ramaswamy 1996, 27)

There are altogether eight stages in the figure where each stage is advised to be viewed as phases with several activities taking place sequentially or simultaneously through the life cycle of the service. The life cycle becomes to an end when the market conditions, the competitors, the technology, or the customer base change to the extent to which the current processes become obsolete and new designs are needed. In this case the design process is started all over again. The design of new processes should be a continuing activity and new designs should be formed smoothly before the old ones lose their effectiveness. (Ramaswamy 1996, 26-27.) To put these elements together the management of customer interaction process implementation as well as measuring and improving the performance therefore becomes necessary. Both issues are next discussed separately.

### 2.3.1 Managing the implementation of value-adding customer interaction processes

*“Often, the service management team is only assembled several months after the service is in operation, or only in response to a problem or a crisis. By this time, it is too late to make strategic or forward-looking*

*improvements to the service, and all the energies of the service management team are taken up in fixing the parts of the services that do not work.” (Ramaswamy 1996, 34)*

In the process implementation a good management system is the key to assuring that the new process is in fact implemented effectively (Harmon 2003, 161). When companies consider the implementation of a planned strategy a specific implementation plan becomes necessary. According to Day (2003, 77) superior customer-relating capability is a function of how a business builds and manages its organization. Implementing processes in a business requires full attention from the management but when done successfully it provides the company with possibilities of greater engagement to their customers. According to Laws (2004, XV) successful organizations provide profitable services which their customers enjoy and to which they return to as loyal customers knowing what standards of service to expect. Buswell and Williams (2003, 19) state that companies should never be satisfied with what they are delivering to their customers and thus, constantly strive to do ‘better’ to meet their customers needs. Harmon (2003, 110) argues that process thinking stresses only a portion of the overall system of the organization which produces a specific set of results. According to him the key is to think about the entire process or to understand how a specific process fits within the larger process and ultimately with the company’s value chain (Harmon 2003, 110). There are many things that managers can do to mitigate dissatisfaction with tourism services by systematic, customer-focused approaches to the design and delivery of the company’s services (Laws 2004, 6). The management of successful customer interaction processes means not only the implementation of these new, more detailed processes but also ensuring that the performance continues at the intended level. Focus at the implementation stage allows fewer mistakes while results requiring improvements can be tackled at point to improve efficiency.

In the implementation plan the companies set objectives for the process which are typically in line with the more general company mission (McDonald & Payne 2006, 81). When implementing a process the management focus should be ensured with the implementation of a management plan including decisions on how the process will be managed, monitored, and improved. Many companies fail to cover the monitoring and controlling phases because they have been weak at setting quantifiable objectives in the first place (McDonald & Payne 2006, 233). According to Harmon (2003, 165) in process-oriented organizations the essence is to shift the ultimate managerial responsibility for managing the process to such an individual who can comprehend and take responsibility for the entire process. By doing this companies can ensure efficiency and focus required for the process integration (Harmon 2003, 165). Similarly to any project, the strength and leadership of the project manager has a direct bearing on the

success of the project team (Tartugno et al. 2000, 16). It is therefore necessary for the company management to identify who (the management team) is responsible for the process and thus, assigning tasks and setting expectations can be solutions for successful value creation for the business. Also involving other employees working with the process may influence the success of the outcome.

### ***2.3.2 Measuring and improving for award winning performance***

The design and development of customer-supplier interaction models is today possible with the use of technology (Amos et al. 2001, 65). Continuous improvements are needed to keep in track with the latest developments which are created for improved performance. Ramaswamy (1996, 27) argues that an integral part of the service management strategy of a firm should be the development and introduction of new services and enhanced processes. The ultimate reason for process development is the value creation that it is believed to deliver to the business. To ensure continuous value creation managers need to support ongoing development of the process as it is not worth running old processes which do not meet the necessary demand for quality performance.

Standardization<sup>5</sup> is one way that companies can use to manage parts of their business processes. Olsen and Teare (1992, 175) note that companies must find appropriate forms of standardization (the extent to which similar work activities are performed in a uniform manner) to cope with internal variations – such as increasing needs to differentiate itself, as well as to cope with external variations – caused by increasing instability of how different external stakeholders are acting. On the other hand Olsen and Teare (1992, 205) argue that because of increased standardization many customers are looking for more personalized services which provide opportunities for individual companies or small chains of unique operations. Kullvén and Mattson (1994, 14) speak for standardation by arguing that the essence of traditional management control has been to observe performance against predetermined standards. They argue that following six steps describe the management control loop:

- Goals are utilized as performance measures
- Standards are defined
- Outcome is compared with standard
- Deviations are analyzed
- The manager takes corrective action
- Step three is repeated

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<sup>5</sup> Standardization means automating a set of manual or predominantly manual processes to enable the business to deliver value to their customers (McGlinchey 2009, 10).



In other words the resources used and output achieved in carrying out the business operations are defined (Kullvén & Mattson 1994, 14). Due to growing individualization demand and increasing competitive pressure to decrease costs companies are facing the need to adopt strategies which embrace both a closer reaction to the customers' needs and efficiency (Piller 2002, 1).

The figure 6 below puts together all the parts of planning a process, controlling a process and finally executing a process. In the figure it can be seen that the manager is responsible for setting goals and expectations, planning the process or activity, providing resources and staffing, monitoring its outcomes, and taking actions if the outcomes deviate from the established goals.

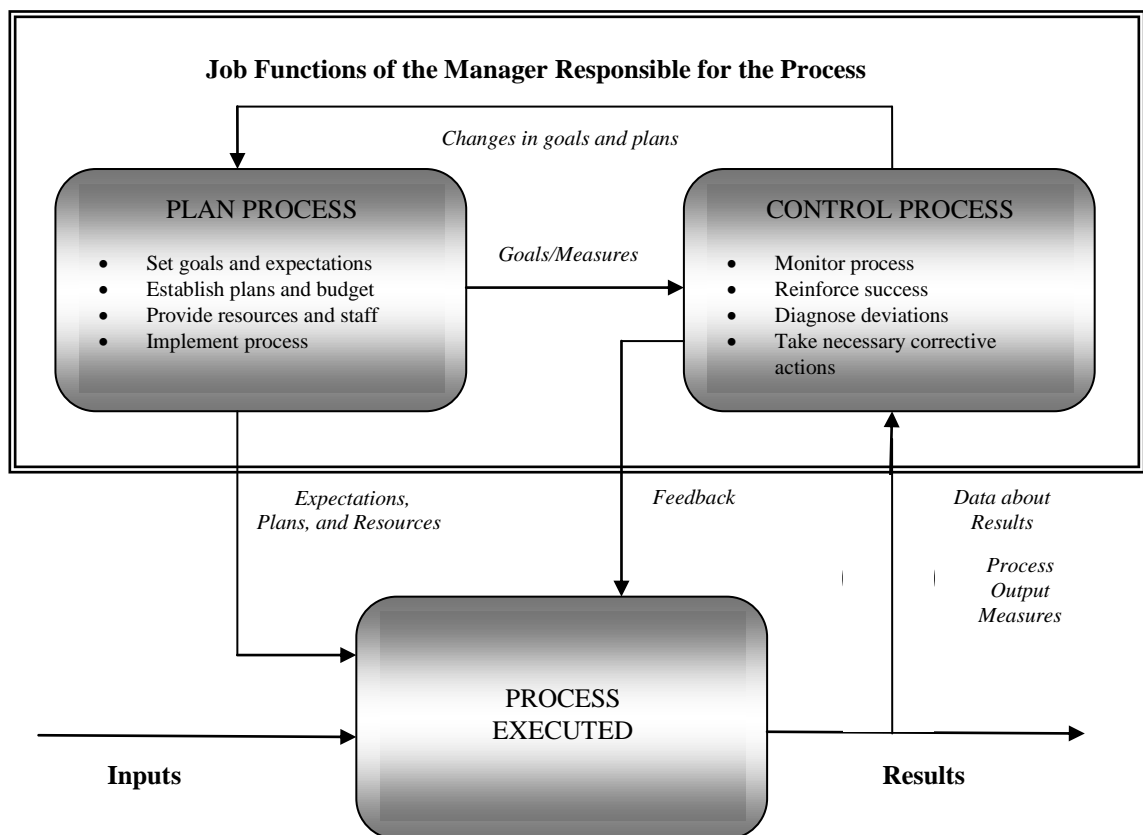


Figure 6 Process management (Modified from Harmon 2003, 163)

In the *process planning* phase starts by assigning a process manager who fully understands the process. The process manager is selected to ensure that the process is as efficient and productive as possible. The managers make a description of the process scope and definition of its goals or outputs. When the process itself is defined and jobs and tasks are understood the manager then establishes a budget. While doing the budget considerations need to be made over the space and resources required for the process, people or hardware needed, and plan for how the process will be established and

maintained. Once budget and plan is completed the manager starts to implement and maintain the process. In the *process execution* phase the matter which the process concerns (whether done manually, by software systems or machines, or a combination) is not of relevance in respect to the nature of the managerial tasks. In all cases the manager needs to plan for the process and monitor it as well as take corrective action when the process is not producing adequate and timely results. In the *control process* phase the manager gathers data about the outputs or results of the process. Here the manager turns goals into particular measures and then gathers the data to see if the measures were achieved. When the outputs or results are successful managers can reward and sustain the sub processes, activities, and individuals responsible for the success. In other case reasons for deviations need to be determined. Where change is needed, preventive and corrective actions are taken to assure that measures are met in the future. (Harmon 2003, 163-164.)

Business process automation means the use of computer systems and software to automate the process (Harmon 2003, 459). Kandampully (2006, 178) argues that the global nature of hospitality businesses demands companies to interact with their customers and business partners using information technology across international borders. Modern technologies provide ways to manage today's business processes more efficiently and may increase the interaction with the customer if used correctly. According to Reponen (2003, 3) the key factors in future competition are the new options to organize inter organizational connections offered by technology. Because of technological advancement in recent years also in the hospitality industry new types of strategic steps can be taken to manage the complex customer interaction processes. Choobineh et al. (1999, 54) argue that, for example, marketing professionals are looking in the application of information technology to be able to establish effective one-to-one customer interactivity with the purpose of increasing customer satisfaction. Buhalis and O'Connor (2005, 7) highlight that successful use of ICT requires innovative management that constantly reviews developments and adopts suitable technological solutions in order to maximize organizational competitiveness. Although the traditional product innovation tools tend to emphasize the design on tangible and relatively static products with physical properties it can also be adapted to intangible services (Bitner et al. 2008, 66-67). Olsen and Teare (1992, 17) provide a table introducing an extensive list of technological advancement applicable to the hospitality industry. The table 1 below introduces not only areas of customer interaction but also technological advancements in other areas which can help or even replace some activities in the companies.

Table 1 Areas of technological advancement and examples of important innovations in the hospitality and tourism industry (Modified from Olsen & Teare 1992, 17)

|   |   |
|---|---|
| Communication                               | Computerized reservation systems (CRS) linking airlines, hotels and car rental structures, fax machines, bitnet, tele-net, modems, LANs (local area networks), telephone systems and voice mail, electronic (E-) mail, point-of-sale, touch-screen ordering, computer screen communication programmed in various languages, voice recognition, note-pad/stylus computers, video-conferencing, high-density television (HDTV), interactive television, cellular phones |
| Transportation                              | High-speed and magnet levitation trains, Concorde, Airbus, 'smart roads', infrastructures such as the English Channel Tunnel  |
| Safety and security                         | Electronic key access to hotel rooms, credit-card locks, biometrics (i.e. identification of hand, fingerprint, retina needed for room access), digital keypads, fire protection systems, infrared sensors, closed-circuit television security systems   |
| Food and nutrition                          | Biotechnology, genetic engineering, seed vaccination technology, pharmacological foods, fat-free foods, non-nutritive sweeteners, artificial foods, research to eliminate use of pesticides   |
| Computers and software/electronic equipment | Computer centers and PCs in hotel rooms, debit or 'smart card' technology, videotext, interactive computer technology, 'smart hotel rooms', integrated property management systems (PMS), information systems, artificial intelligence, decisions support systems, database applications, yield management, increased interface between systems, computerized ticket dispensers   |
| Robotics                                    | Increased use of robotics and automation in airline catering and hospital foodservice, sensor fusion technology   |
| Energy                                      | Management-controlled computer-aided technologies for electricity and water conservation in hotels, customer-controlled in-room consoles to control comfort level   |
| Layout and design                           | Food courts, kiosks   |
| Equipment                                   | Greater variety multipurpose foodservice equipment, point-of-sale foodservice and hotel technologies, handicap access   |
| Packaging                                   | Controlled and modified atmosphere packaging (CAP and MAP), biosensors, interactive packaging, environmentally friendly and functional packaging, 'edible' cellulose packaging, reusable containers   |

These examples of technological advancement provide solutions which companies in the hospitality industry can utilize for automating different process activities. When a company has decided to use automation in certain activities it usually turns the actual software development to an appropriate IT provider (Harmon 2003, 149). In this thesis the technological advancement is expected to be successfully utilized in the customer interaction processes. The chapter three takes a multifaceted view on what can actually be digitized and thus, automated for more effective solutions in the industry. The theoretical synthesis in the next chapter summarizes the theoretical findings from the entire chapter 2.

## 2.4 Synthesis for customer interaction process

The figure 7 displays the overall picture of the theoretical implications of chapter 2.

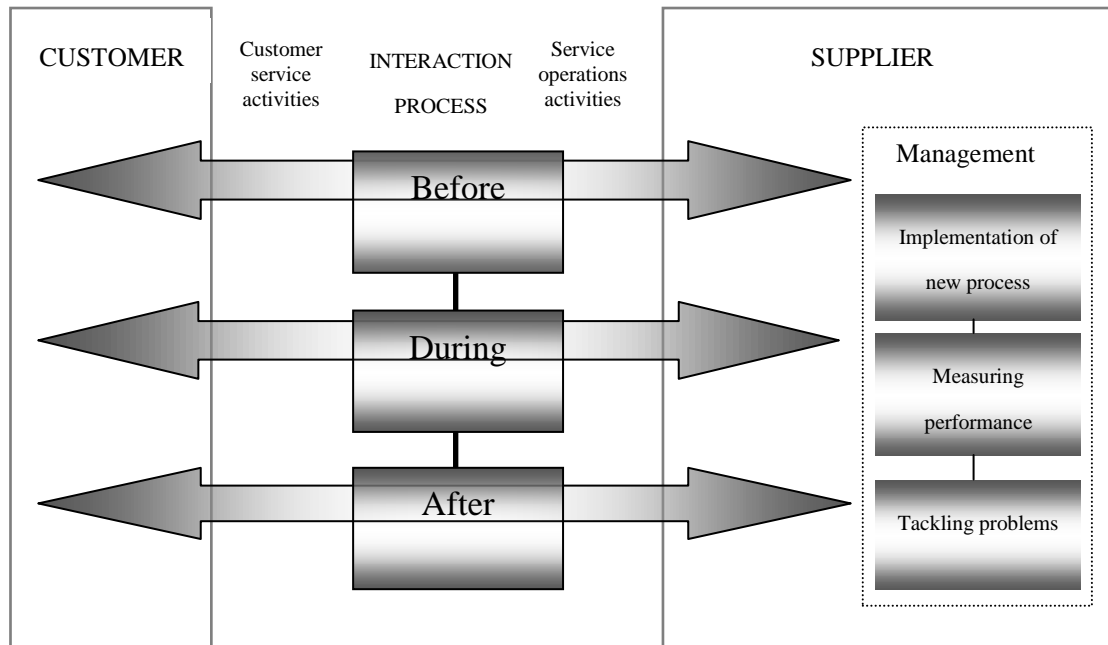


Figure 7 Chapter 2 synthesis

The synthesis figure above combines the interaction between the customer and the supplier, the architecture of the customer interaction process, and the management of the overall process. The interaction occurs between the customer and the service provider and can be initiated from either party approaching the other depending on the activity in question. The activities can be the interaction between the customer and supplier in the customer service situations as well as cause potential interaction during the service operations activities which are more generally performed by the supplier. After decisions are made for certain processes the management starts by implementation of the process and continues with measuring the different steps of the process performance. Through such identified processes companies are able to pinpoint particular inefficiencies and tackle them for 'award winning' performance in the future. The accelerating and synergistic interaction between tourism and technology has caused fundamental changes to the hospitality industry and perceptions of its nature are forced to be changed (Buhalis 2008, 609). This interaction is considered more in detail in the next chapter where the possibilities for utilizing the technology in the customer interaction processes are discussed.

### **3 STRATEGIC DIGITIZATION IN HOSPITALITY INDUSTRY**

One of the great reasons for growing competition in different industries is the emergence of new technologies which allow companies to perform better in different business activities (cf. Hollingsworth & Hollingsworth 2002, 6). Many of those new technologies involve the use of digital data which can be used to control the information for the benefit of the user. Although the demand in the hotel sector is increasing also the supply of hotel rooms is increasing even faster which propose the need for digital solutions (cf. O'Connor & Frew 2004, 180). The items that can be digitized are infinite and thus, strategic decisions are needed to draw the best possible value from the investment. Strategies as plans deal with the ways of how leaders try to establish direction for organizations to set them on predetermined course of action (Ghoshal, Lampel, Minzberg & Quinn 2003, 9). Strategic management is a way to make considered decisions also in the hospitality industry. Jogaratnam and Law (2005, 178) note that a new challenge for hotel managers in the 21<sup>st</sup> century is the way to integrate new, complex and varied services and IT systems into their existing business operations. The most innovative ideas to integrate technology in a business are often those that are based on understanding of how customer needs can be effectively satisfied (Ives, Piccoli & Spalding 2001, 45). Due to the need for grasping and exploring the customers needs the ICT in service-intensive organizations is playing a much more powerful role than before (Huizenga, 2004, 160-161). Keeping the perspective at the hospitality industry different viewpoints to what can be strategically digitized in the hospitality industry is discussed in the chapter 3.1. The chapter 3.2 focuses in the industry specific implementation. In chapter 3.3 the possibilities for reaching business benefits through digitization in the industry is discussed. Finally in chapter 3.4 a synthesis is drawn for the overall strategic digitization in the hospitality industry.

#### **3.1 Different approaches to what can be digitized**

Before it is possible to describe what can be digitized it is first necessary to understand the term digitization itself. The definition of digitization in its simplest form can perhaps be explained as: The conversion of analog media into digital form (See, for example, Puhakainen 2001, 47). Similarly to previous, TechTarget (2008) defines digitization as:

*“...the process of converting information into digital format. In this format, information is organized into discrete units of data (called bits) that can be*

*separately addressed (usually in multiple bit groups called bytes). This is the binary data that computers and many devices with computing capacity can process.’’*

According to Negroponte (1995a) the best way to describe the concept of being digital is to replicate it to the difference between bits<sup>6</sup> and atoms<sup>7</sup>. When for example the structure of a bit based text is digital the information in it can be reordered, sentences can be further explained and words used can be given definitions on the spot. (Negroponte 1995a.) Naturally in atom based text, such as text in a physical book, cannot - at least today, be treated in the same way. Piller (2002, 10) argues that ‘digitizability’ describes the extent to which functions relevant to a customer can be fulfilled with the use of information technology only. Puhakainen (2001, 50) takes an interesting perspective to outlining what can be digitized by looking at the process from the distribution point of view. In this perspective he proposes that products could also be divided on the basis of the potential ability to deliver the whole product or part of it via the digital networks. The image that consumers have over a company can also be digitized by involving electronic marketing in the business. Several items and functions in a company’s operational environment can be digitized when looking at information, products/services and processes taking place in the business. By transforming products, services and processes into digital information they become accessible by different mediums through which companies can gain benefits to their business. (Puhakainen 2001, 50.)

### ***3.1.1 Digitizing information***

Information has become a strategic resource of a hotel business which can be used effectively in seeking competitive advantage within the companies (Camisón 2000, 127). The ways in which information can be utilized in digital format is thus necessary to discuss. The use of digital information smart cards has become a popular issue in recent years (Rinne 2002, 15). Rather commonly today a hotel customer receives an electronic keycard to the room instead of a traditional key. The value that these keycards provide is that the hotels no longer need to worry about forgotten keys and finding the right key when needed. The secret of a keycard lies in the information stored within it. According to many researchers data and information are items that can be digitized (See, for example, Bichler & Loebbecke 2000). Shapiro and Varian (1998, 3)

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<sup>6</sup> The technological term ‘bit’ is a digit in the binary number system and it can have two values, 0 or 1 (Bolton 2008). Bits are commonly present when using different digital devices.

<sup>7</sup> In this research with term ‘atom’ means items that take physical form and that cannot be fully digitized.

in turn point out that essentially anything that can be represented in bits (thus, items that can be digitized) is information. Companies and individual people today are daily converting information into digital format without really even thinking about it anymore and are consequently involved in digitization (cf. Leppälä, Kerttula & Tuikka, 2003, 19).

The digital information is commonly stored to computer hardware and external memory devices such as hard discs, digital video discs (DVD), memory sticks, and the like (cf. Beekman 2003, 5). How the digitized information is subsequently used depends on the user. It is argued in the literature that most businesses store huge amounts of textual information in large databases but hardly use them in their day-to-day analysis (Coussement & Van den Poel 2009, 6132). The internet which transfers the digital data is an important media that allows the hospitality operators with an unprecedented ability to communicate directly with their customers (Ives et al. 2001, 38). The internet acts as a distribution channel for products which are mostly information (Afuah & Tucci 2003, 35). According to Buhalis and Law (2008, 611) the internet has become one of the most influential technologies which have changed the travelers' behavior. An important quality of digitized information in the internet is that it is available to be used universally by several users at the same time (cf. Balachandran 2004, 114). In businesses such data could be vital piece of information which may be useful to some other person than the one in possession of the data. Thus, one of the major qualities of digitized information is its independency of the physical form, location, and the time when the data is wanted to be viewed (cf. Beekman 2003, 13).

When digitizing data and information it logically becomes exploitable by different technologies such as the internet, intranets<sup>8</sup>, electronic data interchange (EDI<sup>9</sup>), software, tracking devices, etc. which may enable more efficient use of the available information (cf. Zineldin 2000, 13; Hollingsworth & Hollingsworth 2002, 112-113). Shapiro and Varian (1998, 8) for example point out that technology is the infrastructure which enables the possibilities to store, search, retrieve, copy, filter, manipulate, view, transmit, and receive information. Company web pages are a common form for sharing and exchanging digital information both in and outside of an organization (cf. Brinck, Gergle & Wood 2002, 3). Web page feature is also the function of how most organizations get started with web services (Barry, 2003, 73). It is argued however, that with the exception of large hotel chains, most hotel web pages have a limited range of functions, such as promotion and point-of-sale and only few of these businesses are exploring other potentialities, such as support tool for customer relationship

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<sup>8</sup> Intranet is a medium through which for example organizations can internally exchange information (Zineldin 2000, 13).

<sup>9</sup> EDI is a technology for facilitating information exchange between channel members such as suppliers, manufacturers, and retailers (Zineldin 2000, 13).

management (Schmidt, Pizzutti & Cantalops 2008, 504). Another, perhaps more advanced example of digitizing information in a hotel business could be gathering data of each customer visit, which software can later represent in the form of statistics. This kind of system allow the hotel to track particular customer preferences and use them to facilitate sales in the future (cf. McStay 2010, 34). An example of digitizing information in the backroom activities could include gathering data of stock items in order to better manage the inventories and therefore better serve the customers.

In order to bring out value from storing digital information companies should concentrate on collecting *useful* information and storing it in a way easily accessible by the users. Greenberg (2004, 66) notes that the value in for example recent Customer Relationship Management (CRM) applications lies in the ability to collect and store data in a single database which is available for example to sales, marketing and support personnel in a single view. Greenberg (2004, 66) continues that such systems provide information to the user about the customer which allows user to ‘know’ the customer and plan action according to that personal information. When collecting and digitizing information businesses should coordinate their resources on such data which has most potential in bringing further value to the business. Shapiro and Varian (1998, 2) bring forward, yet another important quality of digitized information, which is in their words: ‘*costly to produce but cheap to reproduce*’. In practice this means that for example when a marketing department of a hotel prepares an offer for a conference package, the company may end up using a lot of resources on making the first offer but is, however, able to reproduce (when previous stored and modified) such an offer with much less resources in comparison to the first one. To some this quality of reproduction may sound obvious but the true issue here is taking advantage of this quality and imitating such practices throughout the business processes, is where the value becomes apparent.

### ***3.1.2 Digitizing products and services***

Today a lot of customer service is being delivered with the help of technology (cf. Haasio 2008, 14; Coupey 2005, 77). Much of the technology-delivered service is initiated and performed by the customer and involves no direct or indirect contact with the representatives of the service provider (Steinbock 2005, 56). Different devices that enable the use of digital information can also be suitable for delivering many products and services or their parts which can be either fully or partially digitized. Negroponte (2000, 58) notes that when industries consider their role in the future of the digital world almost 100 percent of that future is driven by the ability to render the companies products and services into digital form. According to Barry (2003, 61) in the future it is entirely possible that the use of web services will introduce revolutionary ways of using



the internet for commercial and personal purposes. In the past all products and services were done manually which used to require the presence of at least the creator but in the case of services also the presence of the receiver. Digitizing products and services are a form of invention that changes the way the businesses are run (cf. Coupey 2005, 11). Businesses are able to draw the benefit of digitizing products and services simply to enhance their business processes and to provide added value to their stakeholders; or embrace digitization to make it a critical part of their business. In fact, some businesses also in the hospitality industry are basing their whole business to the internet. Some products and services are fully atom based such as the rooms in a hotel which cannot be fully digitized but when looking at the overall process there are often parts in the process which can be digitized. This is in line with Negroponte (2000, 58) who believes that in fact anything can be represented as bits – thus, be digitized. Piller (2002, 2) argues that the degree to which objects can be digitized is based on the content of information based components in relation to the whole product or service. It is important to notice that the value of products has shifted from the physical product to the information which the product provides (Puhakainen 2001, 51; Tapscott, Ticoll & Lowy 2000, 5). Thus the related information in the transaction offers new possibilities separate the information from the physical product or service. Instead of focusing on the delivery of the product itself the information shaping the transaction namely – price, availability, quality, quantity, etc. – can be separated from main process and be exchanged independently. (Puhakainen 2001, 51.)

The core products<sup>10</sup> of businesses in the hospitality industry are commonly the services that they provide. Even though the core product is often the reason for customers to approach the business, yet most service businesses offer their customers more than just the core product or service at hand. In line with this Lovelock and Wirtz (2004, 98) point out that most service businesses offer their customers a package of benefits involving the delivery of a variety of service-related activities on top of the core product. For example in hotels the core product is to spend a night in a room, however, often more services are provided to make the customers better enjoy their stay. In fact, in many hotels the most apparent service is accommodation, however, the supporting or supplementary services are the ones that allow searching for the competitive advantage to the business. (Lovelock & Wirtz 2007, 69.) Kotler, Armstrong, Saunders and Wong (2002, 460) provide a clarifying approach to the attributes of a product or service by dividing them into three different levels. See the figure 8 below.

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<sup>10</sup> A core product is the problem-solving service, or benefit that the customer is really buying when obtaining a product. (See, for example, Kotler et al. 2002,460)

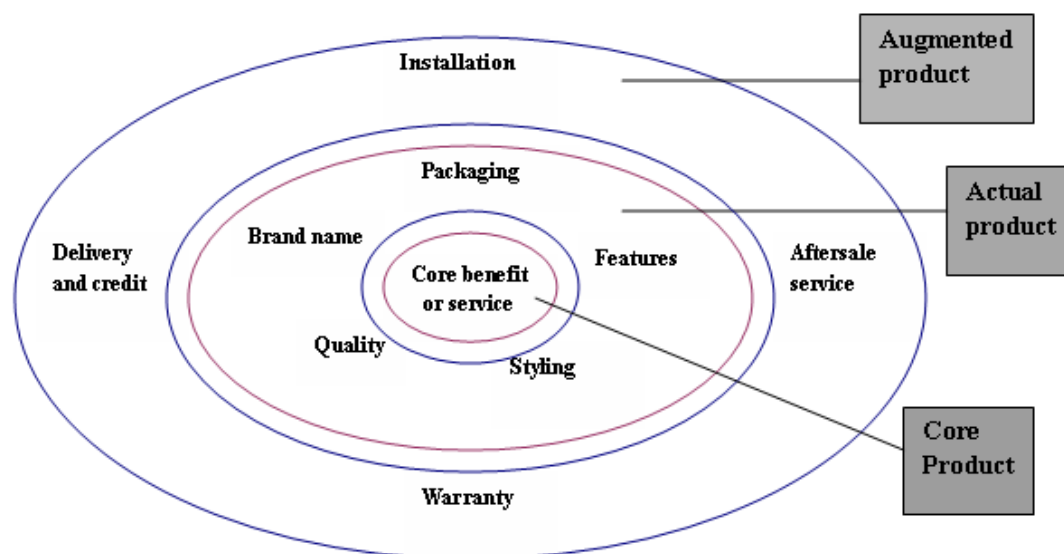


Figure 8 Three levels of products (Kotler et al. 2002, 460)

In the figure 8 the core product is in the middle pointing out the problem-solving services or core benefits which the customer is really buying when obtaining a product. In the hospitality industry the core product can be thus the hotel room in a hotel or food in a restaurant. The second layer in the figure represents the parts, quality level, features, design, brand name, packaging and other attributes which influence on the delivery of the core product or service. Examples of such services which facilitate the use of the core product in the hospitality industry could include reservation services in a hotel and service personnel in a restaurant. The third layer in the figure consists of a variety of additional services and benefits which support the core and actual product. Such additional services can add value to the customer in the hospitality industry for example in the form of activities facilities such as gym and sauna, allowing credit for later invoicing, events and happenings organized to entertain the customers, and by offering a special atmosphere and design of the facilities. The figure helps to clarify the different elements (both tangible and intangible) of a product or service. (cf. Kotler et al. 2002; Bojanic & Reid, 2010, 283-284.) According to Lovelock and Wirtz (2004, 98) a combination of core product and supplementary services can be called as the augmented product. They also argue companies may face problems in continuous improvement of their main product in a mature industry and thus, emphasis on the supplementary services is needed. When converting products and services into digital format the figure 8 above helps to understand how different attributes of a single product or service offer possibilities for digitization even if the actual core product could not be digitized. Clearly there are more products and services in the hospitality industry that can be partly digitized rather than fully digitized. Example of a product or service which can be fully digitized could be a virtual diving trip as a service provided

by the company. This example shows that if the virtual diving trips were the core products of a company then the total interaction with the customer could be handled through the use of for example the internet including ordering, payment, supporting services and delivery of the end product. Another example could be e.g. ordering systems where the customer would be able to book a hotel room and pay for it (and sometimes even check-in) by using the internet and later simply enter the hotel. Puhakainen (2001, 51) points out that customization of products and services can provide a way to involve digitization if the product or service cannot itself be digitized. For example some automobile businesses provide their customers the ability to customize the wanted products (cars) via the internet.

### ***3.1.3 Digitizing marketing and the company image***

Sheth and Sharma (2004, 611) argue that the electronic marketing strategies are changing and continue to change the marketing thought and practice. Because of marketing strategies shift from customer acquisition to customer retention ICT is applied for example to gain customer insight, build relationships, enable customization and provide new opportunities for service distribution (Sigala 2005, 409). The interactivity, precise targeting capabilities and lower cost has driven the growth of electronic media against traditional media (Masterman & Wood 2006, 108). When searching for possibilities to digitize different marketing activities it is first necessary to understand what the terms marketing and brand image<sup>11</sup> in a company mean. The term marketing refers to a social and managerial process in which individuals and groups obtain what they need and want through creating and exchanging products and value with others (Kotler et al. 2002, 5). Initially this means a variety of processes in companies including: analyzing, planning, implementing and controlling programs designed to create, build and maintain beneficial exchanges with customers for the benefit of the company. According to McDonald and Payne (2006, 379) brand is a name or symbol which identifies a product or service. Successful brand identifies a product or service as having sustainable competitive advantage (McDonald & Payne 2006, 379).

The image that a company gives, often through different marketing methods, to its customers, suppliers and other stakeholders plays an important role when determining the success of a business. Companies that have strong product or company brand name in possession provide owners a lot of power in the market place (Meldrum & McDonald

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<sup>11</sup> The term 'brand image' refers to a cluster of attributes and associations that consumers connect to a brand name. All of these attributes determine the value that is delivered to the consumer by a brand. (Bruhn & Georgi 2006, 442.)

2007, 35). Many successful businesses have been able to create brands to their products and services. The brands are ultimately formed for creating customer relationships and building loyalty<sup>12</sup> with the target customers. According to Kotler et al. (2002, 544) several service businesses (such as those in the hospitality industry) are small and often consider formal marketing techniques unnecessary or too costly. Kotler et al. (2002, 628) also point out that one of the emerging trends in the marketing communications environment is that marketers are shifting from mass marketing into developing more focused marketing programs to build closer relationships with customers.

Digitization of marketing, brands and company image provides great opportunities to businesses that want to promote their business and improve the efficiency and effectiveness of strategic marketing activities (Urban 2004, 1). Different digital marketing methods are brought along, very commonly by the use of internet as a medium for mass advertising (Masterman & Wood 2006, 108). Digitization of marketing activities for example allows businesses to involve in personalization which aims at delivering individualized content for example through the web pages or e-mail (Chaffey, Mayer, Johnston & Ellis-Chadwick 2003, 29). In personalization detailed information about customers such as names, living locations, buying history, preferences, etc. can be collected into data which can be used for personalized offerings. This allows businesses to differentiate their services depending on the characteristics and preferences of a specific customer. (Bichler & Loebbecke 2000.) Because of increased popularity of personalization management the integrated customer relationship management aims to seek quality service and high levels of customer satisfaction (Chang, Lin & Wang 2009, 1434).

Balachandran (2004, 114) notes that with the use of internet perishability becomes lower and he gives an example of a message in the bulletin board that does not perish as in the printed press or on the TV, until the viewer finds it. Examples of digitized marketing can include the already popular 'flash' adverts which are appointed to viewers for example on a hotel's web sites in the internet or on other digital devices (e.g. mobile phones and shopping mall screens) that catch the customers' attention (cf. McStay 2010, 46). Another example could be direct marketing in the hotel room TV screens to be targeted at the particular guest visiting the room. In addition, the online user reviews has an important impact on online hotel bookings (Gu, Law & Ye 2009, 182). Sheth and Sharma (2004, 612-613) state three areas of advantage which allow companies to involve in internet based marketing. Those advantages are: 1. companies are able to provide unlimited and clarified information in a form that customers can

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<sup>12</sup> Loyalty here means the customer's willingness to continue patronizing a firm over the long term, purchasing and using its goods and services on a repeated and preferably exclusive basis, and recommending the firm's products to other people. (Lovelock & Wirtz 2004, 352)

easily process and understand; 2. companies are able to provide customization for individual customers to meet their specific wants and needs; 3. transactions can be made between customers and companies without a human contact needed in the process.

Affiliate marketing is a rather new perspective to look at marketing in the internet. This type of marketing strategy illustrates businesses ability to take advantage of niche markets<sup>13</sup>. In this strategy companies can create networks or otherwise gain access to affiliates - those groups or companies with immediate access to the target niche markets – and let them ‘recommend’ the product to the target consumers. The affiliates may be paid for each recommendation which resulted to a business transaction. According to Schwartz (1999, 71) the roots of affiliate marketing go to the beginning of 1996 with the Amazon.com ‘story’ where a woman passionate about the subject of divorce was running her own web site. On this website the woman was giving information and resources for helping wives who were struggling legal and emotional issues in the event of divorce. One of the resources provided in the web site were useful books related to the topic hence the woman wrote an e-mail to Amazon.com to ask whether it was possible for her to link her visitors to Amazon.com to purchase those books. (Schwartz 1999, 71.) A recent example of affiliate marketing is the Levi Strauss campaign where the company is relying on a niche and network distributed by an advertising company to attract the attention of niche audiences with affinity to Levi Strauss products (Morrissey 2007, 11). The affiliate marketing strategy is commonly represented in the context of products, however, it could well be implemented to service businesses as well. An example of affiliate marketing in the hospitality industry could be promoting or advertising a resort specialized on natural environment on the web sites of groups devoted to similar interests.

### ***3.1.4 Strategic digitization of business processes***

Digitization of business processes means the transition from conducting business activities in a traditional manner to conducting them in a digital form (BarNir, Gallagher & Auger 2002, 790), thus companies that digitize their business processes adapt the use of digital information to an extent to a certain business process. The digitization of business processes requires strategic measures since digitizing certain activities in one company may not fit to another. When companies consider adapting new processes, the business strategic decision making assists the managers to choose suitable solutions in respect to the overall company vision. According to Balachandran (2004, 204) having a strategy means having a long term plan of action to secure the

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<sup>13</sup> Niche markets refers to the small segments that other firms overlook or ignore (Kotler et al. 2002, 430).

objectives of the future. Businesses must strategically digitize those processes which have the most potential of bringing value to the business and its customers. The company in question needs to strategically choose to digitize such business processes which help the business to provide added value to its customers and perform better than its competitors. Consequently, digitization should be done there where it is strategically thinking the best for the business.

Vast information of strategic management is available; however, for the purpose of this research, an overview of strategic management of processes is considered sufficient. According to Ghoshal et al. (2003, 227) evidence shows that in case of any strategy, the high performers are those who have attained a fit between their strategy and their organization. Finlay (2000, 371-372) argues that there are three audits which need to be passed to be able to judge the strategic suitability. In this theory the audit for strategic fit measures the fit of what is proposed and the company's aspirations and capabilities but also whether the strategy provides a suitable response to environmental events and trends. The feasibility audit focuses on the ability to implement the intended strategy taking into account resources and suitability of adaptation in reasonable timescale. The acceptability audit finally refers to the acceptability of the strategy by the company stakeholder with the concern risk, outcomes of the strategy and process considerations (Finlay 2000, 371-372). The figure 9 below analyzes a strategy as a pattern of interrelated decisions.

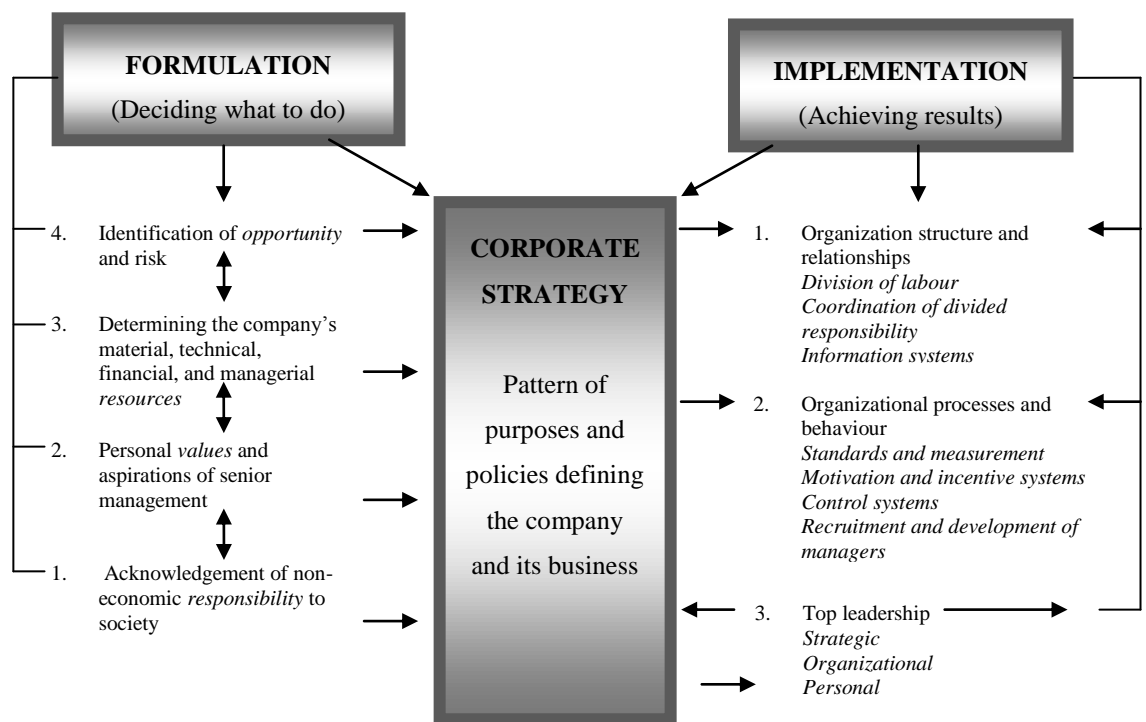


Figure 9 Analysis of a strategy as a pattern of interrelated decisions (Modified from Ghoshal et al. 2003, 75)

According to Ghoshal et al. (2003, 73-74) interdependence exists between the formulation and implementation of a corporate purpose. From the above figure it can be seen that the strategy process can be divided into two important aspects namely formulation and implementation. In the strategy formulation the principle sub-activities include identifying the environmental opportunities and threats as well as attaching some estimate or risk to the discernible alternatives. Before the decision can be made the company must identify its strengths and weaknesses together with the resources on hand and available. Estimation should be done as objectively as possible over the company's actual or potential capacity to take advantage of perceived market needs or to cope with attendant risks. The determination of a strategy does not simply include the opportunities and the capabilities of an organization but also the alternatives preferred by the company management. (Ghoshal et al. 2003, 73-74.)

The personal values, aspirations and ideals influence the strategic decisions. In addition the strategic decisions need sometimes to be examined against the standards of responsiveness to the expectations of the society. This is particularly true in companies where strategic decisions that consider the society seem more attractive to the customers. In the strategy implementation the advantages or strategic alternatives are attempted to be accomplished by mobilizing the resources of the company. The sub-activities under the strategy implementation are comprised of primarily administrative activities. An effective organizational structure can be formed by information systems and relationships permitting coordination of subdivided activities to ensure efficient performance of required tasks. Performance measurement, compensation, and management development must be directed toward the kind of behavior required by the organizational purpose. Personal leadership may sometimes be decisive in the accomplishment of the strategy. (Ghoshal et al. 2003, 73-74.)

The figure 10 from Osterwalder and Pigneur (2002, 2) provide a view to how the strategy formation can be well linked to this research.

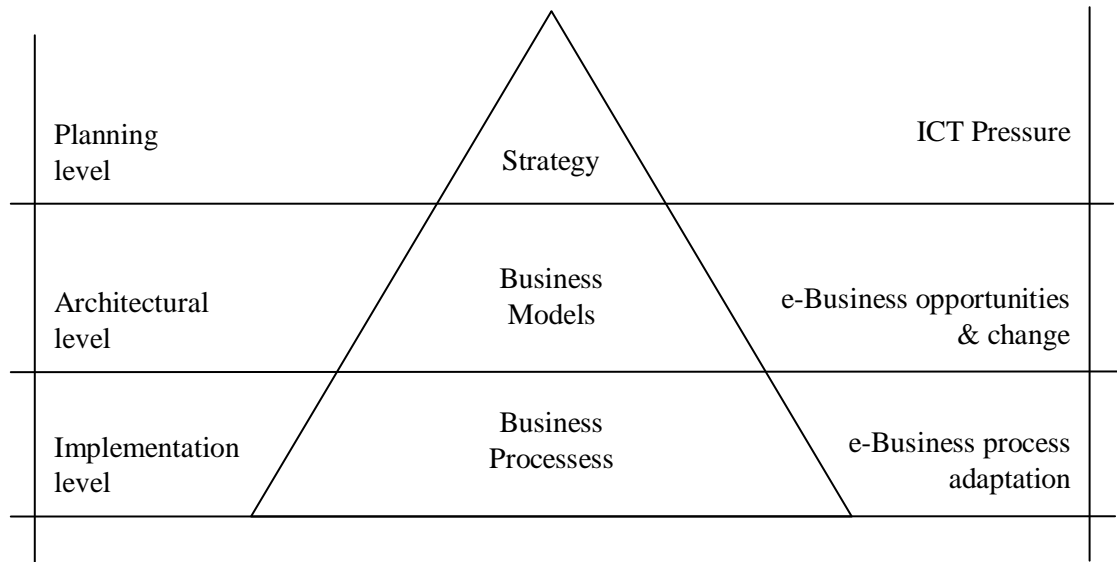


Figure 10 Different levels of business planning (Osterwalder & Pigneur 2002, 2)

In the above figure 10 it is shown that a business model is a conceptual and architectural implementation of a strategy and a foundation for the implementation of business processes. The ICT creates *pressure* for strategy *adaptation* as it allows new *opportunities* for value creation as well as more efficient value creation in the businesses. (Osterwalder & Pigneur 2002, 1-3.)

When companies decide to use digitization for the benefit of the business the use of internet often becomes the common medium employed. According to Barua, Konana, Whinston and Fang (2004) the internet and related technologies have allowed companies to change the way they interact and coordinate value chain activities with customers and suppliers with the view of improving operational and financial performance. Companies can involve particular strategies in order to gain new opportunities generated by the spread of internet.

The figure 11 shows an example of how hotels could strategically digitize their customer interaction process when a customer is staying at a hotel and therefore gain access to business opportunities. In this example from the hospitality industry a process is formed for reaching strategic opportunities through adaptation of digitization solutions.



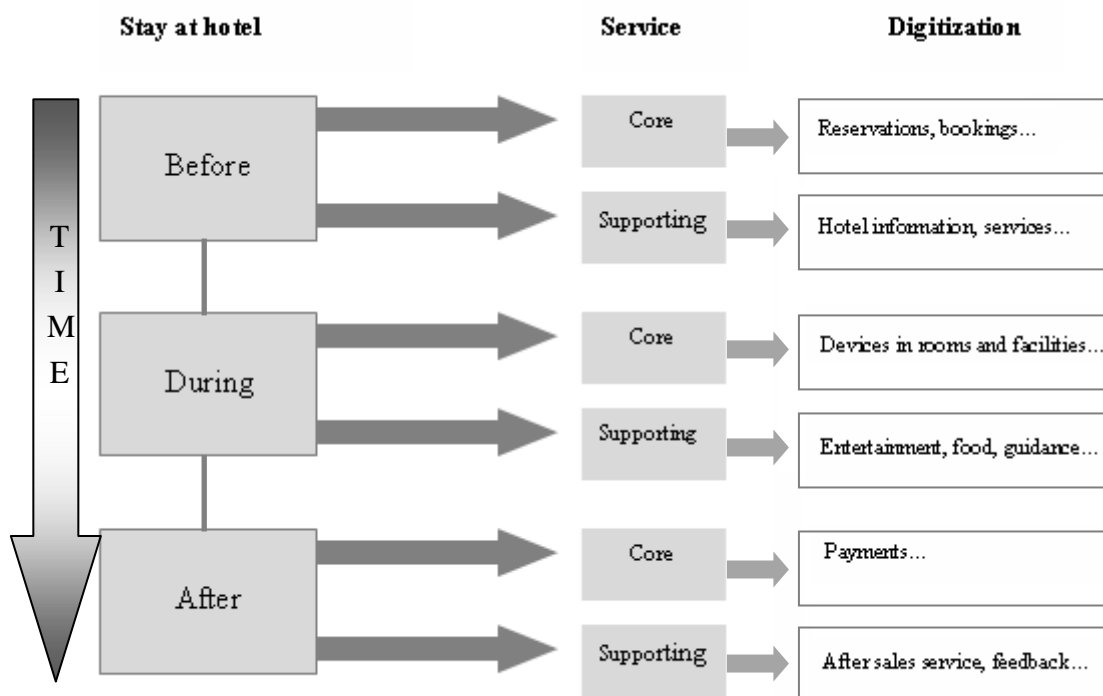


Figure 11 Customer interaction of a hotel stay

As this research has shown the digitization of atom-based products is often impossible, however, if the core product cannot be digitized, businesses can digitize parts of those products or their supporting services in order to enhance their business processes. From the figure 11 above it can be seen that a division is made between the core service and supporting service of each point of a customer's hotel visit (before, during, and after). At these levels the interaction with customers is considered present. The searches of information over the hotel and its services, as well as the reservations are commonly made *before* the customer is physically in the hotel. Sharing this information with the customer and making the transactions can be both done in digital format. *During* the customer's stay at the hotel the company can provide different devices in the rooms and other facilities to offer added value to the customer. Similarly the hotel can provide material and entertainment related digital information in relation to the supporting services while the customer is staying in the hotel. Finally *after* leaving the hotel, both payments and after sales service can be digitized to provide added value to customer while at the same time benefiting from possible lower costs resulting from lower human resource expenses.

## **3.2 Hindrances in the industry specific implementation**

In Finland 98,8 % (2008) of all companies employ less than 50 employees and are thus small and medium sized enterprises (SME). 99,8 % (2008) of Finnish companies employ less than 250 employees. (Elinkeinoelämän keskusliitto 2010.) Many businesses in the hospitality industry are SME's, when leaving out the massive hotel chains throughout the world (see, for example, Kotler et al. 2002, 544). The following challenges are thus addressed from the SME point of view in the industry. As most of the businesses in the industry concern service businesses the digitization becomes tricky. When looking at the products and services of for example a hotel, almost all of them commonly involve atom-based interaction and thus cannot be fully digitized. The hindrances taking place in SME's as well as the challenges caused by management commitment are discussed next.

### ***3.2.1 Digitization in small and medium sized businesses***

As business models are revised and new challenges and opportunities emerge companies must repeatedly reconfigure its resources (Prahalad & Ramaswamy 2004, 224-225). According to Kanter (2001, 106) the electronic business environments are full of surprises. Finding the solutions to involve digitization in a service business consequently requires innovative ideas from the people involved. The lack of these innovative ideas may again root to the lack of knowledge and skills of service companies that are simply unaware of what and how they could involve digitization in their business. (The outsourcing context is providing solutions to this that could be considered). As many of the businesses in the industry are SME's they may also find difficulties in allocating the needed resources to implementing digitization to their business. These resources may include time, finances, and people devoted to the issue (cf. Lukkari 2004, 14). Hanssens (2002, 220) points out that the designing and managing of for example a customer database can be expensive, and usually more costly than the immediately and obvious benefits it creates. In addition the advent of new customer information systems requires new managerial and human resources skills (Hanssens 2002, 220). This may be due to the employees' resistance to change. For example, Barry (2003, 103) argues that sometimes people are resistant to change because they have not been provided with training to understand what the new project or job will entail. Another challenge that SMEs may have in digitization are the resources needed for keeping up, monitoring and updating the digital information which influence on the quality of the implemented strategies. Bessant, Tidd & Pavitt (2005,

126) have made a list of characteristics of small innovative firms in comparison to large innovative firms:

- Similar Objectives – to develop and combine technological and other competencies to provide goods and services that satisfy customers better than alternatives and that are difficult to mitigate.
- Organizational strengths – ease of communication, speed of decision-making, degree of employee commitment and receptiveness to novelty. This is why small firms often do not need the formal strategies that are commonly used in large firms to ensure communication and co-ordination.
- Technological weaknesses – specialized range of technological competencies, inability to develop and manage complex systems, inability to fund long-term and risky programmes.
- Different sectors – small firms make a greater contribution to innovation in certain sectors, such as machinery, instruments and software, than in chemicals, electronics and transport.

According to Murphy (2008, 10) in order to hold the guest within the resort requires quality in addition to a critical mass of activities. A major characteristic of a service business above all is its constant objective to provide high quality services to the customers who will hunger for a re-encounter. Keeping this in mind, some of the major opportunities of digitization include the simplicity and efficiency it provides. Similarly to for example luxury products, service businesses may beware of transforming their highly valued products into commodity products. On the other hand the emphasis should be of course on such form of digitization that fits well to the business in question and adds value to the existing processes. Despite of the argument by Negroponte (1995a) that anything can be digitized the question of what should be digitized should be raised when talking about implementing digitization to some particular business. Stockdale and Standing (2004, 305) for example, propose that a variety of benefits can be achieved by participating in e-marketplaces; however they continue that not all possibilities apply to every company. As a result companies need to monitor their environment in order to determine the type of strategy that they need to follow (Sheth & Sharma 2004, 611). Because of what has been seen, it is important to understand that companies cannot simply digitize everything and anything in the business but rather digitize those processes which best fit the image of the business and bring the greatest benefits to the company. Similarly to adapting any new strategy the decision makers should first analyze how this particular company could adapt the given strategy in their business.

Minghetti (2003, 143) argues that each interaction with the customer either builds or erodes value in the relationship and impacts the future contacts with them. This becomes a particularly important issue when for example implementing digital

interactions with customers in the business. Here the security issues should also be taken into account. Information security is a complex issue which deals with confidentiality, integrity and availability of data which needs to be provided due to the increasing value of electronic data (Calder & Watkins 2008, 5-6). Braithwaite (2002, 4) states that e-business security can be thought of as an absolute fundamental issue to the effective and efficient use of IT in support of e-business. Finally, also the business specific threats and barriers related to digitization may be seen as challenges in the hospitality industry. The threat of increasing competition and possibility for direct or indirect competitors to copy the special offering of the company could result in the increasing number of substitutes for common customers. These issues all together set particular challenges for the SMEs and their management in the hospitality industry and influence the way in which they implement digitization in their business. According to Beheshti, Salehi-Sangari and Engstrom (2006, 154) companies need to involve structural analysis that is fundamental in developing a competitive strategy, relates the firm to its environment and will identify its critical strengths and weaknesses. Particular attention thus needs to be put on involving such digital processes which add value instead of pushing the customers away.

### ***3.2.2 Challenges caused by management commitment***

Depending on wants, abilities and needs of the business the level of commitment to digitization varies and thus affects the opportunities available to the business. The company management must decide the best approach and ensure that there is a minimum gap between the chosen approach and the approach that is actually implemented (Stroud 1998, 259-260). The critical decisions on which way digitization is implemented in the firm and what is the commitment to the process, whether it is merely information that is digitized in the company or whether also digitized products, services, and processes are included, should be emphasized by the decision makers.

Stroud (1998, 259) provides a study concerning the level of commitment. (See figure 12 below). The commitment-implementation matrix provided by Stroud (1998, 260) gives an overview to implementing the internet strategies *and* the management's vision of the extent of employing the internet technology. In his figure there are three main groupings and two distinctive groupings to which companies involving in internet strategies fall. A vast majority of companies with any form of internet strategy are attempting to do no more than monitor developments or create a minimum presence. Here the most likely mode of implementation lies in the range between the anarchic approach and the creation of separate development. Smaller number examples can be seen from active organizations that are defining precise objectives for their strategy and

beginning to integrate their internet development with their existing operations. The leading organizations use the internet to create a significant change to the way they operate and that are beginning to optimize whole business functions around the use of technology. (Stroud 1998, 260.)

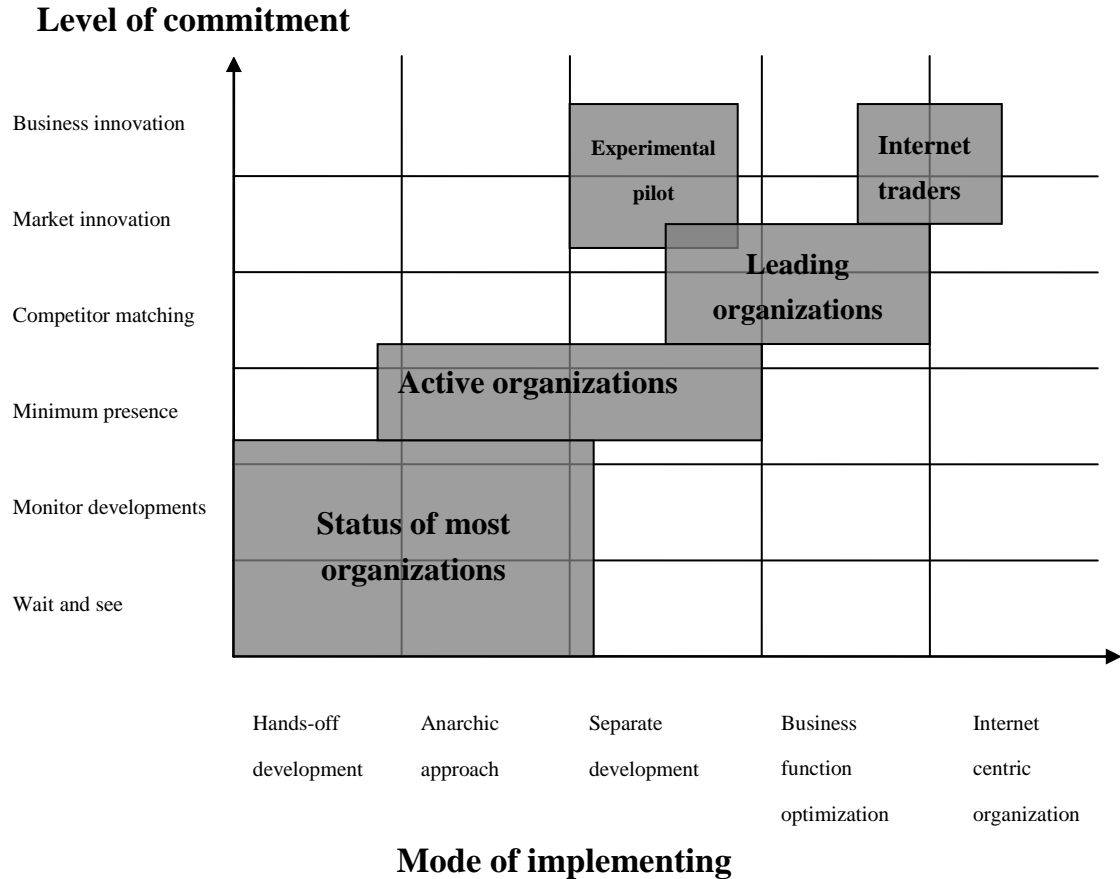


Figure 12 Five organization-profiles in the commitment-implementation-matrix (Stroud 1998, 260)

The remaining two groupings have distinctive profiles. The internet traders refer to businesses established to produce, sell or support internet-related products only by the use of internet. Finally the group of experimental pilots means the companies that experiment the internet to conduct their current business in a very different way. These companies have no intention to incorporate these pilot ventures into the main company activities because the level of its trading contribution is likely to be insignificant. (Stroud 1998, 261.)

### 3.3 Reaching business benefits through digitization in the hospitality industry

*“The technology is now available to enable the design and development of customer-supplier interaction models”* (Amos et al. 2001, 65)

Most of the businesses in the hospitality industry are service businesses where core products offered for the customers are services which commonly involve the simultaneous production and consumption between the customer and the supplier (Meldrum & McDonald, 2007, 43). Also Kotler et al. (2002, 546) explain that in a service business the customer and the front-line employee interact to create the service. The customers of businesses in the hospitality industry may be either individual customers or business customers individually or simultaneously. The emergence of digitization and internet can have a strong influence also to the way in which businesses are run in the hospitality industry.

Digitization in hospitality industry seems not to be a very common example given when talking about digitization development in the literature. For example Minghetti (2003, 142) argues that even where information and management system is implemented very few hotel businesses have involved in a formal customer-oriented e-business strategy. The industry may have been slow to adapt to the digital technologies because of their service intensity. However, the service intensity should not be seen as a restricting element for digitization. Adapting service innovations to the business processes in the hospitality industry means putting the businesses into a new perspective with the latest solutions available. Nevertheless, hospitality industry is awaking for digitization and different processes in the businesses are becoming more and more digitized (cf. O'Connor & Frew 2004, 179). Beheshti et al. (2006, 150) note that the continuous advances in information and communications technology as well as decreasing costs of those technologies have allowed companies to look for ways, more than ever, of incorporating technology into their business processes and strategies. Digitization is truly an issue in the way that businesses are run and the hospitality industry cannot ignore it either.

All in all digitization brings vast opportunities to companies (see, for example, Sheth & Sharma 2004, 611). As learned above the true benefits of digitization naturally depend on their fit to the business and the level of commitment in the process. When companies involve in digitization many of the traditional business processes change. Companies can draw the added value from the extensions of the traditional ways of doing things and embrace the new and faster ways of doing business. Companies can use digitization to differentiate themselves from their competitors by developing their customer service. They can develop new and improve old products and services and

provide new and customized information to larger markets regardless of their physical location. The information can be vast, yet does not increase the need for stock space. In addition to these benefits the companies can increase their interaction and develop new networks with customers and other stakeholders to create and take better advantage of the customer relationship (see, for example, Negroponte 1997, 167). According to Stockdale and Standing (2004, 309) companies may fail to recognize the opportunity that their business may be attractive to other organizations which are seeking to broaden their supplier bases. This could bring particular benefits to businesses in hospitality industry when looking for example new business customers and suppliers to the business. One of the great benefits of digitization has also been argued to be the fact that it allows small businesses to level up with large businesses (see, for example, Negroponte 1997, 167).

The optimal benefits that a company can gain from digitization and using it strategically in business processes may allow the company to gain operational efficiency and allow the company in question to concentrate on its core competences<sup>14</sup>. Concentrating on the things that the company does best and leaving other processes thrive smoothly with the help of digitization can allow possible cost savings (see, for example, Stockdale & Standing 2004, 301) to occur which again can lead to increased revenues in the business. The company's image can also be improved by the increased brand awareness which can help the company not only win loyalty among its 'old' customers but also attract possible new customers in the business. With all these possibilities successful companies can increase their overall competitiveness (see, for example, Stockdale & Standing 2004, 305) and therefore create competitive advantage over others and ultimately expand their market share in the industry. In the literature it was pointed out, however, the regardless of any technological opportunities, competitive advantage still rests on the business's ability to provide outstanding customer service (Ives et al. 2001, 38). The study of Stroud (1998) provides a good conclusion to the opportunities provided by the internet. According to his figure there are six ways in which the internet provides benefits for businesses over and above existing IT technologies. The figure 13 further describes the characteristics of internet which may lead to special business benefits.

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<sup>14</sup> Core competences are important company resources or skills that bring competitive advantages (Deresky 2002, 550).

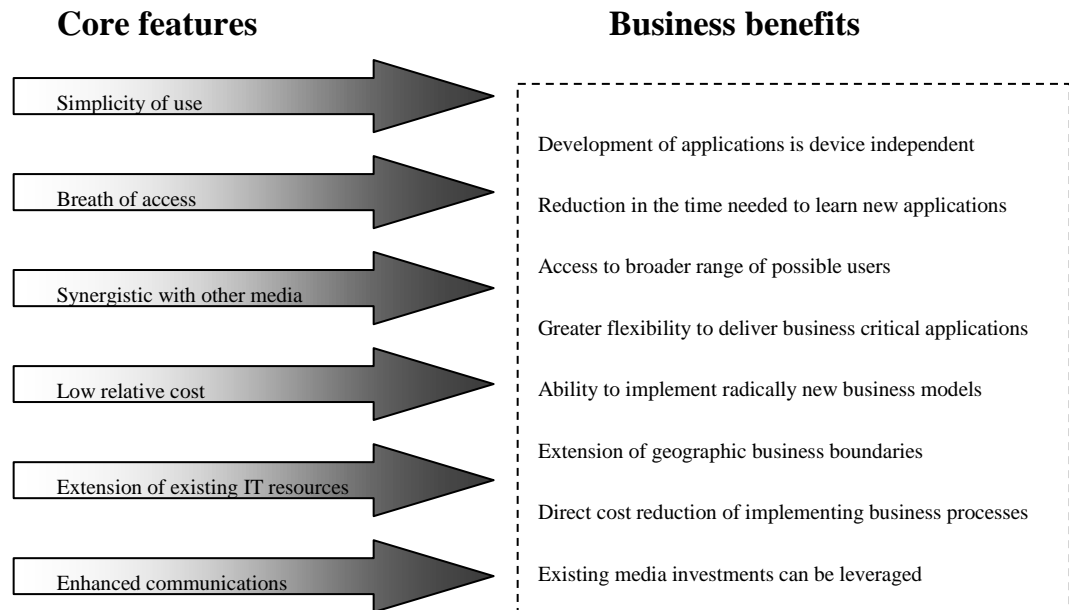


Figure 13 Tangible business benefits (Stroud 1998, 62)

Stroud (1998) has made a division between the core features of the internet and the business benefits that can be drawn out of them. At the end when implementing digitization in the hospitality industry similarly to any strategy the costs and benefits of implementing the strategy need to be weighed. Nevertheless digitization is increasing its importance in all industries and the ultimate question remains – which company will be able to utilize it to create a competitive advantage of it over others.

According to Acosta (2004, 48) companies can use the technology to communicate knowledge about particular guests to every touch point in the operation in order for the staff to make every guest feel special. The overall goal of these businesses is that each customer will not only be satisfied with the service but become a loyal customer that recommends the business also to others (Baron et al. 2009, 228). At the marketing level the company can make use of different marketing communication e.g. branding, advertising and other marketing methods to attract the attention of old and new customers as well as other stakeholders such as potential investors (cf. Masterman & Wood 2006, 10).



### 3.4 Synthesis for strategic digitization in hospitality industry

In this theoretical synthesis chapter all the main blocks of the second and third chapter are put together to form a framework of the theoretical issues discussed in this research. Figure 14 below further demonstrates the overall synthesis.

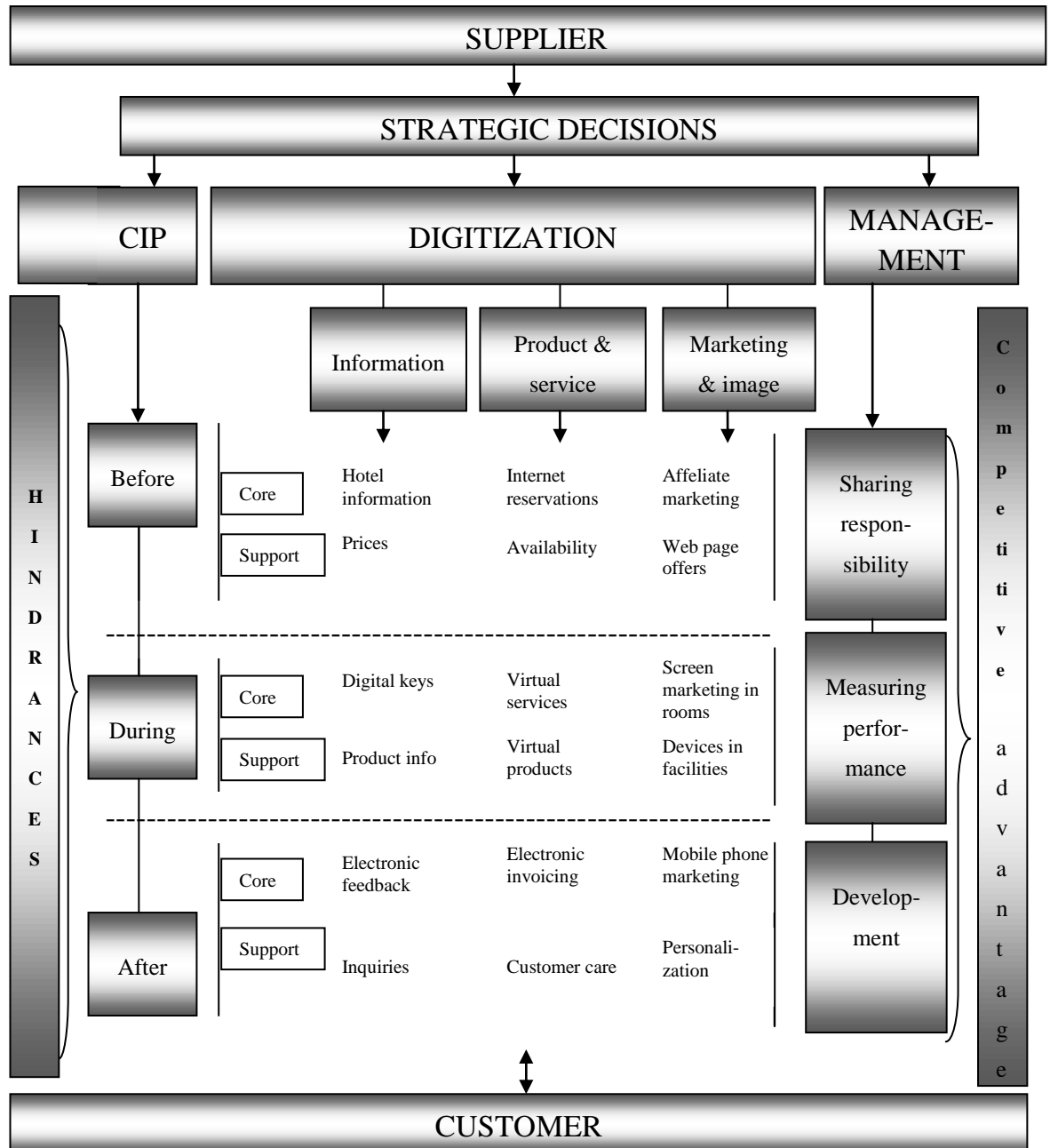


Figure 14 Synthesis of chapters 2 and 3 - strategic digitization of customer interaction process in hospitality industry

As learned above the customer – supplier interaction between the service provider and the customer may include several steps in an effective digitally enabled environment. Depending on how the strategic decisions are made by the company managers the form in which the customer interaction process, digitization and their management appears is decided. The three main stages: before, during and after the customers visit in a resort demonstrate the customer interaction process where each stage is followed by the next. The possibilities for digitizing information, products and services, and/or the marketing and the company image in the customer interaction process can include both the core and supporting products and services of the company. Similarly to the affect of strategic decisions also the possible hindrances influence in the way in which digitization can be involved in the customer interaction process. Successful management of the strategic digitization of the customer interaction process requires effective sharing of responsibility and measuring the performance and developing both the customer interaction process and the digitization further. Managing the overall process is emphasized because successful implementation of the process and measuring the performance allows pinpointing particular problems in the process and defines whether and at what level possible competitive advantage can be reached with the selected solutions. In order to answer the set research problem in this research it is necessary to evaluate how this theoretical framework would function in a real life business environment. Therefore the research is continued with a selected case study in the hospitality industry.

## 4 METHODOLOGY

*“The strategy is a roadmap, a plan for undertaking a systematic exploration of the phenomenon of interests; the research methods are the specific tools for conducting that exploration.”* (Marshall & Rossman 2006, 56)

Barbour (2008, 15) defines methodology as a general discussion about assumptions underpinning different methods and implications, challenges and limitations of choices for the process when conducting a research and its ultimate products. She also makes a distinction between ‘methodologies’ and ‘methods’ explaining that methods are the specific practical measures and tools which are employed to access or create data through different forms of interaction with those that are being studied (Barbour 2008, 15). The methodologies and methods used in this research will be discussed in this chapter in detail starting with the explanations of the selected research approach. After this the chosen case company for this research is introduced. The methods of data collection and data analysis are then discussed. Finally the trustworthiness of the research will be evaluated. The limitations of the research are discussed in the conclusions chapter.

### 4.1 Research approach

The intention in this research was to create a comprehensive framework of the solution to the set research problem by integrating all the necessary variables together. The framework created to describe the theoretical chapters therefore needs to be applied in a case company which experiences the same problems in the real world. The findings from the empirical data can then be assimilated with the theoretical framework to discover a holistic view over the research problem: *How could the strategic digitization support the customer interaction process in the case company operating in the hospitality industry?* A qualitative research approach was considered to be most suitable when searching understanding over the set research problems. The reasons for choosing qualitative research approach in this research was due to the preferences/experiences of the researcher and/or the research user, ability to ask sensitive questions and revile subconscious feelings, ability to communicate complex phenomena, ability to form a holistic view over the whole situation of interest from multiple viewpoints, and ability to create a ‘new’ theory which may be limited with the use of quantitative research methods. (Malhotra & Birks 2007, 153-155.) Creswell (2009, 232) defines the term qualitative research as the following:

*“ ..is a means for exploring and understanding the meaning individuals or groups ascribe to a social or human problem. The process of research involves emerging questions and procedures; collecting data in the participants’ setting; analyzing the data inductively, building from particulars to general themes; and making interpretations of the meaning of the data. The final written report has a flexible writing structure.”*

The qualitative methods are often associated with interpretive worldview where the researchers attempt to explore people’s intentions, motivations and subjective experiences (Collins & Hussey 2003, 13; Daymon & Holloway 2002, 4). Limitations of qualitative approach, however, include for example the problems in generalization and time commitment in the research (Burns & Burns 2008, 20). Qualitative research method was chosen for this research because the answers to the research questions was searched by interpreting how the theoretical basis works in a natural setting of a case company. Quantitative research approach was not considered suitable due to the complexity of the concepts that required extensive explaining and clarifications to be given to the research participants.

In this research a case study approach was used in constructing the empirical research. Marshall and Rossman (2006, 55) explain that case studies focus on society and culture in a group, program, or an organization. The case study approach is possibly the single most popular general approach claimed in research projects in business and management (Bryman & Bell 2003, 53; Hackley 2003, 95-96; Myers 2009, 80). The case study research method is favoured when ‘how’ and ‘why’ questions are asked and when the purpose is to study a single organization and the aspects or behavior of that organization (cf. Ghauri & Gronhaug 2005, 115). A single case company was selected for this research because it was expected to give a realistic view to how the theoretical setting works in the practical surroundings of a business enterprise (cf. Yin 2003, 40). The case study approach was considered most suitable because case studies allow capturing of process under study in a very detailed and exact way (Flick 2009, 134). According to literature the purpose of a case study research is to increase knowledge about real, contemporary communication events in their context (Daymon & Holloway 2002, 105).

One of the strengths of case studies is that they can establish cause and effect by observing the effects in real contexts and recognizing that context is a powerful determinant of both causes and effects (Cohen, Manion & Morrison 2007, 253). Case study research also enables to produce multiple sources of evidence for one reason because different theoretical and methodological frameworks can be incorporated into it (Daymon & Holloway 2002, 108). The use of qualitative case study in this research was

considered to be a good approach also because the intention was to find out the managements opinions on how the strategic digitization can take place in a company's customer interaction process in practice. A depth examination of only one case company was considered sufficient for this research in order to meet the purpose of the research i.e. to give the reader an insight to the topic issue within a case company acting in the hospitality industry.

In a qualitative research relevant variables and relationships between the existing literature and the conceptual frameworks are often wanted to be discovered. In these cases the theoretical framework that is formed from the theoretical chapters evolves during the research to take its final form at the end. (cf. Ghauri & Gronhaug 2005, 52). This ideology was also followed in this research. Marshall and Rossman (2006, 43) argue that in order to build a logical framework for a research and to locate it within a tradition of inquiry and a context of related studies researchers should include thoughtful and insightful discussion of related literature in the research. The theoretical framework in this research was based on the review of relevant, mostly academic literature which was then modified with the findings based on the interviews made to the representatives of the selected case company. In the interpretation of literature the researcher is applying his or her own knowledge, experience and world-view in interpreting and understanding those texts (Hackley 2003, 70-71). According to Ghauri & Gronhaug (2005, 52) the prime purposes for the literature view are to:

- i) frame the problem under scrutiny
- ii) identify relevant concepts, methods/techniques and facts, and
- iii) position the study.

More precisely the academic literature reviewed in this research consisted mostly of journal articles and textbooks relative to the research topic. In line with the above purposes for literature review the material was firstly reviewed to create boundaries for the selected topic to be discussed in this research, secondly to identify the key concepts in relation to the set research questions and thirdly to position the research in the complex environment. The theories discussed in this research thus provide the basic understanding of how customer interaction processes are generally formed and the understanding of what can be digitized, in order to match the theories together for the use of potential implementation to the companies in the hospitality industry.

## **4.2 Selection of the case company**

The type of companies which could have been chosen for this research as a case company were the ones that are seeking for up-to-date digital solutions to their business's customer interaction processes to increase their competitiveness in the

market. In addition the size and success of the company needed to be sufficient to be taken seriously by other growing businesses in the industry. The location of the company in Finland to be selected was not considered important in the case selection phase. Lomakeskus Järvisydän ltd. founded in 1982 was selected as a case company to be used in this research. The company is a restaurant, accommodation, and activities services provider in the Savonlinna area and is located next to the Linnansaari National Park area in Rantasalmi. The turnover of the company was about 1, 4 million Euros in 2009 and the company employs 12-30 people depending on the season. The target customers of the company are generally Finnish, other European, and Russian business and group customers but the company serves also other international individuals and families all year around. The case company works in strategic cooperation with the SaimaaHoliday enterprise network and areal travel services including the Savonlinna travel ltd. The case company represents a unique and imaginative style of resorts and therefore has only few true competitors most of which are located in distant areas. The selected case company represents the small and medium sized businesses in the hospitality industry.

The company was considered being a well representative company to the research because it has a need for innovative solutions in the business in the future. Because the case company has several plans for growth the company's future needs for more and better digitized solutions was expected to be necessary. The case company also has plans for expanding its customer relationships e.g. in the international markets. The selected company was argued by the interviewees to be one of the leading companies of hospitality industry in the area. The case company has started its business as a very small family business but has managed to survive two financial crises and grow rapidly in turnover, number of personnel etc. Similarly to many small hospitality industry companies in Finland the running of the business has been mostly self-taught which can be easily related to by the other small and medium sized companies in the industry. The selected company seemed to be a good example for other companies in the industry because it is sufficiently larger than the others but also sufficiently small that can be related to e.g. resource wise. The comparatively easy access to the selected case company eventually determined the final case selection. Detailed previous knowledge of the case company and its businesses through the researchers work experience may also have influenced on choosing the company for the research. The choice of particular departments and persons in the interviews are further discussed with the data collection in the next chapter.

### 4.3 Data collection

The choice of data collection depends on the overall judgment on what type of data is needed for the particular research problem (Ghauri & Gronhaug 2005, 108). Qualitative one-to-one interviews were considered to be the best form for the data collection in order to find comprehensive answers to the research questions. The interviews are face to face verbal exchanges where one person – the interviewer, attempts to obtain information or opinions or beliefs from another person – the interviewee (Ghauri & Gronhaug 2005, 133). According to Blaxter, Hughes and Tight (2002, 172) interview methods involve questioning or discussing issues with people. Interviews with practitioners have the ability to give a valuable insight into practical issues (Hackley 2003, 77).

The interviews provide the best information in this research because extensive data could be collected and complex questions could be asked from the interviewees where the questions could be repeated and their meanings could be explained when they were not fully understood by the interviewees. With the use of interviews volumes of data can be obtained quickly, immediate follow-up and clarification are possible. (Marshall & Rossman 2006, 101-102.) One of the reasons why the interviews were the best solution in this research was that the information that was needed to solve the set research problems are not comprehensively if at all presented in paper format in the case company. Also the complexity of the issues to be covered as well as the preferring of the interviewees spoke against the use of quantitative research methods. Most of the information concerning the research topic could therefore be only obtained through strategically interviewing those company representatives that most likely have the needed information in possession. Interviews also enable the use of complicated or sensitive issues where further elaboration or answers and attitudes can be asked by the interviewer (Ghauri & Gronhaug 2005, 133). To elicit more complete responses probing offered a possibility to reduce the number of ‘don’t know’ answers and non-response to questions (Burns & Burns 2008, 492).

The questions which were asked from the interviewees were semi-structured that combines the approach of structured and unstructured questions. In the structured approach the interview questions are prepared beforehand where as in the unstructured approach the questions have not been prepared beforehand (Collins & Hussey 2003, 168). In the unstructured approach the interviewees are given almost full liberty to discuss reactions, opinions and behavior on a particular issue (Ghauri & Gronhaug 2005, 132). In semi-structured interview, which was used in this research, the issues and questions to be covered are listed but all of them may not be dealt in each interview. Also additional questions may be asked including those that were not anticipated at the start of the interview. (Gray 2009, 373.) The interview questions used in this research

were mostly open-ended questions in order to gain insight and understanding and to allow flexibility for the interviewees to use their knowledge for comprehensive answers (cf. Collins & Hussey 2003, 168).

According to Ghauri and Gronhaug (2005, 119) in addition to selecting the right department it is not of interviewing the most important individuals, but of interviewing the right persons from the organization from the point of view of the research questions and study variables. Four interviewees were selected from the case company to participate in the interviews. Each of the interviewees represented different departments in the company and worked as a manager within their departments. The four different departments were selected because they represent the departments that make the decisions regarding the management of customer interaction processes and the overall selection of digitized solutions in the company. The four departments were selected more particularly because each of the departments has a strong role in the case company's customer interaction process. In addition the four different departments were selected to create a more realistic view over the company's operations in relation to customer interaction as a whole.

The interviewees that participated in this research had been working for the case company between 3 months to 27 years at the time of the interview. Two of the interviewees were the owning partners in the family business and one of the interviewees has long work experience in the business. The most recently employed interviewee has a very important role in the case company operations having a top manager and decision maker role in the overall company operations and was therefore considered suitable to participate in the research. Because the case company is a small business the tasks of each of the interviewees thus, managers were rather extensive. The main responsibilities of each manager was to manage different mainly their own departments although each of the managers had at least two separate divisions under their leadership. All of the interviewees had a background of long working experience and education in the hospitality industry. The areas of responsibilities of the interviewees included; the overall company management, resort management, financial management, operations management, sales management, restaurant and accommodation management, facility management and investments and the architecture management.

The interviewees were happy that they were selected to participate in this research and felt that it is important that their business in the area is being academically researched. The interviewees felt that although the research topic was challenging it was also described as very interesting to the interviewees. Some of the interviewees noted that participating to the interviews was mind broadening and that the topic area had never before been thought to the depth before. The interview dates were agreed with



each of the interviewee separately. The exact dates, times and places of the interviews and the positions of the interviewees are clearly given in the below table 2.

Table 2 Log of data-gathering activities

| Date      | Time        | Activity  | Place                        | Position           |
|-----------|-------------|-----------|------------------------------|--------------------|
| 17.9.2009 | 20.00-22.10 | Interview | Interviewee's home           | Financial manager  |
| 24.9.2009 | 11.00-13.30 | Interview | Resort accommodation         | Operations manager |
| 27.9.2009 | 17.00-18.30 | Interview | Interviewee's home           | Restaurant manager |
| 2.10.2009 | 12.30-16.00 | Interview | Interviewee's home/telephone | Owner/manager      |

The interviews were eventually held where the interviewees felt it most convenient for them. Three of the interviews were done at the homes of the interviewees and one of the interviews was done in the case company premises. Two of the interviews were done in a quiet rooms where as the two others had some disturbance during the interviews. The interviews consisted of the total of nine main themes which were constructed based on the set research questions and consequently were generally in line with the theoretical chapters. At the beginning of the interview the operations manager was asked about the general company information that was given in detail in the chapter 4.2 selection of the case company. The interviewees were encouraged to ask for further clarification whenever they were unsure of what was being asked.

The interviews were done face-to-face between the interviewer and the interviewee. The anonymity of the interviewees was promised to the interviewees although the interviews were fully recorded on a tape. The use of tape recorder allows the interviewer to fully concentrate on the process of the interview (Blaxter et al. 2002, 173). According to Ghauri and Gronhaug (2005, 137) the first important thing issue is to orient the interviewees by introducing them the study and its purpose. At the beginning of the interview the interviewees were given information over the general idea of the research area and the procedure of the interviews was introduced. The basic terms and concepts were explained to the interviewees at the beginning of each theme. The interviewees were offered the opportunity to revise the recorded data for possible corrections. The interviewees were also asked about the appropriateness of the terms used and their relevance in describing their actual work. See terms in the appendix 1.

The interviews began with questions and discussions about the overall functions of the customer interaction process. Subsequently, the respondent was asked to define in detail the different activities in each phase of the customer interaction process. The interviews were preceded with the questions regarding the level of digitization in the

company and finally the believed opportunities and threats were discussed with the interviewees. The interviewees were then asked to tell about their backgrounds, their position, areas of responsibility, and how long they have been working for the case company. At the end of the interviews the interviewees were asked to tell how they felt about participating in this kind of research. The detailed interview questions can be found in English from the appendix 2 and in Finnish from the appendix 3. In line with the literature suggestions (Ghauri & Gronhaug 2005, 138) the interviewees were mostly given the full freedom to express personal meanings and give their own answers, however, at points it was necessary for the interviewer to control the situation to lead the interviewees back to the relevant research area.

#### **4.4 Data analysis**

Data analysis is the process of bringing order, structure and meaning to the created mass of unstructured data which is a result of the data collection (Daymon & Holloway 2002, 231). To put this simple data analysis means making sense out of the collected text (Creswell 2009, 183). Analyzing the case study evidence is particularly difficult because the strategies and techniques have not been well defined (Yin 2003, 109). The figure 15 below describes the different steps of a data analysis in a qualitative research.

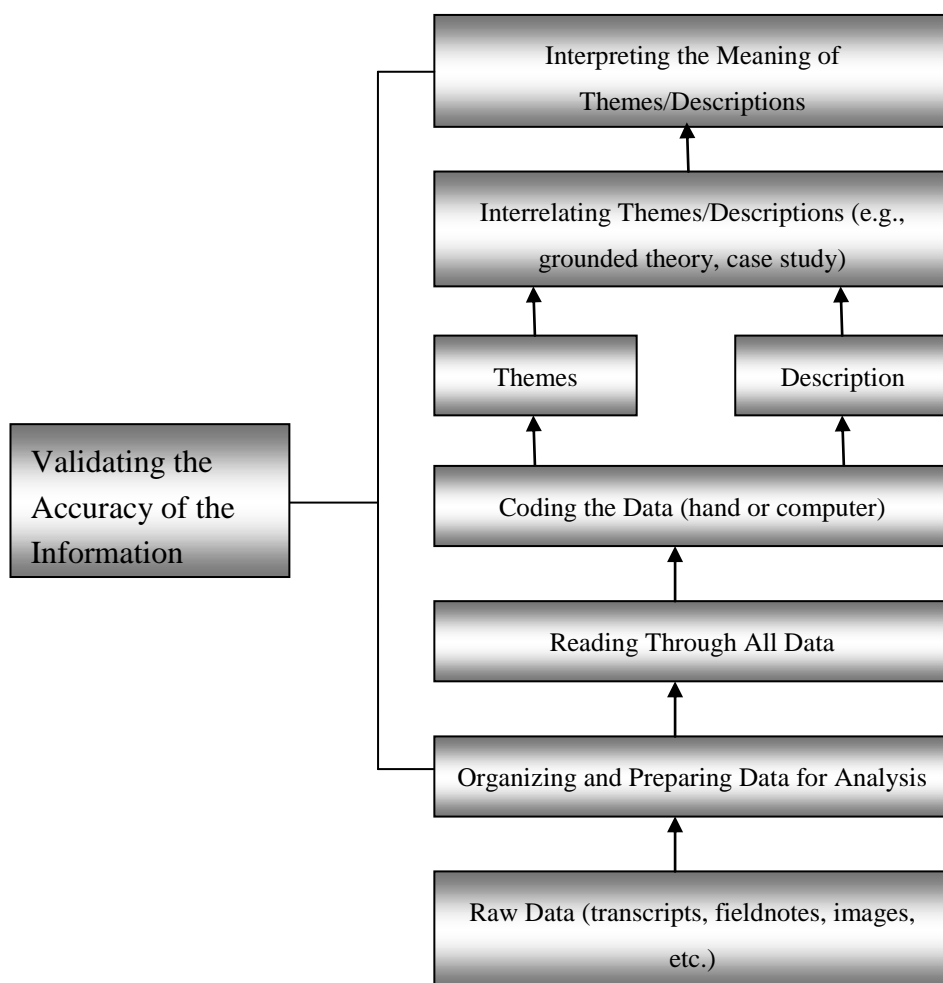


Figure 15 Data analysis in qualitative research (Creswell 2009, 185)

In line with the figure and as in many business researches after the interviews the recorded data was transcribed into written format (Ghauri & Gronhaug 2005, 89). Transcribing is necessary step before interpretation can be done (Flick 2009, 299). Data reduction is the process of selecting, focusing, simplifying, abstracting and transforming the data that appear in writing up field notes or transcriptions (Ghauri & Gronhaug 2005, 206). In this phase categories are made and themes and patterns are identified to uncover, understand the data between them or explain of the phenomenon studied (Ghauri & Gronhaug 2005, 206). In this research the data under different themes was reduced in order to make the data more manageable for drawing conclusions from the relevant text. The transcribed data of the interviews was organized and prepared for the analysis firstly, by carefully reading through all the data and secondly, coding it in order to divide it in a logical order under different themes. According to Saldaña (2009, 3) in a qualitative research a code is most often a word or short phrase which symbolically assigns a summative, salient, essence-capturing, and/or evocative attribute for a portion of language-based or visual data. In the coding process the raw text was put into

categories which were labelled with given terms – codes (Creswell 2005, 192). Dividing the coded material further under specific themes was considered reasonable to be able to compare the interview findings with the theoretical framework. The empirical data was therefore presented with the use of the ‘theory-guided presentation’ where the empirical materials are governed by the theoretical categories and concepts used in the research (see, for example Eriksson & Kovalainen 2008, 283). Themes can act as an organizing structure for the findings and subsequent analysis/discussion in the research report (Hackley 2003, 121). The operationalization table in the appendix 1 further demonstrates the basis for the thematization in this research.

The organized data was then read several times looking from the viewpoint of different future uses of the data. Some parts of analysis were made already during the interviews and in the transcription writing process because the immediate interpretation was considered valuable although the actual data analysis was still ahead. This is in line with the literature where it is argued that analysis is an ongoing process that can occur throughout the research (Blaxter et al. 2002, 192). Based on the researcher’s interpretation the interviewees’ answers to each theme were then thoroughly described and analyzed to draw larger meanings of the data in respect to the theoretical propositions. When data analysis is based on theoretical propositions the data can be compared and contrasted with the predictions of the theoretical models to the extent to which the original propositions can be supported or rejected (Gray 2009, 264). The interpretation of data involves generating theory, new conceptual models or making theory-based generalizations which can be further developed in later comparative researches (Daymon & Holloway 2002, 239). In this research the central issues were emphasized to form clearer answers to the set research questions. Direct quotes of the interviewees’ comments were given at the beginning of the chapters in the analysis to support the storyline of each chapter (Saunders, Lewis & Thornhill 2009, 546). Finally conclusions and limitations were drawn regarding the research questions. The conclusion was the final chapter where the researcher’s contribution was demonstrated by drawing wider implications of the research (cf. Silverman 2005, 324-325).

#### **4.5 Trustworthiness of the research**

Possible problems in drawing concrete conclusions from the interviews in this research may be unavoidable. These kinds of problems may include the short experience of one of the interviewee’s employment in the case company, and knowledge over the company by the time of the interview. In addition possible misinterpretations may have occurred due to the lack of knowledge of the interviewer over the particular daily routines and dealings of the interviewees. Also the large number of interview questions

may have caused distress among the interviewees. In addition, Burns and Burns (2008, 493) argue that the use of interview techniques such as tone of voice and possible inconsistent use of probes may reduce standardization and therefore bias the result from interaction between the interviewee and the respondent. They also argued that the respondent's effects may bias the answers due to possibility for the interviewees to agree all the time or answering the questions the way they think the interviewer wants them to answer. It was also argued possible that interviewees desire to provide good socially approved answers to the given questions. (Burns & Burns 2008, 493.)

The quality of the research indeed needs to be evaluated in terms of the trustworthiness of the design and conduct in the made research choices. The criteria for evaluating the trustworthiness of a research include the concepts of credibility, transferability, dependability and conformability (Daymon & Holloway 2002, 93). *Credibility* shows that the research was conducted in a manner that the subject of the enquiry was correctly identified and described (Collins & Hussey 2003, 278). Credibility is in parallel with the concept of internal validity (Guba & Lincoln 1989, 236). The concern with internal validity is that the researcher can make incorrect inferences if all aspects of the research subject are not considered and rival explanations are not addressed (Byrne & Ragin 2009, 285). The questions to be asked when evaluating the credibility are: Do the findings of the research make sense? Are they credible to the people that are studied and to the readers? Do we have an authentic portrait of what we were looking at? (Miles & Huberman 1994, 278). The credibility of the research can be increased due to the researcher's background as a member of the owner family in the selected case company.

The subject of enquiry in this research was done in the light of modifying and improving the constructed theoretical framework. One of the most preferred data analysis strategies is to follow theoretical propositions where the case study analysis is guided by the theoretical orientation (Yin 2003, 111-112). The clarity of the initial research questions largely determines whether clear conclusions have been drawn from the collected data (Saunders et al. 2009, 32). In order to provide comprehensive framework in the research the focus was constantly put on the carefully formulated research questions. The presented data was linked to the categories of the prior set of theories with a thorough formulation and use of the operationalization table. See appendix 1. The operationalization table supported a creation of coherent interaction between the relevant concepts and the findings of the research. Limitations were set to identify the areas which were not considered applicable in the research. Both the negative and positive findings were presented to form a realistic view over the subjects of enquiry. The selection of the theoretical base was set to demonstrate how the problem setting works in theory. After this empirical data was gathered to evaluate whether real life experience supports the theoretical settings. The compatibility of the predictions

made in the theoretical part of the research was discussed in the research analysis and conclusions which were formulated to answer the research questions.

*Transferability* explains whether the findings can be applied to another situation which is sufficiently similar to permit the generalization (Collins & Hussey 2003, 278). Transferability can be thought of as parallel with external validity or generalizability (Guba & Lincoln 1989, 241). The external validity refers to whether the results of the research can be applied beyond the immediate case research itself (Byrne & Ragin 2009, 285). This is particularly problematic if the research is based on a single case study and consequently the openness of the research to replication will be increased by its utilization of comparative analysis in a holistic multiple case design (Byrne & Ragin 2009, 285). On the other hand however, according to Myers (2009, 83) in case study researches using three or four cases is no better than using one case in relation to increasing the confidence in the findings. The transferability in this research is increased because the case company was carefully described in the methodology chapter. Larger imports of the conclusions in this research were divided into theoretical and managerial implications. The theoretical implications were given to explain whether the existing theoretical literature lacks some of the features in the practical environment. The managerial implications included the explanations on how the case company itself and other companies can use the information of the research. A common concern in case studies is that they provide little basis for scientific generalization (Alvesson & Sköldbberg 2009, 21; Yin, 2003, 10). Concentrating on one case often leads to problems of generalization which can be repaired by doing a series of case studies (Flick, 2009, 134). However, the view point taken in this research was for other companies in the industry to follow the ideology in the realized formula of customer interaction processes and their digitization rather than fully copying the suggested bases. Marshall and Rossman (2006, 42) argue that no qualitative researches are generalizable in the probabilistic sense; however, their findings may still be transferrable. In line with this, although the case study presented in this thesis focuses on specific situations at a particular time it is, however, possible that similar conditions occur in similar organizations in the field.

*Dependability* shows that the research processes are systematic, rigorous and well documented (Collins & Hussey 2003, 278). It is parallel to the conventional criterion of reliability in a way that it is concerned with the stability of the data over time. The technique of documenting the logic of process and method decisions is the dependability audit (Guba & Lincoln 1989, 242). The underlying issue in dependability is whether the process of the research is consistent, reasonably stable over time and across researchers and methods (Miles & Huberman 1994, 278). Although the researcher's background as a member of the owning family in the selected case company increases the credibility it may, however, decrease the dependability of the

research. To increase the dependability the research questions were carefully formed to fit the purpose of the research. The main research problem was divided into three sub-questions to further clarify the aim of the research. The theoretical features as well as the results features in this research were done in congruence with the research questions. A thorough description of the data collection was given in the methodologies chapter explaining also the details in the conduct of the interviews. The final synthesis/framework figure shows the parallelism of the findings across the data sources. The final model therefore intends to show what elements are important in the process (Hackley 2003, 63). The connection between the analytical findings and the theoretical suggestions in this research was supported with the use of themes which were followed through out the research steps. Each of the interview themes were introduced to each interviewee before the relative questions were presented. The presentation and evaluation of existing theories and the collected data from the interviewees were considered to be sufficient in order to comprehensively answer the research questions. The researcher's role in the data collection was to conduct the interviews by ensuring a quiet setting and leading the interviewees to answer the set interview questions as truthfully and honestly as possible. Attention was paid to ensure that the interviewees felt comfortable about speaking of the interview topics without feeling uncomfortable or exploited (Yates 2004, 159). During the data analysis the researcher's role was to recognize and substantiate new meanings and find new connections to make the understanding of the concepts more comprehensible to others (Stake 1995, 97).

*Confirmability* assumes that criterion where the study has described the research process fully and it is possible to assess whether the findings flow from the data (Collins & Hussey 2003, 278). Similarly to the criterion of objectivity the confirmability is concerned with assuring that data, interpretations, and outcomes of inquiries are rooted in contexts and persons apart from the evaluator and are not simply figments of the evaluator's imagination (Guba & Lincoln 1989, 242-243). The ideology in drawing the conclusions in this research was to emphasize the conclusions dependence to the subjects and conditions rather than depending on the visions of the researcher oneself. The conclusions were therefore again based on thorough comparison whether the findings would be in line or contradict with the theoretical suggestions (cf. Rubin & Rubin 2005, 265). The interview data used to draw these conclusions was recorded and transcribed through which the comparison could be formulated. This way the trustworthiness of the interpretation increases because audio taping allows the catching the exact words used in the interview (Silverman 2005, 157; Stake, 1995, 56). The interviews were carefully prepared to increase the confirmability of the research. During the research steps the researcher was trying to be self-aware as possible of ones influence (personal presumptions, and values) on the events which may have supported

the replicability of the research. Nevertheless, the very presence of the researcher is a feature of the research that cannot be ruled out of the analysis (Hackley 2003, 105). The research approach, selection of the case company, data collection and the data analysis were discussed explicitly and in detail to describe the methodologies and procedures used in this research. The used methods were referred to existing literature on methodology. Throughout the research the type of analysis needed for this research was anticipated to ensure to obtain the exact needed information (Rubin & Rubin 2005, 52). The analysis of this research was started early in advance during different phases of the research instead of as one full entity at the end which provides a better linkage between the findings and the collected data. Also straight quotes were given to confirm the analysis. The confirmability of the research can be increased also because the name of the case company has been openly used in the research. On the other hand the anonymity of the interviewees decreases the confirmability.



## **5 STRATEGIC DIGITIZATION OF CUSTOMER INTERACTION PROCESS IN THE CASE COMPANY**

*"Our aim is to learn how to become more efficient and serve the customers better and also make more business in the future."*

In this chapter the detailed findings of the research are discussed. The descriptions and analysis in this chapter often uses the term customer that means either one individual customer or a group that is visiting the resort. The structure of the findings is formed in line with the theoretical concepts, and thus also in line with the interview themes. The customer interaction process as a whole will start the findings chapter as it gives the reader an overall picture of how the case company's customer interaction process looks like. The process is then further revealed by dividing the process into three main stages. Before looking at the case company's digitization the company's strategic decision making will be studied. Digitization is then further divided into four approaches of digitizing: information, products/services, marketing and the company image, and the overall business processes. Once the different approaches to digitization are analyzed, the current state of digitization in the case company's customer interaction process is evaluated. At the end of the chapter possible hindrances in digitizing the customer interaction process is discussed. All the quotes given in this chapter are straight quotations taken from the interviews of the research, however the names of the persons are not revealed due to anonymity of the interviewees.

### **5.1 Architecture of customer interaction process in case company**

*"It (the customer interaction process) is a good base to anticipate the circumstances and how it goes, and to prevent those points where things could go somewhat wrong."*

As the case company's target customers are groups the customer interaction process is taking the viewpoint of the customer interaction with groups instead of individual customers. Because the interviewees represent different departments in the case company their responses to the interview questions were based on their personal visions of the overall process flow and their experiences of how these activities have been performed earlier. One of the interviewees argued that the differences in their visions of the case company's customer interaction process may appear due to changes that have occurred during the company's rapid growth phase. Because the interviews were done to the representatives of different departments the steps in the actual customer

interaction process in the case company were carefully formed as the interviewees individually had somewhat different view of what the events are and how they are distributed in each others departments. Every interviewee was able to bring something new to the discussion that the others did not mention.

### ***5.1.1 Appearance of the customer interaction process in the case company***

*”The deplorable fact is that once the process has been written out we haven’t understood it to be sufficiently important and the print is there getting dusty at the shelves...”*

Overall the process based thinking has only become relevant to the case company only during recent years because the company has grown and changed towards a more complex business. The case company has defined its ‘customer interaction process’<sup>15</sup> as a part of larger process definitions several years ago. At the time the company thought of the basis of their customer interaction with their cooperating companies to form the idea of working together. Since then only individual parts of the process have been mentioned in the personnel meetings and only to the extent of the case company’s demand at the time. Basically the process was formed of the customer contacts step by step in order to make the procedure easy to use in practice. Several reasons were, however, given to explain why the customer interaction process was originally not carefully defined. Although the literature suggested that process based thinking is needed to make the activities for customer satisfaction more visible (cf. Kullvén & Mattsson 1994, 17) it was argued in the interviews that there are several SME’s that have not clearly defined and analyzed their customer interaction process because such issues are not necessarily seen sufficiently important. It was explained that there are several entrepreneurs who are doing their business as their lives work and are not particularly interested in making researches. One interviewee believed that many SME’s are living in a so called ‘wild west’ where researches are not seen necessary as the owner/managers have formed their own vision on how to run the activities and thus, believe strongly on this vision. Also the lack of time was generally noted as a reason for not being able to concentrate in forming a proper customer interaction process in an SME.

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<sup>15</sup> ‘Customer interaction process’ is marked in apostrophe, meaning that the case company has been defining steps in their business activities while simultaneously outlining the activities in their customer communication process, although not done completely to define the customer interaction process as such.

When forming the outline of the customer interaction process the case company has to some extent been using similar methods to blueprinting. A similar, however, more simple method was used to make a rather general outline over activities that need to be gone through in the company. Several years ago the case company also took part in a student's research where the customer interaction process was rather carefully outlined. The case company admits that the work was neglected as it was not considered a very important issue for running the daily tasks of the business. The original design was therefore never fully exploited. Since then the time has past and the case company has grown and transformed with new capacity, new people, new modes for operation, and new applications, which have caused the old design becoming out dated. Despite of the complex nature of blueprints (cf. Olsen & Teare 1992, 203) the interviewees believed that because of the complexity of the business the customer interaction process needs to be simple enough to allow different changes on the way. The interviewees commonly see space for developing the design of customer interaction process and that its formation should be taken more seriously and the process should be updated to meet today's capacity. The outline<sup>16</sup> of the customer interaction process in the case company is demonstrated in the figure 16 where all the interviewee's opinions are taken into account.

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<sup>16</sup> The word 'outline' here refers to a general view of the overall process, that starts from the first contact with the customer and that ends with the last contact of the customer and the case company.

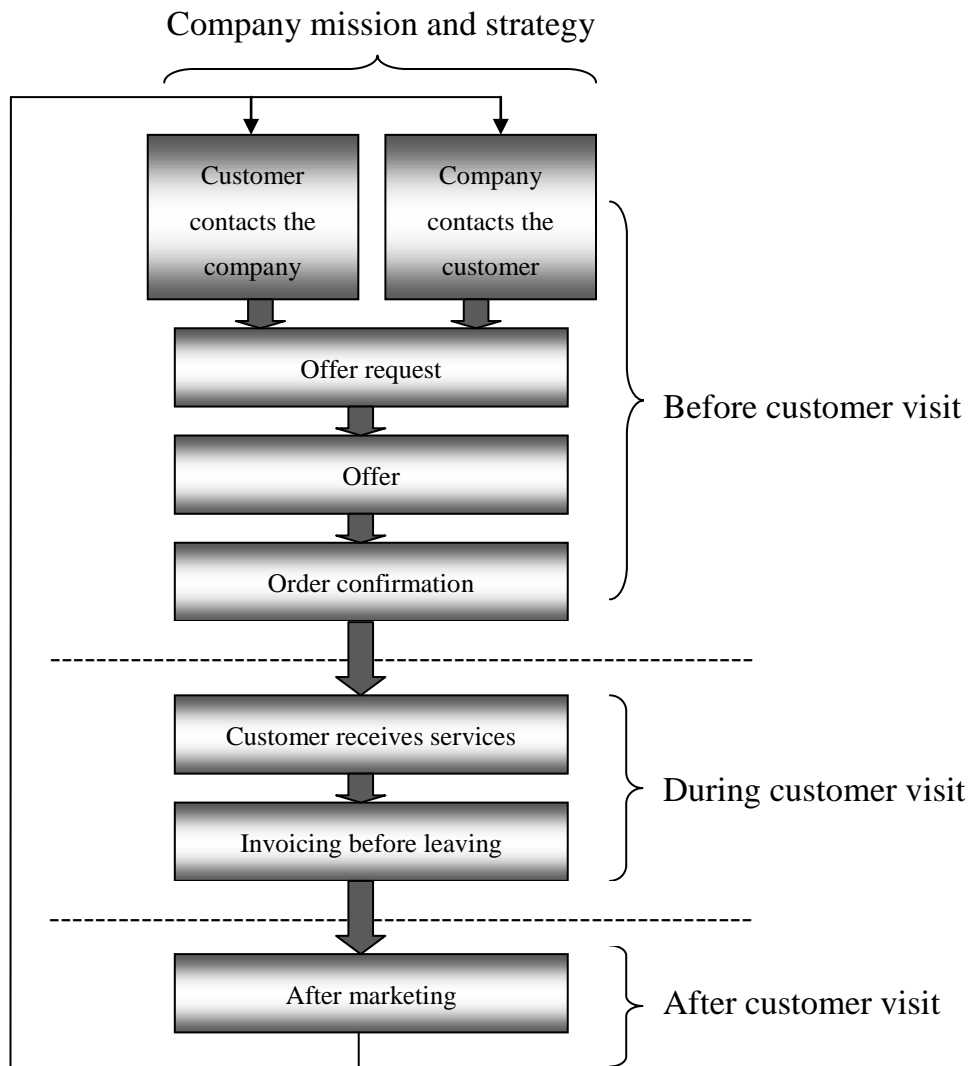


Figure 16 Outline of the case company's customer interaction process

The three phases of the customer visit in the resort are divided into sections which describe the main structure of interaction between the customer and the case company. This outline of the overall customer interaction process starts by either the customer contacting the case company or by the case company contacting the customer depending on the predetermined mission and strategy of the company. The case company then shares information of their services with the customer which leads to the customer making an offer request. The offer request is carefully investigated and an offer is made providing all necessary information of what the customer is interested in, possibly added with other services that could fit the service encounter. The offer is given an expiration date before which the customer needs to make an order confirmation. In most cases, the offer is followed by several discussions between the parties to eventually make a perfect event for the customer. If the order is made while it is valid the company starts making preparations to welcome the customers for the event. Once the customer receives the ordered services they can decide to make the payment either while still in

the resort or after they have left the resort through invoicing. Finally the after marketing usually follows for welcoming the customer to visit again and to provide new offerings for the customer. Although the customer interaction process appears to end here, ideally it never ends and results to another similar service encounter.

All the interviewees shared the opinion that the customer interaction process in the case company could be divided into some elements that divide the process into clear parts. The contents and the number of elements described by the interviewees did vary; although the Lovelock's three phase theory did seem to be hidden between the lines (cf. Lovelock & Wirtz 2007, 39). The interaction with the customer before the customers visit was formed of the offer request, offer and confirmation. The interactions during the customer's visit include the customer's enter to the resort, the customer receiving the ordered services, and marketing which takes place while the customer is still in the resort. The interviewees' descriptions of the interactions in the form of the customer leaving the resort, invoicing and after marketing fit to the element where the customer has already left the resort. Very importantly it was pointed out that the company's mission and strategy are always above the overall process and therefore strongly influence the decisions made in the entire customer interaction process. The management of the customer interaction process by measuring and improving is not clearly organized in the case company. Problem solving in the customer interaction process is generally made where problems or needs for development occur. The changes are thus, based on experience over the years. If ill function is experienced the company either tries to solve the problem at hand or takes it into discussion in different meetings. The interviewees noted that new technologies allows better control and handling of the process parts which helps in the process flow and brings savings to the company. The case company also collects customer satisfaction forms and holds development discussions with the personnel.

Although the customer interaction process is not specifically measured and improved as a process, several ways to touch the needs of improvement in the process are (where found necessary) discussed in the case company board meetings and executive groups. The company board consist of the owners and the operations manager of the business as well as outside meetings experts. In their monthly meetings the overall business success is regularly evaluated including estimations how the business is generally doing, what is going on in the competition, what are the recent financial figures, and how is the personnel doing and where they see need for development. Time to time a focus of the board is concentrated on predetermined topics that emphasise the development of the business. The executive group of the company ideally consists of all the permanent personnel where numerical results are evaluated, and development and quality needs are discussed. Instead of constant development of the process (Ramaswamy 1996, 27) the management of processes was found to be done when problems are noticed by

discussing why such problems occurred and how they could be fixed. In the next meeting it is determined whether the problem was solved and how. As a company with high seasons it is necessary to measure the performance even more to ensure that the activities are performed as they should.

The outline of the case company's customer interaction process given (figure 16 above) forms a good overall picture of the main steps in the process; however, in reality the process is versatile and requires much more interaction with the customer. In the next chapter the three dimensions of the case company's customer interaction process are broken down to details. The specific responsibility of measuring and improving the customer interaction process was found to be unclear in the case company. Instead of having one person taking responsibility of the whole process in the case company, as one interviewee says the general manager, operations manager and managers of different departments are together responsible on these issues (Harmon 2003, 165). The top management says that the responsibility is on all the department managers, who evaluate the performance and report to the top management. Some say that the responsibility is on the operations manager alone and that everybody can measure their performance themselves. To make clearer judgements the responsibilities are analyzed separately in each phase of the customer interaction process. The type of data used and collected by the case company also requires separate analyzing during each phase in order to understand how the company plans its actions based on their customer information (cf. Greenberg, 2004, 66) during different phases of the process. The customer interaction process dimensions, responsibility of them as well as the use and collection of the customer data are therefore discussed in the next chapters.

### ***5.1.2 Case company customer interaction process dimensions***

Similarly to the theoretical part the customer interaction process in the case company was divided into three main phases namely: before, during, and after the actual customer visit to the resort (Lovelock & Wirtz 2007, 39). Each of the phases in the case company are next discussed in detail. During the interviews preliminary figures were made together with the interviewees to form a clear idea of the interviewee's vision of the customer interaction process in the case company. These figures are put together in the following chapters to form detailed processes of each process dimension. In the outline of the case company's customer interaction process a very preliminary picture was given to demonstrate the overall process. When going deeper into the details of the process it appears that several activities can take place and thus, the outline takes a much more complex form. The different dimensions are here discussed separately to better understand how the complex entity is formed. The use of the blueprinting method

provides a good way to analyse such detailed processes (cf. Morgan & Ostrom 2008, 67). Below the interviewees' visions of the architecture of the company's customer interaction process are viewed through the use of the blueprinting method. This is done separately discussing the findings of each dimension - before, during, after the customer visit to the case company resort. In addition the responsibilities of each dimension as well as the use and collection of customer data is separately discussed over each dimension respectively.

#### **5.1.2.1 Before customer visit to resort**

*“...it includes marketing in all ways, whether it's taking the form of making a phone call, sending emails, making a visit, sending a gift or mail, that is marketing, where the whole thing begins.”*

In the case company's customer interaction process the first dimension takes place when the customer has not yet physically entered to visit the resort. All the activities here thus, represent the interactions between the customer and the case company to share information in advance aiming that the interaction would lead to a customer's visit in the resort. The composition of the 'before the visit' phase in the case company's customer interaction process is formed of several steps which are best described in the form of a blueprint. The blueprint of the first dimension, figure 17 below, looks as following when the opinions of all interviewees are put together.

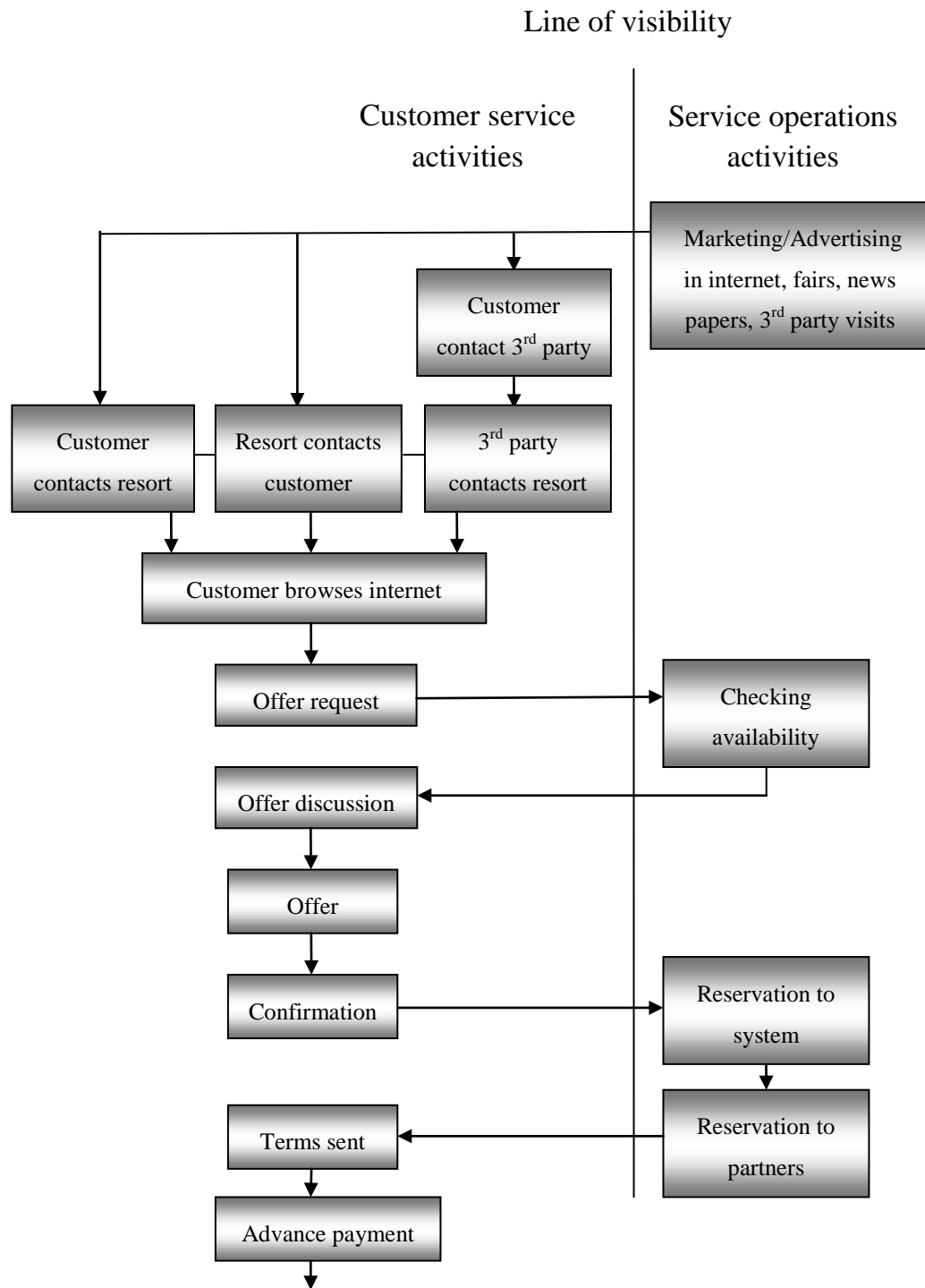


Figure 17 Blueprint before the customers visit in resort

The decisions of what steps are included in the customer interaction process are strongly influenced by the visions and resources of the case company management. The steps in the interaction before the customer visit in the resort is strongly involving different marketing activities. In the figure a line of visibility is used to demonstrate the division between the *customer service activities* that are done together with the customer and the *service operations activities* that occur behind the scenes by the



company. The process begins with *marketing and advertising activities* to attract the customer to visit the resort. These activities are usually done through internet, news papers, fairs, and third party visits. Generally there are three possible ways in which the interaction between the customer and the case company is preceded. The first option is that the *customer makes the initial* to contact the case company. The second option is that the *case company contacts the customer* - the case company's strategic view is to be the first to reach the new customer. The third option is that the end *customer contacts a third party* and asks them to organize the event. In this case the case company is connected with a third party that mediates the end customers to visit the resort. The third party connection generally means that the case company is networking with third parties for example with travel agencies in the Russian market. The cooperation is often formed by the case company inviting the third party organization to visit the resort. This way the case company learns whether the third party could offer potential customers to their offering. The case company is taking a leading part in several schemes that assists companies in the industry to finance such operations where these third parties can be cooperated with. Additionally, one of the most important routes for the customer to reach the case company is that the end customer has been visiting the resort already before as a guest of the organizing customer or has been recommended by a third party. Thus, the customers own experience has led to a new service request. The first communication can occur through a phone call, mail/email, or by making a visit directly to the resort. A special feature in the case company is that they are located apart from their competition. Once the customer contacts the case company it immediately learns that the customer really wants to visit this particular resort despite of its distant location. This is very different from other companies that need to be able to sell and differentiate themselves from their competitors. This knowledge helps the case company to concentrate on forming a suitable package to the customer instead of trying to persuade the customer to choose their company from many.

The customer is next directed to the company *websites*. The case company has put a lot of effort in making the content of their websites. This is done to enable the customer to find all information relating to products and service for organizing an event in the resort. Because of the comprehensive information at the website the length of the service process can be shortened. The customer also has the possibility to decide beforehand the selection of services which he is interested in (Puhakainen 2001, 51). Once the customer has become familiar with the offering on the websites, an *offer request* can be made by the customer according to his needs and wishes. Usually email discussions are then held over what the customer wants and how the company could carry out the event for the customer. Also the times and *availability* are checked. Sometimes the customer visits the resort before hand for organizing reasons. The sales personnel then *offer* the customer a package that, not only fits the customer's needs, but

which also meets the customer's wants. The offer to the customer includes the products, descriptions, pictures, prices, and terms. Also a possible added sale is considered at this point. The customer is encouraged to select variable surroundings for the services to create a versatile experience throughout the event. The customer *confirms* the offer after evaluating it. Once a confirmation is made the *reservations are made to the systems and if necessary to the partners*. The interviewees argued that the existing reservation system is not fully compliant with the company's needs because it does not automatically make reservations to all the service providers but instead the sales personnel need to make the confirmed reservations to each partner separately. The information of the reservation and *terms* are next sent to the customer. The customer then makes an *advance payment* to commit the customer to the reservation. The whole process before the customer visits the resort usually requires several contacts with the customer. Separate phone calls or emails are often sent to confirm the number of participants, food allergies, time tables etc.

The responsibility of the phase which occurs before the customer's visit in the resort lies on the correspondents of each activity who reports ones manager. It was noted that each person that is communicating with the customer is a possible marketing channel and whose communication may lead to a new offer request. This allows the customer to access the information promptly and allows the customer to communicate with the particular person he wants to. Consequently every employee has an influence on the customers' vision of the company image that eventually leads to picture that he gives to outsiders. Depending on when the customer first comes to contact with the resort the customer either communicates with the sales personnel by phone or email or with the service personnel face-to-face at the resort. When proceeding to the step where an offer is made the communication usually shifts to the sales personnel.

During the first phase of the customer interaction process the case company uses existing data that it has in possession describing the customer and his past behaviour. In line with the literature if for example a business group has visited the resort before the case company can find the customer's contact information, possible hobbies, group types, visiting reasons and invoicing history which it is able to use when being in interaction with the customer (Bichler & Loebbecke 2000). The existing customer data is used in the case company in order to contact the customer for personalized marketing purposes. New data in relation to the customer and its actions is attempted to be collected if the customer visits the resort again. In this situation the customer marks down the type of events organized by the customer to evaluate whether the customer would organize similar events also in the future. If an offer is rejected by the customer the case company sees that the offer needs to be modified for future purposes for this particular customer. The case company also collects some of the customer's areas of interests for possible further marketing. The interviewees see need for development in

collecting such customer data that tells the company the future possibilities for the customer to organize events in the resort. The case company is interested in learning e.g. what sort of events does the customer company organize on annual level.

#### ***5.1.2.2 During customer visit in resort***

*”...when the customer is on the spot, it is the best possible opportunity to collect written offer requests...When we take good care of the customer we make sure that he really will order the next event from us.”*

The second dimension is a result of a successful interaction with the customer in the first dimension. The case company has been able to persuade the customer to visit the case company. The interaction here is based on the giving the customer a satisfying experience that decides whether the customer will consider to visit the resort again and possibly recommend the place to others. When the interviewees' visions of the process during the customers visit in the resort are put together the blueprint looks as demonstrated in the figure 18.

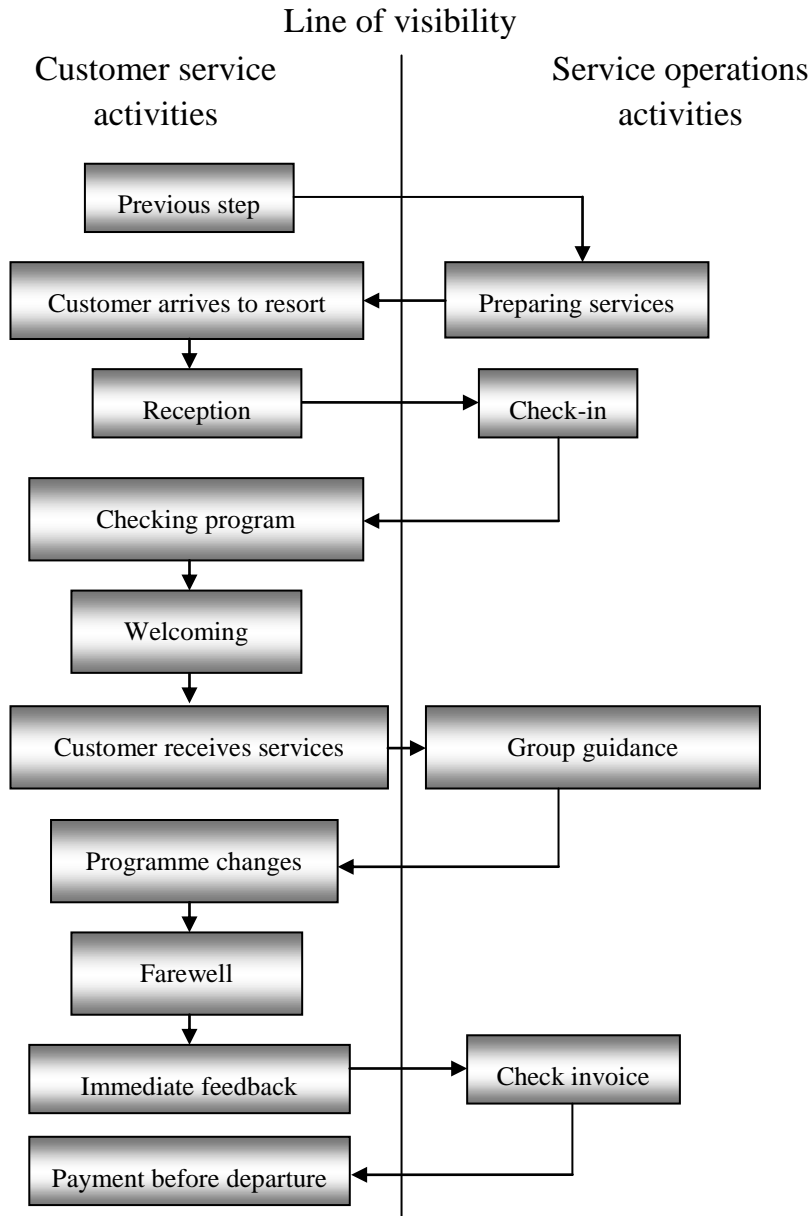


Figure 18 Blueprint during the customer's visit in the resort

In the second dimension after *preparations* for services are made the first interaction between the customer and the resort occurs when the customer physically *enters* the resort. During the customer's stay in the resort the interactions with the customer vary a lot and the personnel need to be constantly alert to the changing situations. The customer is taken in when ever possible by going to meet him at the vehicle, boat or plane/helicopter. Often each customer is given a handshake in arrival. The customer is then *checked in* to the system and the event *program is gone through* with the customer or the leader of the customer group. The check-in of the customer is considered as a service operation activity, because it refers to the check-in of the group that does not commonly involve face-to-face customer service. Also the number of participants and the time table are verified and possible additional services are added to the program.

Many customers commonly ask for a welcome speech from the resort because they want the first time participants to hear about the case company's special style of organizing these rather traditional events. The customer or the group of customers are then *welcomed* to the resort. When welcoming the group of customers the case company is able to do extra marketing to the group that could lead to new offer requests. Here the customer is introduced to the resort and possible resort maps are given to better understand the surroundings. The customer then *receives the service* blocks it has ordered step by step whether being meeting, restaurant, entertainment, activity, sauna, and/or accommodation services. During the program the customer is constantly *guided* and assisted to ensure a successful event.

The case company personnel continue marketing the available services alongside the service encounter for possible further order requests. The interviewees see that while the customer is in the midst of enjoying the services the atmosphere provides the best possibility to raise the customer's ideas for future encounters such as forthcoming birthday parties etc. Possible *changes* and additions to the pre-ordered program are made on the customer's request also during the customer's stay in the resort. Although in principal all service personnel should provide the customer information of the next service the interviewees see need for development in delivering the needed information to partner companies who are often responsible in activities services. Sometimes extra events such as dance evenings are organized to attract the customer to stay longer and spend more during the stay. The customer's stay in the hotel may last from few hours to several days. Finally in *farewell* the customer is thanked for the visit and welcomed again to the resort. Once all the ordered services are received the customer or the group leader is commonly asked for an *immediate feedback* of the event. During this discussion the customer also has the possibility to revise/acknowledge the bill before it is checked to the case company's system for invoicing. The interviewees saw need for development in the process of acknowledging the invoice but felt that it currently demands the small organization's resources at unreasonable levels. Finally the customer has the possibility to make a *partial or full payment* of the services already before departure. The customer is reminded of possible contacts by the sales department in few days time after the event. In many cases the group customers leave the resort with the transportation organized by the case company.

The responsibility of this customer interaction process dimension lies on mostly on the performing resort personnel serving the customers throughout the ordered program. The persons that are responsible for the process are thus, the restaurant personnel in the restaurant, activities personnel during different activities, and sauna personnel in the sauna-area. In some cases a particular person is taking care of the service flow during the entire event. The decisive responsibility, however, remains at the sales department that has originally made the service 'promises' to the customer. The way in which the

service personnel takes care of the customer is crucial for the realization of the image and promises that the sales personnel have sold to the customer in the customer interaction processes first phase. The interviewees note that therefore delivering and transferring the knowledge from the sales department to the operative departments plays a major role.

Different types of existing data of the customer and its behaviour is used also during the customer's stay in the resort. Information is used for example if the customer has some special features that need to be noted during the service process. The possible special features may include for example the customer's preferences e.g. in accommodation. These possible special features are often marked beforehand in the computer system in the case company's event controlling system<sup>17</sup> from where the service personnel can find the information and put it to practice. In these systems all the necessary information of the customer is shared for organizing the event. The case company wants to recognize the customer's special features to make the service more personalized (cf. Acosta 2004, 48). The interviewees give examples of recognizing the customer by making small gestures on the customers' wedding day or by sending male personnel to serve a group of female customers during a special event. Existing data is also used to note a regular customer's previous events in order to offer the customer alternative experiences to prevent the customer getting bored with a similar service offering.

Also new data is collected during the customer's stay in the resort. The new data may simply consist of the changed customer contact information and/or the visiting group's partners or guest's contact information that could potentially bring new customers to the resort. Although the case company considers it important to collect new information of the customer and its behaviour the interviewees admit that they have not been able to collect new data in a sufficient manner. Currently the needs, special features, and possible yearly events of the customer are randomly collected by the resorts long-term personnel only. The collected data is then informed to the sales department in various forms. The interviewees note that they should have a system that allows each department to individually write the new data of the customer to a common system instead of doing double work in different departments. One of the reasons for the poor performance in new data collection was argued to be the limited number of employees leading to inability discuss and ask extra information from the customer.

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<sup>17</sup> The case company's 'Event controlling system' means a pile of visible A4 documents describing the ordered events for each day.

### 5.1.2.3 After customer visit in resort

*"The better we know our customers the better we can complete their needs."*

In the third dimension the customer has become familiar with the case company's services and is able compare the experience with similar offerings of other companies. The interaction after the visit in the resort thus has the function of reminding the customer of the experience which could lead to a new service encounter. The interviewees' visions of the interactions between the customer and case company that occur after the customer has physically departed from the resort are demonstrated with the below blueprint, figure 19.

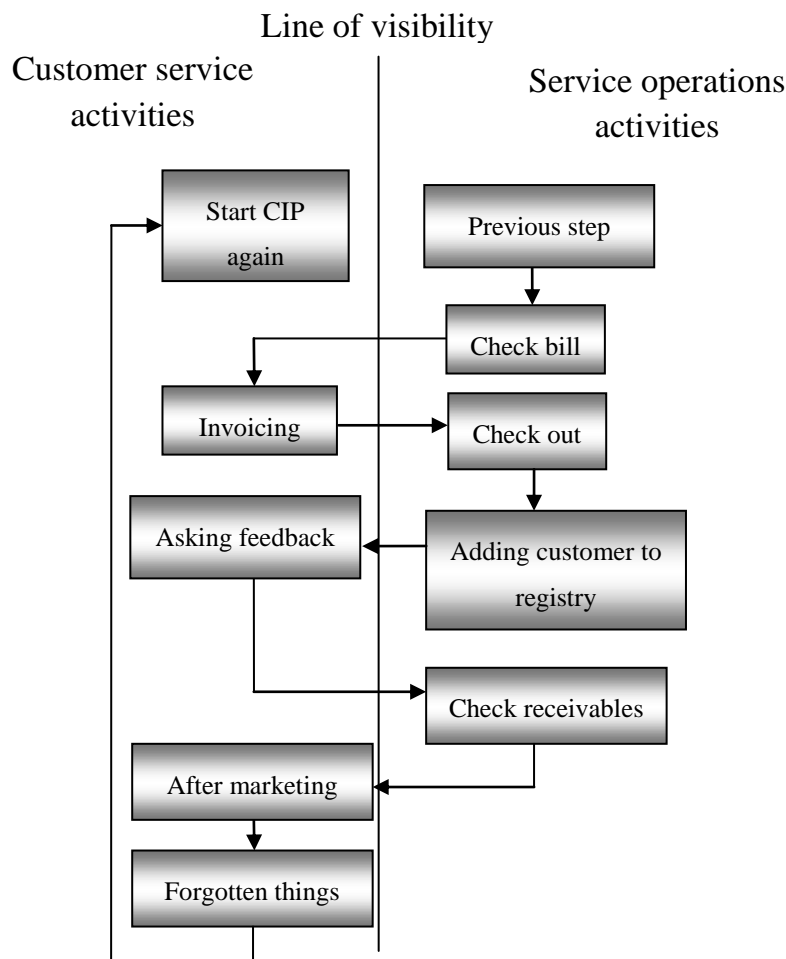


Figure 19 Blueprint of the steps after the customer visit in resort

If the customer did not make a full payment of the event before departure the case company next *checks* that all the ordered and received services are marked in the invoice. In some cases the sales department contacts the customer before sending the

invoice to verify it with the customer. The *invoice* is then sent to the customer either in paper or in email format. The interviewees felt that they need to develop the use of electronic forms in sending the invoices to the customers. One interviewee estimates that still today 95 percent of the invoices are sent via traditional mail in contrast to the 5 percent sent by email. Once the invoice has been sent the group customer is *checked out* in the system. The customer is then added to the customer registry. In some cases discussions over the invoice between the customer and the case company are needed before payments are made by the customer. The discussions often include making corrections to the invoice addressing, referencing, and due dates. The discussions are often held with the case company's personnel from the sales department and/or from the financial department. Although the customers are already asked for immediate feedback before leaving the resort they are now officially asked for *feedback* of the event. During the feedback inquiry the customers are thanked for their visit in the resort and they are asked about their experiences of the now past event. Often a fixed format is used to make these inquiries and written responses are asked from the customer for development purposes. The financial department of the case company follows that all *receivables* have arrived.

Most customers are added to the case company's *after marketing* lists where the customer receives various after sales and seasonal marketing from the resort. The after marketing also consists of invitations to secretary visits, special events and sending seasonal greetings to long-term customers. In the after marketing the customers are categorized to allow specified information to be delivered according to the customer's interests. The case company is attempting to keep the amount of after marketing limited not to disturb the customer but sufficient enough to keep the customer interested. Sometimes seasonal greetings are sent to the customer. The interviewees all emphasize that knowing the customer allows better possibilities for creating future business encounters with the customer. One interviewee argued that the after marketing is more demanding in company which business is making experiences. It was pointed out that it is more difficult to sell a product which the customer does not necessarily need.

*Forgotten things* are often sent to customers after they have left the resort. Usually this requires telephone discussions with the customer. If the case company has successfully satisfied the customers need or want the customer may, as expected by the case company, starts the customer interaction process *again from the beginning* to form a new service encounter. Several successful service encounters eventually lead to a long-term customer relationship. The interviewees note that not all customers receive as much attention and interaction with the case company as described above. The case company has prioritized some of its customers to be more important than others that it wants to take better care of. In every case the customer gets the invoice where the customer is thanked for the visit and the customer is reminded of forthcoming events.



The correspondent of the shift makes sure that all the services are put to the customers account and checks the customer out in the system. Where seen necessary the shift correspondent reports to the department manager. The personnel at the sales department are responsible in sending the invoice to the customer and adding the customer to the registry for after marketing purposes. When the customer is contacted for feedback it is in most cases done by the same person that originally made the service offer. The financial manager follows that the customer's payments are received. The sales department is responsible for all marketing including the after marketing unless it has been outsourced. The customer usually contacts the sales department for forgotten things which in many cases need to be sent to the customer by mail. Although the management of each dimension in the customer interaction process seemed to be clear to some interviewees, most of the interviewees however were not as clear on the responsibilities that may be due to unclear division of tasks in the company.

Existing data in the third phase where the customer has already left the resort is shown mostly as bases of different document formats that are modified to fit the particular customer. These different document formats include invoices, feedback formats, and marketing material. The same formats may be done in different languages because the case company is doing business with many international customers. Generally taking the same issues are asked from almost each customer but interviewees argued that the discussions are personalized in a way that the customer does not even notice that information is collected. The different customer features are added to the company system. The customer's features in the system define the type of packages which can be offered to the customer e.g. the average money spent on an event or the number of participants in an event.

In terms of new data collection during the last phase of the customer interaction process the interviewees see that the feedback collection provides the company great business opportunities. It is considered important for the company to learn what the customers want, how they see their received services and what they would like to have in the future. The new data collected at this point concerns learning more about the customer. The customer is often asked about the type of events organized and the customer's networks that could help the case company to find new customers. The interviewees find it important to be able to collect the new data particularly during the customer's stay in the resort but has not to date been able to arrange this during the service process. The case company plans to make new arrangements for better collecting data over the customers in the future.

The case company's customer interaction process before, during and after the customer visit in the resort is now described and analysed through the use of the blueprinting method. The interviewees noted that there is no clear timeline or duration for the overall customer interaction process because of individual circumstances during

each event. The events organized by the customer may vary e.g. in time, content, number of participants and thus, require variable time for organizing. Therefore no time line could be analyzed in this paper. The management in terms of the persons responsible for each step were discussed and the data use and collection during each element was evaluated. In the next chapter the ways in which the case company utilizes digitization in relation to its customer interaction is analyzed.

## **5.2 Strategic digitization in the case company**

In this chapter the possibilities for strategic digitization in the hospitality industry are discussed through the case company findings. In line with the theoretical discussions the chapter begins by evaluating the use of strategic management in the case company. The chapter then continues explaining the position and possibilities of digitizing information, products and services, marketing and the company image as well as processes as a whole. At the end of the chapter the level of digitization in the case company's current customer interaction process is analyzed.

### **5.2.1 Utilization of strategic management**

*“In a small company it requires years before the capacity, services, and concepts respond to the needs of the customer.”*

The case company is using strategic planning and decision making in the business. The interviewees had somewhat differing opinions on why the strategic planning is executed. In line with the literature some interviewees argued that the company uses strategic planning to realize the owner's wishes (cf. Ghoshal et al. 2003, 9). Some of the interviewees viewed the strategic planning by focusing to meet the customer wishes where as others were focusing more to meet the set company visions. The strategic decision making and planning in the case company is directed to clarify the operation modes, sharing responsibilities and meeting the set visions and objectives as well as to fulfil the customer's wishes. Generally the interviewees argued that strategic planning and decision making is necessary for the exercising of the business. They were argued to be needed for the tasks to function as they should. The focused responsibilities provide the way to process the wanted actions.

The strategic planning seems to be two folded in the case company. On the other hand the strategic planning is based on reaching the visions but on the other hand it is also based on solving problems where they appear. Similarly to as suggested in the

literature the daily operations are evaluated by correspondents of the departments and all personnel and where problems occur they are attempted to be solved through the strategic measures in the meetings (cf. Polonsky & Sargeant 2007, 460, Ramaswamy 1996, 134). The company has selected a suitable base for strategic planning where different business divisions are comprehensively gone through. The case company's business strategy is evaluated yearly and a more extensive strategic review is made every three years. The responsibility of putting the strategies in to practice is on the owner/manager although the responsibility of updating the primary operative activities is on the operations manager. Some interviewees argued that the strategies are partly based on utilizing the existing capacity effectively in the long term. Even ten year plans are made to establish what the company will need to have fulfilled by then. It was argued that with the strategic plans and decisions the company activities are easier to channel in order to get the visions materialized.

The case company makes strategic decisions in its board meetings where certain people are given responsibilities to ensure that decisions will hold. The members consist of the owners, CEO, the operations manager, and consulting members from outside the company. The board meetings are held monthly, however, the strategic decisions can be made unexpectedly by the owner/manager of the company where seen necessary. Although the final decisions are made by the owner/manager i.e. the CEO, the opinions and visions of other members are also listened to. The outside consultants give directions and opinions to guide the issues to discuss. It was pointed out that because the outside consultants have a wide understanding of these issues in different industries they are consequently able to provide new viewpoints to the meetings. The case company also has personnel meetings where decided strategies are gone through with the personnel in order for everybody to know the objectives of the company. The personnel meetings were recently combined with previous directorates meeting due to similarity on issues discussed. The marketing meetings consist of the group of cooperating companies where also strategic decisions are made that set requirements to the case company. Instead of copying straight from larger companies the case company argued to leave space for creativity in its strategic planning as its essential strategic choice is to revere distinctiveness in all its operation. The company is intentionally trying to clearly differentiate itself from its competitors which leads the customers to pay higher prices while at the same time enables them to enjoy preferable services. The strategic planning in the case company is also reflected to available industry researches that provide information of the customers' expectations and wants. The interviewees believe that it takes years for a small company to strategically respond to the customers needs in capacity, services, and concepts. The job of the company board consequently is to bring strategic steps into practice.

The strategic decision making in the case company is done in sequences. These include both the long term decisions of several years and the short term decisions. For example the marketing plans, sales plans or sales budgets are done in monthly and in annual sequences. Some decisions are made to support particular seasons such as December and mid-summer. The interviewees including some of the members of the board meetings seem to disagree on the different sequences of strategic planning and sharing responsibilities that are used in the case company. The interviewees believe that the set strategic plans are not currently dismantled to smaller parts to work effectively and the information is not properly transferred to all the personnel. The owner/manager seems to have a clear vision of the strategic practices that are not as clear to the other company managers. Most of the interviewees believe that there are possibly many things that could still be emphasized more but are not brought to effect due to limited resources (time, money, personnel) available in the small sized business. It was argued difficult to transfer information because of people with different mindsets and changing personnel which causes important knowledge loss to the company. The information transfer difficulties were said to be experienced because a lot of information and practices are stored only in the heads of people causing difficulties in communicating them forward. Although the interviewees see difficulties in transferring the information to practice, they nevertheless felt that generally the current board working is of first-class quality compared to the competitors in the area.

### ***5.2.2 Position of strategic digitization***

*“We are looking for, of course, cost efficiency, functionality and customer satisfaction.”*

In theoretical chapter of digitization (chapter 3) there were four different approaches taken to what can be digitized. The four approaches of strategic digitization in the case company are each discussed individually in the following sub-chapters. The interviewees' viewpoints on the case company's possibilities in digitizing information, products and services, the marketing and company image as well as the possibilities in digitizing overall processes are therefore evaluated.

### 5.2.2.1 *Digitizing information in the case company*

*“The collected data produces further value to the business if it provides new customerships to the company. At the end customers are the reason to our ability to exist.”*

According to the interviewees the case company has all the most usual devices that can store digital information in possession. These most usual devices include the computer hardware in PC's, laptops, mobile phones, etc. The external hard wares, DVD's, CD's, memory sticks, and so on. The company has recently started implementing a data management system which saves all data into two different locations outside the company. This enables the personnel and cooperating companies to reach needed information in real time without the need to transfer the information from one place to another. The system also provides backups in case problems occur.

As in most companies today also the case company collects digital data in its different daily activities. The digital data collected consists of items from all departments including: calendars, products, services, marketing, sales, customer registers, bookkeeping, minutes of record, performance calculations, etc. Generally taking all written information that is not legally required to be in paper format and that employees do not have a personal need to save in paper format is digitized in the case company. The interviewees argued that data collection is only useful and practical when it solely consists of information that is needed. Purposeless information only builds massive piles of data that nobody has time process. Practical information on the other hand is used in practice specifically in the sales and marketing activities. The current digital data is claimed necessary to be used in close to all daily activities of the case company.

A variety of reasons were given to how the digital data is useful in the business. The digital data was argued to be particularly useful for the board and in the back office activities when evaluating for example the daily and hourly revenues, the biggest customers in terms of expenditure, and the costs of daily raw-materials. The digital data also allows the statistical information to be automatically sent and received with e.g. government officials and allows following budgets and weighing income against expenses without time limitations. The work of the sales department was argued to be fully dependant of the digital data in use. All the material used in doing marketing, making offers, and doing additional sales is saved in a digital format. Also many of the customer services provided by the case company are supported with the use of digital data. In line with the literature if the data was not accessible the performance would be slower and the quality of the services could become poorer (cf. Osterwalder & Pigneur 2002, 1-3). The use of digital data was also pointed out to be useful in the production

phase of the services e.g. making preparations for restaurant, accommodation and activities services. Following shifts and handling the inventories were given as examples. The case company shares and receives digital data with other actors both inside and outside the company. The information is shared between different departments, cooperating companies, the accounting firm, and also the customers. For example cooperating travel agencies are able to access the case company's reservation schedules via the internet. The personnel in the resort can make reservations to some of the cooperating companies' services on the spot. The company receives for example statistical information from government organizations.

The advantage of reproducing or reusing digital data is effectively used in the company (cf. Shapiro & Varian 1998, 2). In many cases the basic information is the same and only variable information needs to be changed and updated. Although the case company is making efforts to save all the useful information of the customers the interviewees nonetheless see need for development in collecting the digital data effectively. For example the customer data collection is not currently seen as a part of routine customer service in the case company. More efficient use of digital data was found to be a continuing development process in the case company. Although the case company already collects customer data to an extent, it was found that even basic information of some customers is still inadequate and missing. The interviewees find that in order to run the business better the personnel should also collect data in the restaurant/kitchen and in the sales departments better. The company capacity in data format as well as full ground plans would help the employees' work and could be useful in communication with the customer when planning visits to the resort. Also many back room operations such as inventories and menus could be presented in digital format to allow programs to automatically calculate the expenses rather than calculate the expenses manually. Similar expense calculators could be useful in other functions as well. The ability for all parties to access the digital data as well as standardizing the working methods and information to be digitized are among things still under development. The interviewees noted that with a more flexible operations control system the digital data could be better utilized for example in giving digital directions to customers over the resort area and surroundings, and using the systems to allow personnel to digitally inform when preparations are ready in certain departments (e.g. accommodation, restaurant, sauna, sales orders, etc.). The interviewees felt that with the use of digital data the company could be more visual in different internet locations.

The benefits of having digital data were argued to be vast in the case company. The interviewees stressed that because the number of documents increases dramatically controlling them becomes reasonable only with the possibilities to organize the essential information effectively. The ability to process the data regardless of the time and location allows more flexible practices in a company that is located in the rural area.

Similarly to the literature the use of digital data was pointed out to be cost effective, less time consuming to process, easier to modify, save, access and share, and to decrease number of prints needed (cf. Shapiro and Varian 1998, 8). The visuality in processing digital data was said to make the work much easier than before. Computer programs sort the data beforehand which enables to start the work a step forward. The digital data therefore saves hours of work and therefore in the long term increases the overall efficiency in the case company. Although digital data clearly seemed to provide advantages to the company it was also found that there are several challenges caused simultaneously. Firstly the use of digital data always requires investments. In line with the literature it was argued that most large digital solutions require long term commitment because learning the system takes very much time. In digital solutions often expensive initial premiums are followed with further payments for usage, maintenance and coding. It is therefore necessary that the personnel are technically skilled to digest new systems faster than before. According to the interviewees the use of digital data demands the company to make safety copies to prevent the loss of vital information if something goes wrong. Also possible mistakes in use or system errors can cause big problems to the performance. Publishing digital data in the internet needs extra careful revision because the audience is formed of thousands or more people. It was also told to be challenging to keep the published information updated. Because of constant technological development expensive systems often become old at short notice and it becomes challenging to stay up to date in using the most efficient systems in the competition. One of the clearest hindrances in using digital data was found to be the influence of the connection breaks. Because many tasks in the resort are supported by the digital solutions (e.g. cash registers), possible connection breaks and power cuts may freeze the work. Protecting the digital data from malpractice was also pointed out to require costly programs.

It was argued that a functional data system is as valuable to the company as its any real property. According to the interviewees if the collected digital data helps the company to form new customerships then it can be argued that it provides further value to the business. It was noted that the better the customer control system, the faster the information flow to and from the customer that provides better possibilities to win the sale. The interviewees felt that both verbal and written feedback should be collected more efficiently. It was also noted important that the customers would efficiently rate their experiences of the resort in different internet services to improve the transparency and bring new customers to the company. Development needs in digitizing information can be summarized with the figure 20 below.

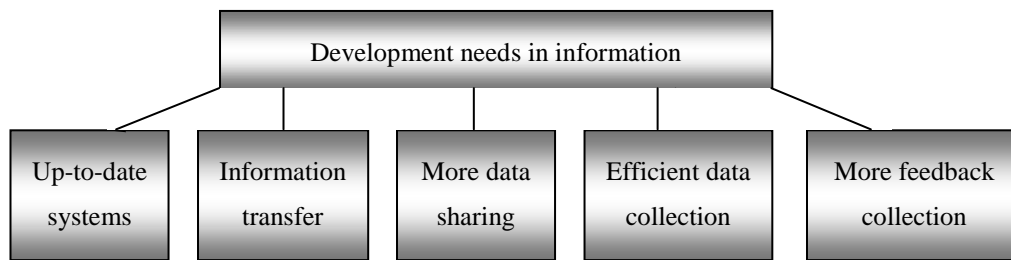


Figure 20 Development needs in digitizing information

All the interviewees felt it difficult to describe the sort of digital information that is still needed in the company. According to the interviewees it is not enough that the data is collected but it must also be updated at times. Digitizing the products and services inevitably requires the use of digital information but is, however, discussed separately as a concept below.

#### 5.2.2.2 *Digitizing products and services in the case company*

*“If you buy a fishing safari where you believe you are and your chair is moving... it’s not the same thing as if you really go there and experience it.”*

When the interviewees were asked about the case company’s fully or partially digital products they were explained that fully digital products are items that involve no interaction between people when buying the product. Partially digital products were explained to involve parts of experiencing the product that may be digitized. It was found that the case company has several partially digital but no fully digital products. In line with the literature it was argued that the case company acts in an industry where products are to be experienced and cannot be given to the customer in digital format (Mäkelin & Vepsäläinen 1991, 10). Examples of food and accommodation were given to explain how those two could not be experienced by watching them from a screen. The interviewees felt that the products that the resort offers provide the right function only when presented as real visible products (cf. Balachandran 2004, 2). Partially digitized products, on the other hand, are common in the case company particularly when forming and sharing the visual impressions of the products to the customer before the actual experience. Panorama pictures and videos were given as examples where the products can be presented to the customer via the internet. Similarly to the products the case company does not have fully digital services but has several partially digitized services. Fully digital services cannot be involved in the case company because the



work is mostly handwork by people that cannot involve digitization. The internet reservation systems, however, were pointed out as services that can be done individually without verbal communication before the concrete service encounter. The partially digital products and services were found to present both core and supporting products and services in the case company. The core products and services were emphasized because they offer the linkage to the supporting products and services. Partially digital services in the case company were explained by the interviewees to involve sending offers and communicating customer feedback by email. Similarly to products the images of the actual services can be shared before the personally experiencing the service. It was noted that most of the services that are provided by the sales department include the use of internet and email with the customer and therefore most of the sales services are digital. The use of partially digital products and services in the case company was seen fairly extensive. Although the relatively small case company provides mostly services that need to be personally experienced yet many of its activities including offer making and invoicing allow fully electronic communication.

The interviewees struggled in answering how necessary or important it is to have digital products and services in the company but ended up agreeing that digitization nowadays is part of everyday life and is necessary in performing different tasks. It seemed that technologies were particularly valued because more freedom could be given to the customer before the actual service experience. The partially digital products and services were argued to provide value to the customer because with them it is easier, more convenient, faster, and even more reliable to handle for example reservations. Similarly to the literature (Galbraith 2005, 5) the interviewees noted that today's customers are willing to pay extra if it will be easier for them to access the products and services they want. Development needs were noted in the abilities for the customer to customize the products and services before they buy them. It was explained that currently in the web pages the customers believe that they can customize what they want to buy but in reality they are simply choosing rather standardized components which can be selected into a product or service entities.

The interviewees noted that the case company should pursue to provide the customer a more varied ability to individually customize products and services. It was noted that there is a company in the same industry that is planning to acquire a system where the customer can select different elements to an entity to create such a half-day or full-day program which he is interested in. With the system the customer can see the components and pricing put together and remove or add components as they wish. These sort of systems were found to be interesting to the interviewees but were argued to involve overly large investments. Other types of digital services that could provide added value to the customer were noted to be for example systems that allow the

reception personnel to put the lights on, to warm up the sauna, add water to Jacuzzis, and light up the fireplace when the customers are arriving. The interviewees felt that the functioning of operations control systems should be ensured and the current occasional electronic invoicing should be transformed closer to complete electronic invoicing. Comparatively to the literature (Olsen & Teare 1992, 17) the type of digital products and services which the case company could have in the future included door codes that could for example be sent to the customer via text messaging could create cost savings to the company in quiet seasons. The future digital products and services could also include experiences that are created with music and voices of nature etc. Examples of experience rooms were given where walls could move and music and digital dimensional images of e.g. butterflies and the Saimaa ringed seal would flow around the customer. The customers could also imagine how it feels to touch the fur of different animals in the area and feel the influence of wind to the winter frost. The kind of game consoles could facilitate the customer to make a virtual fishing trip in the Linnansaari National park area while virtually driving the boat etc. The virtual experiences can create special events to the customer but it was also argued that virtual experiences can never replace the real experiences.

According to the interviewees special experiences can be created with music and the like, particularly in the activities services but cannot cover all human senses. An example was given of a company in Finland whose web pages were made to create a magical experience to the customer with music, storytelling and colours. When physically visiting the company, however, the experience was described to be dramatically more enjoyable than the image drawn while looking at the computer screen. Digital postcards were given as examples of less costly digital solutions in the future where images and experiences in the resort could be digitally send to friends e.g. during a holiday. The interviewees also felt that it would be useful for the company to collect the customers' accommodating information already before their arrival instead of filling in the time taking arrival forms before settling in. Because the case company has become a significant tourist centre in the area the possibilities of selling advertising space to other companies from the case company's website could also come to question in the future.

The financial benefits and savings were found to be the most common benefits in having digital products and services. It was explained that digital products and services provide added value as they increase the options of the customers to select additional services. Digital services could also contribute in differentiating the business from competitors. Also additional sales and new potential customers could be attracted with new digital services. In contrast to the benefits several disadvantages i.e. hindrances were found in having digital products and services in active use in the case company. The threat of losing vital digital information by accident or in damages causes the need

to ensure data backups that in worst cases will not be sufficient to recover the lost digital data. The hindrances also include the threats of the program data going into wrong hands and is being plagiarised. The social interaction will decrease or completely fall out of the service encounter and the personal service aspect to the product or service will diminish. The customer will not necessary be able to access all necessary information from the digital product or service and may not be able to make additional questions. The customer service may therefore suffer which may influence the customers' perception of the business. The biggest structural change recently in the case company is the digital reservation system that the customer can use in real time in the internet. It was seen that the problem there is whether the customer believes and trusts in the system and therefore dares to use it effectively. The interviewees also found it important to make sure that the digital products and services are expedient to the business in question. If the service promises are changed into digital format then the original ideas cannot become true anymore. Generally taking the interviewees, however, felt that it is a good thing to have digital products and services in the business. In line with the literature (cf. Barua et al. 2004) it was argued that digital products and services can facilitate the work for both the customer and the personnel. An example of check-in was given that could be done at home before going to airport. The development needs found in digitizing products and services are summarized with the figure 21 below.

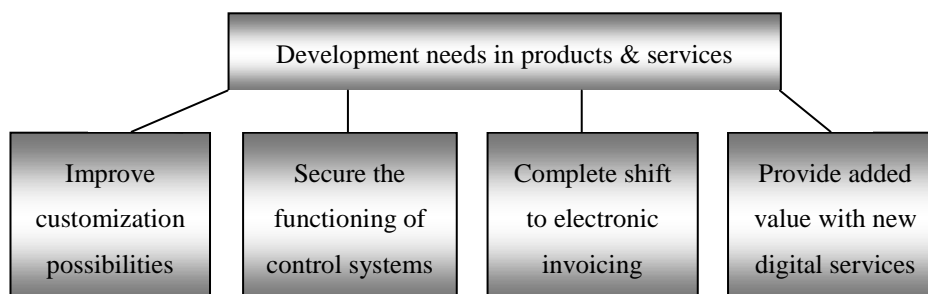


Figure 21 Development needs in digitizing products and services

The further uses of digital information is discussed in then next chapter. The chapter focuses on utilizing the digital information in the case company marketing and the company image.

### 5.2.2.3 *Digitizing marketing and company image in the case company*

*“We haven’t really thought about that (flash advertising). Actually I don’t even know who could provide us those services. I wonder if it would it be profitable to us.”*

Similarly to most companies today also the case company uses digital information in its marketing. The case company has a lot of digital information such as offers and vast marketing material that are used in its daily, monthly and yearly activities. The type of digital information used by the case company was discussed in more detail in the chapter 5.2.2.1 digitizing information above. The digital information is commonly exchanged with the customer by email and the use of the case company web pages. The use of digital information in the case company marketing is done to form a certain type of company image to the customer. Forming a special image to the customer was found to be particularly important to the case company because its business idea is to be distinctive from other companies in the industry. Although the case company aspires to create an exceptional impression to the customer it was argued by some interviewees that emphasising that exceptional impression with digital marketing still needs development.

Digital marketing in the case company consists of the use of text messaging, email, web pages, television, different internet applications such as social media, HD video material shown with different devices e.g. at fairs, and digital distant screens. The marketing through email messaging is done in cooperation with SMS service providers. In line with the theory the internet was found to be the most common channel to share digital marketing. Plenty of marketing material is sent to the customers by email that is also used in general correspondence with the customers. The company's web pages are playing the most important role in the case company's marketing and sales activities where the company's products and services are introduced and where the image of the company is formed for the first time to many customers. The web pages were argued to need constant updating and more people need to be persuaded to visit them. This is a particularly good notice, because today the customers need to be persuaded to visit certain web pages out of thousands similar ones. The digital marketing material and the company links are also spread in websites other than the company's own. An example was given of the television marketing where a current TV series is making a broadcast of the case company services to a national wide audience. The ways in which digital marketing can be used in the internet appeared to be vast. The case company has recently started taking part in the social media that was praised by the interviewees because of its ability to gather together people with similar interests. Digital panorama pictures and HD video material were noted as examples that can be used to deliver new customers an impression of the company's services both of which can be presented for example at fairs as a part of living marketing material. Marketing material to be used in the digital distant screens can be easily sent to the service provider by email. The material shown in the distant screens are located close to people with travelling interests

and because of moving material they attract people's attention more than the traditional print adverts.

In line with the literature the case company uses personalization in its internet marketing where the customer is identified and offered with suitable material (Kotler et al. 2002, 628). Instead of sending un-profiled marketing material to all targets the case company has realized that it can more specifically offer the customer products which the particular customer is interested in. Knowing the customers provides information to the company of where they should direct their marketing. Personalizing the marketing was pointed out to decrease ineffective marketing. It was argued that because the company's customer profile is currently not in the shape it should be the internet marketing has not been sufficiently personalized. Creating a proper customer profile in the case company has been under discussions for several years. The uses of flash advertising and pop-ups that appear to targets screens have not been thought through in the company. The interviewees felt that the company lacks know-how in the area and is not sure which companies provide these services and also whether those solutions would be profitable and suitable to the business. Also the digital direct marketing to particular customers is not used in the case company's accommodation. The digital direct marketing is planned to be used in the future but the company does not have the solution currently in use. The interviewees felt that once all the effort has been put to persuading the customer to visit the resort it is very important also to take the advantage to do further marketing and additional sales to those customers that could for example be done with digital direct marketing in the hotel rooms and other accommodation.

The Amazon.com example made the case company very interested in actively using affiliate marketing in its marketing activities where the intention is to create networks with such actors that have immediate access to wanted niche markets i.e. the wanted customers (Schwartz 1999, 71). The case company currently has links show in other cooperating companies' web pages but does not appear in the web pages of other companies that act e.g. in completely different area of business. Even though these companies act in different industries they may have same target customers with the case company and having advertising and links on those companies' web pages the case company could reach hundreds of potential customers interested also in their service offering. The interviewees felt that the affiliate marketing could bring added value to the business and increase potential customers' awareness of the resort. It was found that there are several different industries that could be considered for using the affiliate marketing for the case company. Organizations that provide different activities and equipment for example fishing clubs, Saimaa ringed seal protection organizers, nature trekking businesses, etc. were given as examples. The development needs in digitizing the marketing and the company image can therefore be summarized with the figure 22 below.

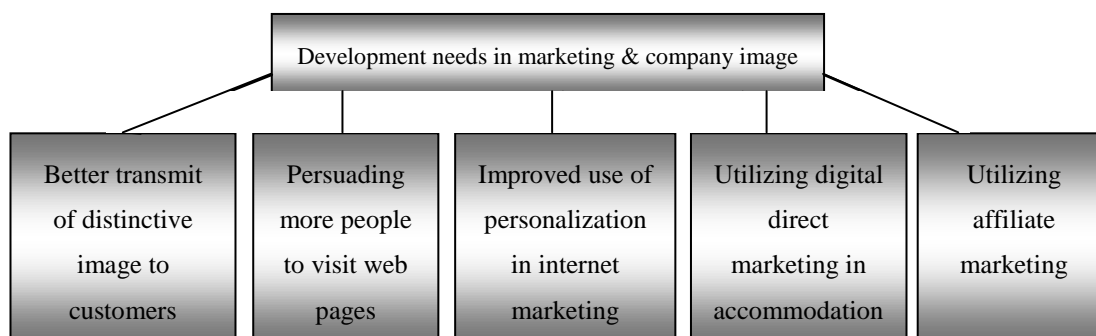


Figure 22 Development needs in digitizing the marketing and the company image

The benefits of providing marketing in digital format in the case company were found to be in line with the theoretical chapters (see, for example, Sheth and Sharma 2004, 612-613). The digital marketing was argued by the interviewees to be cost effective, easier in reaching groups of customers, easier to share with large audiences, easier to handle and move, as well as be time and environment friendly. In addition, it was noted that digital marketing offers the possibility to provide the customer experiences with richer material for example with the use of moving images and video, virtual images, and animations. It was found that the awareness and image of the company can be spread faster when correct channels are used. With digital marketing the company image was argued to reach wide spread circulation with less work. It was also noted that the hectic world makes people want to get everything faster and if the case company is able to provide the customer with all necessary information fast then it can improve the image that customers have over the company.

The interviewees had mostly positive feelings about digital marketing and saw it necessary to follow the digital development. On the other hand the digital marketing was argued to increase costs that arise from training people to work with the digital material and the need to concentrate on creating such 'heavier' handwork. It was seen as a small problem that still today some customers, usually groups of aged people, do not have access to the internet or are not able to use it. The interviewees feared that some potential customers would get the impression that they cannot have personal service in the company. Generally the possibility of passing wrong impressions to the customer was seen as a negative issue. Although the customers' approvals are taken for receiving digital marketing material, still some people are not happy to receive it. Another negative side in the digital marketing was that the digital service providers have unexpected additional fees that need to be paid to secure the functioning of the service. When using the digital information in forming the customer an image of the services it was held very important that the general overview is done accurately. If the digital

information given is somehow contradictory with the reality then the image of the company can be hurt. The digital marketing and company image in the case company belong to a larger process where several activities are performed in communication with the customer. Therefore in the next chapter the possibilities of digitizing an overall business process in the case company is analyzed.

#### ***5.2.2.4 Digitizing business processes in the case company***

*”It is clear that because our competitors don’t have well functioning operations control systems in use they are constantly suffering inefficiency in the service process and breaks in the information flow.”*

In line with the arguments in the literature the decisions regarding digitized investments in the case company were mostly done where needs arose instead of making strategic plans targeting to particular processes (cf. Minghetti 2003, 142). The constant suggestions and recommendations of new and better solutions were found to be hard to evaluate but were said to have a strong influence on the decisions when choosing new digital solutions to use. Many digital solutions were selected due to recommendations of new employees that had been working in larger businesses before. Some strategic decisions were consciously involved to facilitate the functioning of the daily activities. When discussing the strategic planning on investments the interviewees, however, came up with ideas on what could have been done better if the planning was done strategically concerning full processes instead of individual tasks.

In the coming year the case company is planning to implement a new operations control system which allows the company to combine a large number of activities together starting from making offers and ending in invoicing the customer. With the current system different activities are done with different systems and therefore possible errors can occur and more systems need to be managed. The new system allows fewer errors and makes it easier and faster to make sure that all necessary phases are executed. An example was given of invoicing which currently requires extra attention to check that the invoices are sent forward and that payments have been done. The new system also allows the case company to follow the time that it takes to go through a complete service encounter with the customer and makes it possible to form a complete customer profile in the system. The development needs in the digitizing business processes can therefore be summarized with the figure 23 below.

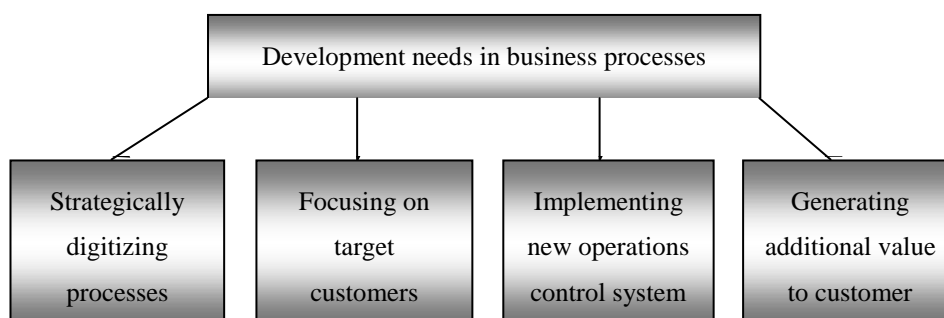


Figure 23 Development needs found in digitizing business processes

Similarly to the literature (cf. Stockdale & Standing 2004, 305) the interviewees all agreed that the chosen digital solutions have allowed the company to clearly perform better compared to those competitors that do not have the same solutions in use. It was found that without those solutions the competitors may encounter information breaks and suffer inefficiency in the service process. The interviewees argued that the selected digital solutions facilitate daily activities and save time and money and therefore improve profitability. The digital solutions for example support the daily activities because many issues have been processed to a point already in the system. In addition to the company benefit the case company was also considering potential added value to the customer when making investment decisions regarding digital systems. It was pointed out that with the use of current digital systems in the company also the customer receives benefits by getting the services both easier and faster. The interviewees felt that generating additional value to the customer with digitizing decisions was important because the aims of the company generally are to do more business and become more effective by serving the customers better.

### 5.2.3 *Current state of customer interaction process digitization*

*“The digital systems in the hospitality sector are still a little undeveloped, or in contrast there are massive systems that we cannot afford.”*

Although the current customer interaction process in the case company has not been strategically digitized as an overall process it still, however, consists of digitization of information, partially digitized products and services, and digitized marketing and company image. All of which are necessary parts in the company’s customer interaction process. The way in which the case company has utilized digitization in its current customer interaction process begins with the use of email and web pages and other marketing activities in persuading the customer to visit the resort. When evaluating the



ways to reach the customers the case company decided to establish a separate company that uses internet controllable screens that can be seen in Finland's 20 busiest tourist centres. Different businesses can buy advertising space from the screens to increase their visibility. In addition to visibility in these screens the case company products are also available in its cooperating companies' websites and plans have been made to appear also in other websites.

A new system of internet based reservations is to be taken into use in the near future. The case company and networks have put immense efforts in acquiring a real time reservations system to the area. The objective with such reservations system is that the customer is able to make a reservation immediately after getting a purchase impulse. The case company currently allows the customer to make reservations in its own web pages, its cooperation network's web pages and Savonlinna travel services websites. These net reservation systems concern mostly individual customers and families that are a supporting customer group of the case company. It was found that similarly to the literature the net reservation systems allow the case company to concentrate on its target customers because several intermediaries are removed and the individual customers are able to do much of the work themselves in the internet (Stockdale & Standing 2004, 301). This way the personal service can be focused on the targeted group customers that commonly require more personal service attention from the business. The near future plans are to greatly develop the internet reservations network and actions even at international levels are already started. This is important because when an international customer uses the internet to look for possibilities to spend a holiday in a certain area the case company wants to appear as one of the first options for the customer to choose from.

The interviewees admitted that the case company has not yet reached the level to involve automatic higher pricing during days of most demand other than high seasons. Manually setting higher pricing several times a year thus draws unnecessary focus from the personnel. Tryouts of reaching customers with the use of text message services have been used in the case company but have not yet been taken as a part of routine marketing practices. The current operations control system supports the different operations including the customer register, reservations of most common services, cash payments, invoicing, reporting, etc. but is not, however, perfectly fit to the case company's operations. Most but not all of the employees are listed in the digital shift timetables that for example allows the accounting department to weigh the working hours to the revenues. Also some sort of an inventory management system is occupied but is not to date been taken into use by the personnel possibly due to resistance to change reasons. Currently the accommodation keys are programmed cards which can be reprogrammed again later for reuse. These cards have been seen as a great improvement to earlier when keys often broke or got lost.

There were several reasons to why the solutions that are currently in use in the case company were selected. Some interviewees argued that better and more developed solutions come along with the technological development. In line with the literature it was argued necessary to take new technological solutions into use in order to stay in the competition and to catch the customer's attention (cf. Zineldin 2000, 9). In line with the theoretical part the world of bits was argued to be more efficient, more affordable and time saving than the traditional systems. Others argued that the company operations have expanded to an extent where the traditional methods are not sufficient to maintaining the operations anymore. New solutions are easier and faster to handle and more information can be processed simultaneously. It was pointed out that the current solutions were selected because of convenience needs and want to become more efficient. It was explained that all manual activities require handwork while the expenses of employment are constantly getting higher. Therefore all manual work is expensive and should be supported with digital solutions to reach cost efficiency. Generally improving the functionality and controllability of the process and customer satisfaction are the goals in the case company.

The interviewees' visions of whether the company is satisfied with the currently chosen solutions shared opinions. Some interviewees argued that they were unsatisfied with some of the digital solutions because they are not fully compliant with the type of business in question. As an example the case company's operations control system was argued to be unnecessary complex. Simultaneously the interviewees believe that the activities in the case company are simpler but more versatile and diverse in comparison to large businesses to which the systems are directed to. Also the rural location of the resort posts difficulties in ensuring flawless internet connections. The ability to modify the current programs was viewed as a positive function although it was argued to form new costs to the company. It was noted that the solutions in the hospitality sector are still a little undeveloped or are presented in massive forms that cannot be afforded by small businesses. The interviewees argued that the selected solutions can never be perfect and share opinions because people are used to different types of solutions. It was, however, underlined that the implementation of new systems is not an easy thing and ability for the personnel to digest the system into daily practices can take years, even a lifetime to some.

The case company is constantly trying to improve the utilization of digitization. It was noted that the case company owners and managers support digitization and increasing digital operations models as long as it does not disturb the primary activities. The malfunctions of core services should never be explained with the technological defects. After all the digitized solutions should be supporting the superior customer service instead of the possibility of leading into poorer performance due to malfunctions or insufficient knowledge in the use. The interviewees felt that the information

technology is still new and constantly better solutions come along that could be utilized to improve the business. Some interviewees are waiting forward to seeing more comprehensive systems that would combine the use of all major activities such as data collection, marketing, offer making, confirmations, making reservations to all service providers, invoicing, and contacting the customers. The development needs in the current customer interaction process digitization can therefore be summarized with the figure 24 below.

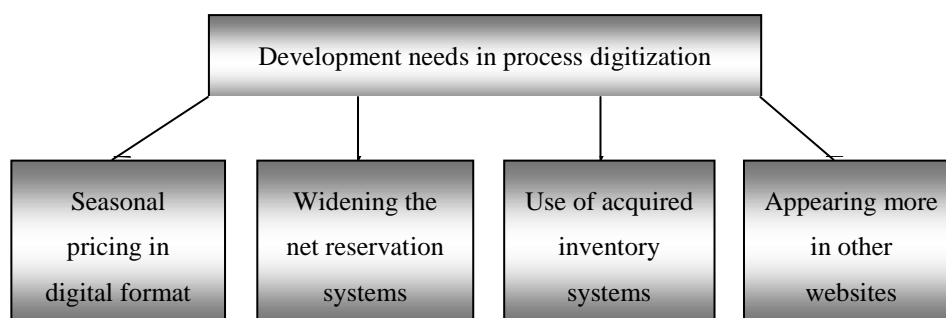


Figure 24 Development needs found in current customer interaction process digitization

Better communication between departments was felt to need improvement for better customer service. Also a better Customer Relationship Management (CRM) system is still needed to allow more information to be used over each customer more effectively. In the current CRM system the information was argued to be rather disorganized and difficult for the employees to use that suggests the need to improve systems in the future. Wider use of digital music around the resort was seen as another development area. The interviewees felt that a better exploitation of the customer profile is one of the major forthcoming issues. The ways to reach the customer exactly when one is interested in the services should be improved.

The improved use of mobile phone marketing was seen as a good and natural way to provide the customer with personalized information in the future. In line with the literature it was found that the case company has used outside service providers when involving mobile phone marketing (Harmon 2003, 149). Also utilization of interactive screens e.g. in accommodation could provide the customer more information and could create further sales simply because of the ease in making orders without the need of personal service. Also the ability for the customer to participate in developing the case company's services could be proved to be advantageous. The interviewees felt that in the future the case company could improve its customer interaction process with the newest type of digital solutions. Although some ideas could be utilized the limit was drawn to the type of service in 'Apple hotels' in Finland where the whole customer

interaction process is done in digital format and where no personal contact is needed throughout the process. The interviewees argued that the customer could be better committed to the case company's services by allowing them to participate virtually for example in activities services whenever they are not able to personally participate in the activity. The visual experience could then add the customer's knowledge over the top quality services and lead to a want to personally experience the services in the future. The ideology was supported with examples of guided tours with web cameras during a distant skating tour in the national park area and the possibility for absent group members to participate in meetings through remote sessions via the internet. The ways in which the case company is able to communicate the feeling and the special atmosphere in the real situation was pointed out to be the key in attracting more customers to the resort. Development possibilities in the future are therefore given in the figure 25 below.

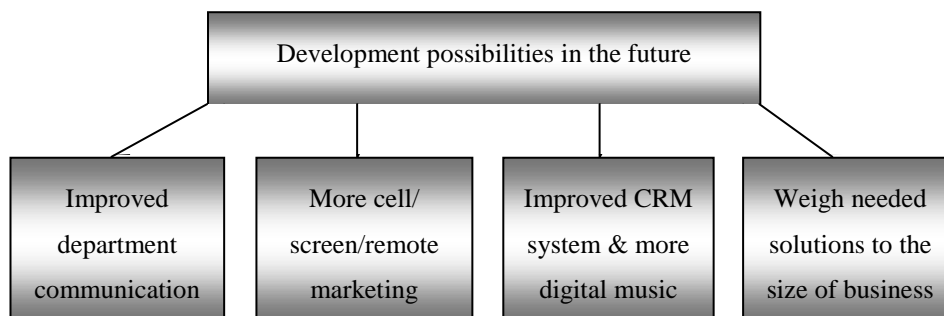


Figure 25 Development possibilities in the future

Although the digitization already currently seems to assist the customer interaction process in the case company it was, however, also found that many disadvantages to the business can take place. Therefore, the possible hindrances of digitization of the customer interaction process in the case company are next analysed.

### 5.3 Hindrances of digitization in the case company's customer interaction process

*"For example in the McDonalds environment the intention is to give an image that the company is very much digitally up-to-date. Our business in contrast is trying to give the impression that we are 350 years late of everything."*

Acquiring and implementing digital solutions in the case company was found to be a rather demanding task and has been seen to require a lot of assets in effective utilization. As many digital solutions were involved out of need or recommendation the possible hindrances have not been carefully evaluated in the case company. In the following figure 26 the interviewees' opinions of the hindrances in involving strategic digitization in the case company have been put together.

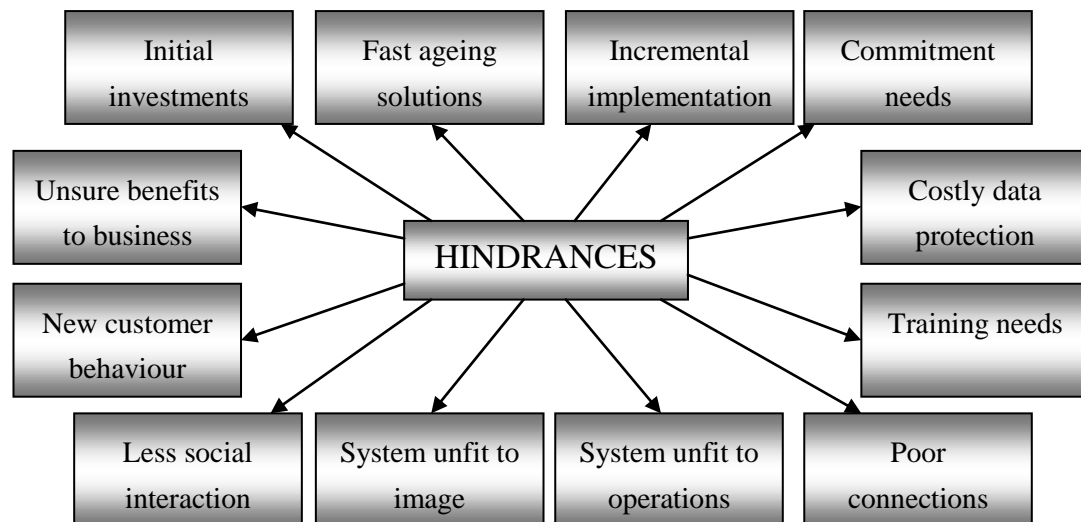


Figure 26 Hindrances of strategic digitization in the case company

The interviewees felt that the case company's state of digitization can never be at its best and development is always possible. The lack of resources, particularly finances were found to be the most important reason for the current customer interaction process not to be digitized at its best. In line with the literature (Kotler et al. 2002, 544) the interviewees argued that still today some massive solutions are fairly difficult and expensive to be used by this size of business. The *high initial investments* of digital solutions were emphasized. It was argued that the technological development leads to *fast ageing solutions* that makes the case company to constantly stay behind the better solutions available. The adaptations of different digital solutions were argued to have been *incrementally implemented* in parallel with the growth of the company. The needs for digitization when the case company was first established were said to have been quite different from the digitization needs of today. Consequently the available resources of the case company have changed in time that shows the need to weigh the needed solutions to the size and resources of the company. It was noted that *long-term commitment is often needed* when new systems are acquired because of surprising additional payments often required on top of high principle investments (cf. Kanter

2001, 106). The *costly data protection* was also considered to create additional compulsory payments to the company.

The ability of the personnel to use the digital solutions was found to increase the *training needs* in the company. The difficulties in training people particularly those that are not open to the newest technological solutions were argued to slow down the effective use of the acquired digital solutions. On the other hand the case company has made written statements in its business plan commenting that ‘the company personnel consist of technically skilled people’ which in turn creates challenges in recruitment to fit employees with their job descriptions. Also committing people to get familiarized with particular digital systems was found difficult. The *poor connections* were found disturbing due to the unreliable connectivity of systems e.g. to the internet in the area were felt to considerably influence the performance and cause the need for extra attention for using back-up systems.

The *digital systems fit to operations* were found to be a hindrance to the business. In the chapter 5.2.2.2 Digitizing products and services it was noted that sometimes the existing systems are difficult to fit to the case company that provides rather diversified services in comparison to those organizations to whom the systems have originally been designed to. As an example the case company’s current operations control system functions poorly when making reservations to partners’ services that consequently need to be informed to the partners by other means. Despite of the several faults in the system it is overall a too large investment for the company that cannot be changed immediately. Also the ways in which the company managers see the *solutions fit to the company’s image* and appearance strongly influence the acquired solutions. The solution fit to image was seen as an obstacle because the business idea of the case company is to differentiate from competitors by appearing as a medieval style of resort. The flashing screens and text messages were considered unfit to the old style concept. To this problem it was suggested in the literature that companies need to determine the strategy that is best fit to their environment (Sheth and Sharma 2004, 611). Although the company could otherwise consider the newest solutions to be used in its operations, image wise not all solutions fit the business and could influence in negative perceptions of the customer. The interviewees saw the shift to digital services as a hindrance because it leads to *less social interaction* face-to-face with the customer that acts against one of the principle working methods of the case company and causes *new customer behavior* to which the company is not used to.

The true effect of constantly newer digital solutions to the performance of the company caused contemplation due to the digital solutions *unsure benefits to the business*. The interviewees were not sure if the large investments to all the digital solutions are in fact worth making. Consequently it was found important to ensure that the chosen digital solutions support the company’s ultimate goals and objectives. All in

all it can be seen that all the above hindrances that are involved in the strategic digitization in the case company can be divided into three groups. The figure 27 below illustrates the division further.

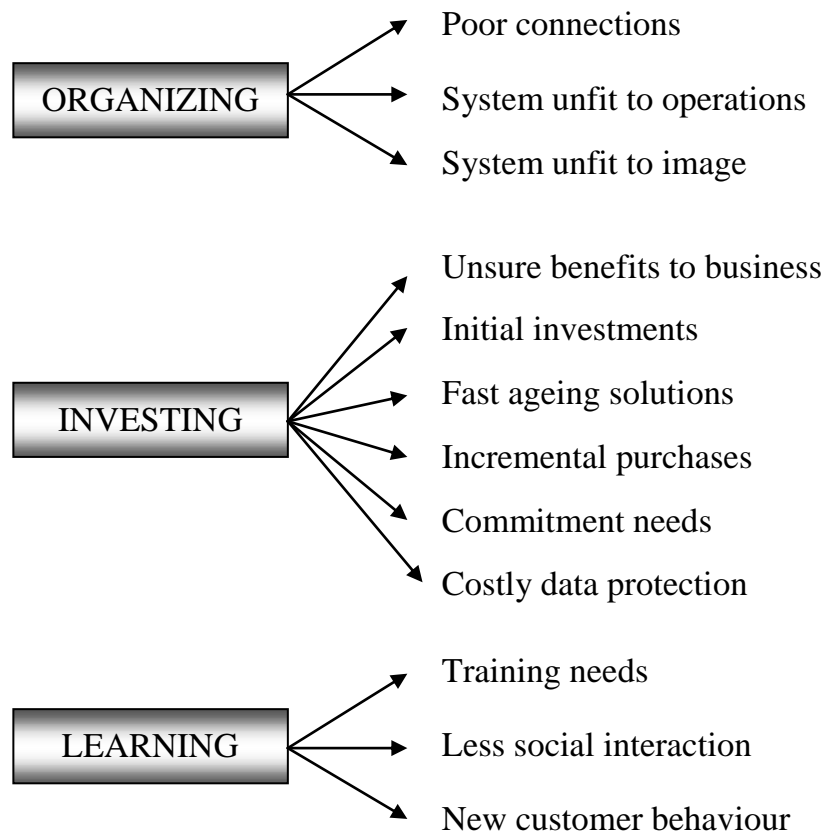


Figure 27 The three groups of hindrances

The first group of hindrances are clearly involved with *organizing* issues because they all relate to the need for the case company to manage and organize different activities to ensure the functionality of the digital systems. The group of organizing issues include managing the working connections and organizing the digitized systems fit to the operations and the overall company image. The second group of hindrances are all connected to *investing* issues where the company maybe unsure of the investments due to the large initial investments, the financial costs due to need for constantly newer and better solutions, planning for incremental investments, needs for additional payments, and protection needs for the digital solutions. The third group of hindrances in strategic digitization can be linked to *learning* challenges in the case company as the new digital solutions require the personnel to learn new ways to work and adapt to changing working environment. The group of learning therefore consists of the training needs for utilization of the new systems, acceptance of less social interaction and finally adaptation to new customer behaviour with the digital systems.

Despite of all hindrances the interviewees nevertheless felt that it is necessary to utilize digitization in today's business. Similarly to the literature the managers of the case company are participating in projects of several organizations in the area that are trying to develop the hospitality industry (cf. Buhalis and O'Connor 2005, 7). Through that cooperation the case company managers have gained information of the latest trends in the industry but because of the hindrances have not been able to enforce all plans. The interviewees felt that one of the major advantages to the business is that with growth new employees have been recruited to focus in working with the digital solutions. The company management is pleased with the effort that the new employees have put on the company web pages and the offer making. The interviewees admitted that lots of talking has been done over the digitization, but the realization has not been as effective. Overall it was seen most important, however, that the direction has been taken to foster the technological issues.

Digital wise the case company was argued by no means to be behind other companies. In fact the interviewees argued that with digital solutions the case company can gain competitive advantage over its competitors for example due to improved efficiency. Savings again were argued to be followed due the efficiency that is formed when digital solutions sort and process the information in advance for different uses. Some interviewees noted that the gained profit margin could be used to even to decrease prices. According to the interviewees the competitive advantage could also be gained by the ability to better attract new customers with a variety of digital solutions. The customers could then learn information of the case company's services and even make purchases and reservations on-line and therefore improve the visibility. The digital solutions were noted to make the process easier to handle both to the personnel and to the customer which may increase the customer satisfaction. It was argued particularly necessary to ensure the visibility and differentiation in the internet in the future. The ways in which the case company's realized customer interaction process, its digitization possibilities and hindrances function together are summarized in the next chapter.

#### **5.4 Synthesis of strategic digitization of customer interaction process in the case company**

Similarly to the end of the theoretical chapters the framework of strategic digitization in customer interaction process is now presented in the light of the case company findings. The complex form of strategically digitizing the case company's customer interaction process and its effects can be better understood when combining the case company findings and the theoretical bases together. To simplify the final figure a draft of it is first given in very simple format figure 28 below.



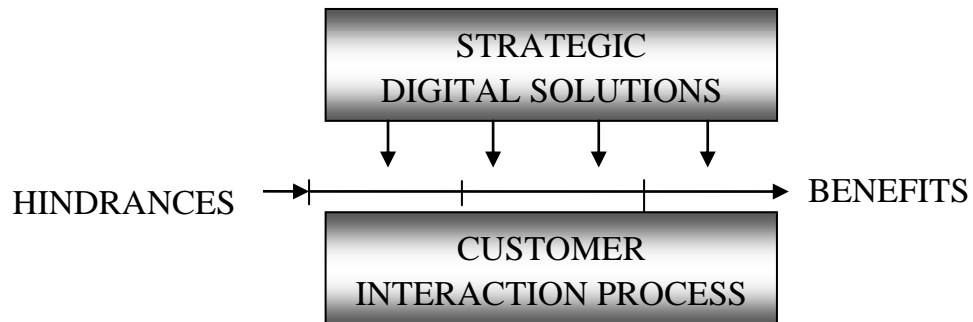


Figure 28 Simplified illustration of the final figure

From the illustration above it can be seen that in the interaction between the supplier and the customer consists of mainly four core elements. In the middle a line is shown to illustrate the customer interaction process and its three main phases. Above the line different digital solutions are strategically implemented to the customer interaction process. The digitization of customer interaction process in the case company also consists of possible hindrances that influence the overall performance. These three elements put together finally as demonstrated will lead toward a level of benefits to the business. Keeping this simple illustration as a base the following final figure 29 of the framework can be better understood.

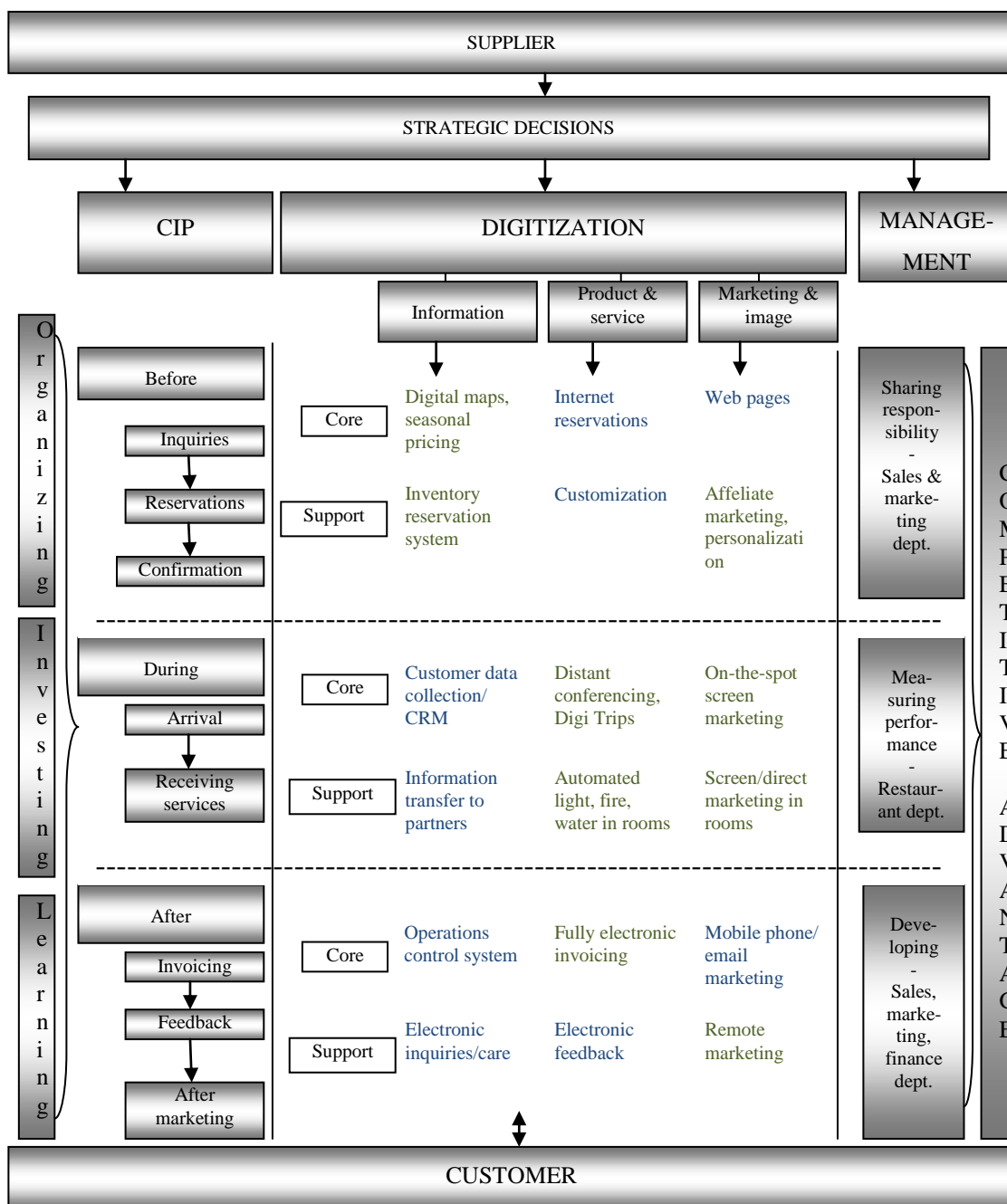


Figure 29 The theoretical synthesis modified with case details

As can be seen the above figure is based on the synthesis figure of the theoretical chapters. The figure here summarizes the covered theoretical chapters focusing on the findings of the case company interviews. The figure answers to the set research question by showing how the strategic digitization could support the customer interaction process in the case company operating in the hospitality industry. As a combination the figure consists of all the elements that are realistic and that can therefore be suggested for the case company to consider when strategically digitizing its customer interaction process. The figure is next dissolved piece by piece. The upper and lower ends of the figure describe the supplier-customer interaction that occurs during the customer interaction

process. All the blocks between these two parties describe the modes and influences to their relationship. The supplier i.e. the service provider makes strategic decisions over the customer interaction process, digitization and management while at the same time is forced to consider the hindrances caused by the three groups, namely organizing, investing and learning. The case company management defines its customer interaction process before, during and after the customer's actual visit to the resort by creating a blueprint over each step taken. In this figure the blueprints have been compressed into those steps that provide the best foundation to the strategic digitization. Before the customer enters the resort it first makes inquiries at different levels. Once the customer is confident about buying the service he makes a reservation which is later confirmed by the service provider. The customer then arrives to the resort and receives the ordered services. After the service experience the customer receives an invoice and is asked for feedback for their individual experiences. Later the customer is contacted by the case company with after marketing for potential future encounters.

Strategic decisions are then made over digitization breaking the activities into digitizing information, products and services, and marketing and the company image. Each of the major products and services of the company are divided into core and supporting products and services that define whether they can be fully or partially digitized. The suggestions for digitization for the case company are further defined with blue and green colors. The blue colour indicates those digital solutions that are already in use in the case company however that should still be improved for better results. The green colour consequently indicates those digital solutions that have not to date been installed to the business and that the company's managers argued that could be considered in the future. The services which the customer receives during each phase of the customer's stay in the resort are related to sharing information, providing products and services, or in communicating the marketing and the company image to the customer. The information that the customer learns from the company before, during and after his stay in the resort offers several possibilities for digitization.

The suggestions formed out of the interviewees own visions for digitizing information consist of the use of digital maps to guide the customers, the use of automatic seasonal pricing during high seasons and the use of inventory reservation systems which allow the possibility for more accurate inventory control regarding each customer reservation. Although the case company currently collects customer data to an extent a proper customer relationship management system is suggested for better results. Also information transfer to partners could be more efficient. A comprehensive operations control system could do more tasks simultaneously and enable the communication between different tasks more effectively. The customer's inquiries and care after the customer has left the resort could be better managed in electronic format and the use of electronic systems should be encouraged. Suggestions are also given to

the products and services that the case company offers to its customers. The electronic reservation systems are not currently effectively used in the company and should therefore be strategically taken into use with a wider network that reaches the target customers. The ability for the customers to customize the products and services they want could be made easier to the customer e.g. by making the customization more visually attractive task. The collection of electronic feedback could also be better organized. Suggestions for completely new products and services include the provision of digital services for example offering the customers the possibility for distant conferencing and digital experiences through digital trips e.g. virtual fishing trips. Value add could be increased with an automated system for putting lights, lighting the fireplace and adding water to the Jacuzzis in the resort accommodation just when the customer is arriving. It is also suggested that the company would better utilize the possibility for fully electronic invoicing to make the payment process easier. Finally the suggestions for the case company's marketing and spreading of the company image to the customers are given. A wide-ranging network of affiliate marketing is suggested for attracting new customers and personalization towards the customer's personal wishes should be better utilized. The use of interactive marketing screens in the accommodation and other facilities could lead to additional sales while the customer is still in the resort. Remote marketing again is a good idea to attract the customers to visit the resort by showing them real time activities to which they would want to participate personally. Updating and improving the current web pages is suggested together with the more targeted mobile phone and email marketing.

The company management has shared responsibility of the different phases between different departments that measure the performance and decide the needs for development. The sales and marketing departments are responsible for the activities before the customer arrives to the resort. The restaurant and hotel personnel take care of all the tasks while the customer is physically visiting the resort. Once the customer has left the resort the personnel in the sales, marketing and the financial departments bring the process to the end with each customer. The ways in which the company is able to direct their resources and manage all the functions in the figure determine the level of competitive advantage that can be reached by strategically digitizing the customer interaction process. In line with this figure conclusions can be made in theoretical implications by comparing the case findings to the theoretical framework provided earlier. The managerial implications discuss not only the case company implications but also the ways in which other companies in the industry could use the findings of this research. The information learned can also to an extent be used by companies from other industries which for example are providing digitization services to other businesses. Also the limitations of the research are covered. The conclusions are therefore discussed in the forthcoming chapter.

## 6 CONCLUSIONS

### 6.1 Theoretical implications

The global nature of hospitality businesses demands companies to interact with their customers and business partners using information technology across international borders (Kandampully 2006, 178). In addition the new challenge for hotel managers in the 21<sup>st</sup> century is the way to integrate new, complex and varied services and IT systems into their existing business operations (Jogarathnam & Law 2005, 178). With the implementation of strategic digitization into a company's customer interaction process companies are able to reach better performance and through that gain competitive advantage in comparison to their competitors. Because of this companies also in the hospitality industry find it attractive to use digitization to support their business activities. As a result, *the research problem in this research was to analyze how the strategic digitization could support the customer interaction process in the selected case company operating in the hospitality industry.* The main conclusions drawn in this chapter further explains how the set research problem was answered. A vast variety of digital solutions are surrounding the businesses and the decisions on how to choose the right ones is not an easy task. In this research it was found that when choosing the digital solutions considering strategic decisions enables the company to come up with better decisions and makes it easier to implement the solutions directly where they are most needed. The existence of an up-to-date customer interaction process is therefore necessary. The pressures caused by possible dominating hindrances may slow down the strategic digitization of customer interaction processes. The possible hindrances influence on the company's possibility to organize the business for creating a suitable base for strategic digitization. The surrounding hindrances also influence on the ability for the company to make accurate investments financially and learning how to absorb the new solutions into the current setting.

According to the literature the format of the customer interaction process can be presented with the rather simple format by dividing the customer-supplier interaction into three main phases – the pre-purchase stage, the purchase stage and the post-purchase stage (Lovell & Wirtz 2007, 39). In the analysis it was, however, learned that *although those three stages remained the process was much more complex in reality and required the use of the blueprinting method.* With the use of the blueprinting method diagramming the process steps in the service operation allowed to describe the whole complexity and divergence of the service organization (Olsen & Teare 1992, 203). In the analysis of the research data it was found that the case company management does not consider the process analysis as an important matter in the

running of the business operations. *Although the case company has formed a limited model of the events occurring in its customer communication the information has been left unused since its formation.* This was however in contrast with the literature where it was argued that the first step that companies should do in an interactive relationship with customers is to analyze its current business process (Choobineh et al. 1999, 55). In the literature it was explained that the management control in services must be based on operations, such as a process for making visible the activities aimed at the customer satisfaction (Kullvén & Mattsson 1994, 17). Although in the literature it was suggested that the design of new processes should be a continuing activity and new designs should be formed smoothly before the old ones lose their effectiveness (Ramaswamy 1996, 26-27) the development of the customer interaction process in the case company was found to be almost nil and certainly unclear because the process has never been fully analyzed and used in the daily operations. Instead of concerted efforts by the process management to map, improve, and adhere to organizational processes (Benner & Tushman 2003, 238) the case company has simply shared responsibility between correspondents over a variety of issues within the range of their job description. *Although it is ideal for the company management to continually improve the design of new processes it was found that small and medium sized businesses may lack resources and therefore allow less attention on these important measures.*

In line with the literature it was found that the chosen digitization in the case company was based on recommendations and the owner-manager's decisions of the suitable solutions to improve the customer interaction and to create value in the business (cf. Amos et al. 2001, 65; Osterwalder & Pigneur 2002, 1-3). Similarly to the arguments in the literature the case company has not involved in a formal customer-oriented e-business strategy (cf. Minghetti 2003, 142). In this research it is in contrast suggested that *companies in the hospitality industry should involve strategic planning when making decisions on digitization. In the analysis it was found that with strategic measures it is possible to make more concise investments directed to where they are most needed.* Similarly to the findings in this research in the literature it was argued that the electronic marketing strategies are changing and continue to change the marketing thought and practice (Sheth & Sharma 2004, 611). The literature also suggested that the value in digital applications lies in the ability to collect and store data in a single database which is available for example to sales, marketing and support personnel in a single view (cf. Greenberg 2004, 66). In the analysis it was pointed out, however, that although the case company supports the data collection over customers it was argued that *the collected data is only appropriate when the particular data is useful and has the ability to create new customerships to the business.* While the technology is the infrastructure that enables the possibilities to store, search, retrieve, copy, filter, manipulate, view, transmit, and receive information (Shapiro & Varian 1998, 8) an

overflow of digital data can cause unnecessary burdens to personnel and does not bring worthy results. In this research it was learned that the new technologies enable companies in the hospitality industry also to consider digital products and services to support the personal services in the business. It was argued in the literature that concentrating on the things that the company does best and leaving other processes thrive smoothly with the help of digitization can allow possible cost savings (Stockdale & Standing 2004, 301). The findings of this research supported this argument. *The electronic reservation systems were found to be an example of such digitally enabled services where the company can concentrate on better serving its target customers by leading the supporting customers to make reservations individually in the internet.* The continuous advances in the information and communications technology as well as decreasing costs of those technologies have allowed companies to look for ways, more than ever, of incorporating technology into their business processes and strategies (Beheshti et al. 2006, 150). In the analysis it was found that *the use of information and communications technologies with the customers, however, stipulate that the customers trust and believe and therefore dare to use the provided services effectively.*

Doing marketing practices in a digital format was found to be an everyday task in the case company to date. *Although it was found that for example the internet allows companies to spread the company image to wide audiences very efficiently it was emphasized that the companies should make sure that the information given to the audience is accurate.* It was argued that inaccurate or contradictory information can be harmful for the business. It was found in the analysis that the company has faced difficulties in identifying the companies that could provide useful digital services to the business. The literature suggested that when a company has decided to use automation in certain activities it usually turns the actual software development to an appropriate IT provider (Harmon 2003, 149). In line with the literature the case company has used the services of appropriate IT providers for example in its text message marketing. It was argued in the literature that one of the greatest reasons to digitization is the constantly developing technology that provides businesses improved solutions to everyday life and the ability to exchange information easily and throughout the world at the speed of light (cf. Greenberg 2004, 2-3). In the analysis it was found that *one of the biggest reasons for the company to involve digitization more extensively in different activities was due to the growth of the business.* It was argued that it was necessary for the business to involve digital solutions simply to maintain the widen operations. *In this research it was found that the hindrances of strategically digitizing customer interaction processes can be divided into organizing, investing, and learning challenges.* The organizing challenges were found necessary to manage to ensure the functionality of the digital solutions. The investing challenges were found to relate to the multiple payments that

need to be done in addition to the initial investments. The learning challenges were posing new hindrances for adapting the systems into practice.

In the literature it was argued that in the hospitality industry the customer-supplier interaction is very intensive because the main products in these businesses are services that commonly require the presence of both parties simultaneously (cf. Mäkelin & Vepsäläinen 1991, 10; Balachandran 2004, 2). *Because of personal service intensity digitization of services was found to be more difficult in the case company.* In the analysis it was found that if the service promises are changed into digital format then the original ideas providing superior personal service cannot be realized. The literature proposed that a variety of benefits can be achieved by participating in e-marketplaces, however not all possibilities apply to every company (Stockdale & Standing 2004, 305). Evidence shows that in case of any strategy, the high performers are those who have attained a fit between their strategy and their organization (cf. Ghoshal et al. 2003, 227). In line with the literature *it was found that the digitized solutions' fit to the operations and the particular business is very important. The cost of strategically digitizing the customer interaction process was found to be the main reason on why the case company's digitization is not currently at its best.* This was in line with literature where it was argued that several service businesses are small and often consider formal marketing techniques unnecessary or too costly (Kotler et al. 2002, 544). Although the literature suggests that companies that are not learning and adapting to new technologies can face painful competition (Zineldin 2000, 9) it was found in this research that *learning the newly adapted technologies in reality can take years or even a life time for others and should therefore not be underestimated.*

Even though digitization of business processes is currently one of the prevailing business topics the theoretical combination used in this research was not commonly available in the literature that makes it difficult for the companies in the hospitality industry to learn how to adapt digitization strategically in their customer interaction processes. Several companies in the hospitality industry in Finland are small and medium sized companies (SME) and lack knowledge to be able to thoroughly analyze their business processes and to utilize the latest and most beneficial solutions in their businesses. The time and resources available in small and medium sized businesses are limited and therefore, in line with this research, clearer directions and examples that companies can relate to are needed for the development of those businesses. This research provides the companies in the hospitality industry valuable information that is costly for the company to create alone. Digitization is a rather new concept for many SME's in the hospitality industry and difficulties in implementing such digital solutions that best fit in the business is difficult. Although some companies have already adapted digitization to their business the strategic aspect may not have been considered and the benefit of the selected solutions may not meet expectations.



## 6.2 Managerial implications

Although companies all over the world are nowadays involving different digital solutions in their business it is difficult particularly to the SME's to ensure that the chosen solutions will support their business performance. The strategic fit of digitization to the business in question has been found to be particularly important in the traditionally very service intensive businesses. The results of this research can be used not only by the case company but also other companies in the industry as well as other gainers the managerial implications are therefore divided into the three subchapters.

### 6.2.1 Case company implications

When digitizing processes in the service intensive industries it is important to make sure that the selected solutions add value to the customer service. The service encounters with the customer are very important because through them the customers form impressions about the service (Cook et al. 1999, 207). According to the literature digitization in the customer interaction process offers the business, not only the possibilities to increase cost-effectiveness (see, for example, Stockdale & Standing 2004, 301), but also the opportunity to provide additional value to its customers (cf. Tardugno et al. 2000, 56). When digital solutions are considered to be utilized in the case company in relation to the customer interaction it is first necessary to analyze the company's customer interaction process. *Although the process identification takes a lot of the management's attention it should however be considered as an important part of the business.* The process is formed to identify the different activities and to construct an understanding of the way that tasks are organized (cf. Olsen & Teare 1992, 174; Hannus 1993, 34; Kullvén & Mattsson 1994, 23).

In the analysis it was found that the case company management has somewhat different views over the current customer interaction process. Therefore a common base is needed for more accurate communication between managers and the company personnel. According to the literature the design of new processes should be a continuing activity and new designs should be formed smoothly before the old ones lose their effectiveness (Ramaswamy 1996, 26-27). From the analysis of this research the case company managers should combine the blueprints of the three phases in the customer interaction process: before, during and after the customer visit and use it as a base for developing the process in the future. In addition the customer interaction process can be used also for example in the human resources activities e.g. in introducing new personnel to the company. Once the process has been analyzed it is

necessary to keep it up-to-date by adding new customer interactions and removing old ones.

Because the items that can be digitized are infinite strategic decisions enable the best possible value to be drawn from the investments. Strategies are ways in which leaders can try to establish direction for organizations to set them on predetermined course of action (Ghoshal et al, 2003, 9). Focus should be put on the strategic digitization of customer interaction process that serves particularly the target customers of the company. If the digital solutions are not focused on the target customers, thus not focusing on what the company does best, the gains in making the large investments may suffer. *By involving strategic planning in digitization of the customer interaction process it becomes easier to follow in timeline where digitization investments are made and how they benefit the business as a whole.* The management is therefore suggested to analyze the ways in which digitization could be strategically utilized in the operations to better reach the strategic targets and objectives of the business.

The possibilities for more effective use of the digital solutions currently in use should also be evaluated and be taken into practice. The realization of made strategic plans should be ensured by measuring the performance from time to time. In this research it was learned that digitization consists of the digitization of information, products and services, and marketing and the company image. In the literature it was argued that technology is the infrastructure that enables the possibilities to store, search, retrieve, copy, filter, manipulate, view, transmit, and receive information (Shapiro & Varian 1998, 8). Although the case company already collects and processes information *a wider variety of the customer data should be collected. Also more effective use of the collected customer data is suggested.* A lot of effort was found to be put on the existing customers with biggest expenditure, however a lot of opportunities may be provided also by the smaller customers.

The degree to which objects can be digitized is based on the content of information based components in relation to the whole product or service (Piller 2002, 2). Although many of the case company's products and services need to personally experienced by the customer it was found, however, that a large number of products and services can be partially and even fully digitized. According to the literature in order to hold the guest within the resort requires quality in addition to a critical mass of activities (cf. Murphy 2008, 10). In line with the literature *it is suggested that quality digital products and services are considered to increase the mass of activities offered to the customers.* Although the emphasis in this research is put on the customer interaction it is, nevertheless suggested that the case company puts also more effort on the current digital back room operations systems. The case company should attempt to have all its products and services to be controlled via the current operations control system, instead of only some of them in order to improve its efficiency. Also the earlier acquired

inventory control systems should be taken into use because the longer they stay unused the sooner they will lose value and efficiency is postponed. Much of the marketing practices in the case company are currently performed in digital format. This is logical as digitization is argued to be a constantly developing technology that brings businesses and individuals not only improved solutions to their everyday life but also the ability to exchange information easily and throughout the world at the speed of light (cf. Greenberg 2004, 2-3). *In order to build closer relationships with customers it is suggested that the mass marketing activities are shifted into developing more focused marketing programs* (Kotler et al. 2002, 628).

The management of strategic digitization of customer interaction process defines the way in which benefits can be drawn from the made investments. From the interviews it was found that the case company has dramatically developed from a micro business from where it started to more organized system. However, still being a small sized business many of the operations should be better organized. It was found in the analysis that although time and effort was sometimes put to organizing the business operations, the information gained was not thoroughly exploited and consequently not used to develop the business operations in the long term. It was also found that the division of responsibilities is currently unclear in the case company. If employees are not sure what they are responsible of many issues can be left unhandled and the manager's visions of how the company functions in reality can be unrealized. Therefore *effort should be put on clearly defining the persons responsible on certain processes and planning should be made on how the visions are communicated to all the personnel to create results in the daily operations*. This is in line with the literature where it is suggested that in process-oriented organizations the essence is to shift the ultimate managerial responsibility for managing the process to such an individual who can comprehend and take responsibility for the entire process (Harmon 2003, 165). Effective management of service quality is a core management function that essentially determines a company's success or failure in the marketplace (Kandampully 2006, 175). Consequently it is suggested that measures are taken to evaluate the gained service quality against the acquired digital solutions.

The limited financial resources were found to hindrance the case company's possibilities to involve digitization comprehensively. Also the time that it takes for the personnel to use the new digital solutions effectively in daily operations was found to be a disadvantage. According to literature high performance is followed by companies that have attained fit between their strategy and their organization (Ghoshal et al. 2003, 227). In the analysis some the digital solutions fit to the business was found to be unfit to the company image and thus influence negatively on how the customer sees the company. *Both the digital solutions fit to the business as well as fit to the operations should be considered before making decisions on investments*. The literature suggested that increasing customer satisfaction and customer retention can lead to significant

impacts on company profitability and corporate success (Baker & Clark 2004, 2) and therefore the eventual payback in the customer service that the latest digital solutions bring to the company should be carefully evaluated.

### **6.2.2 Industry implications**

In the analysis it was found that the chosen digital solutions in the case company have allowed the company to perform better than such competitors that do not have the same solutions in use. *With the findings of this research other managers in the hospitality industry are better able to outline their organization's customer interaction process and identify the best opportunities for strategic digitization in the process.* The research can help the managers in decision making when considering large investments regarding strategic digitization in their customer interaction process. *The company managers can learn valuable information to implement new but realistic solutions to their customer related business operations.* The companies in the industry can use the blueprints of the case company as a base when forming and analyzing their customer interaction processes.

Other companies in the industry can formalize their operations by using the case company's model as a base for improving their business processes. Efficient development of business operations provides small companies new opportunities and enables them to better compete in the market. *New opportunities can inspire the other businesses in the industry and therefore act in favour for potential business growth.* As it was argued in the literature the digitization offers the possibility for small businesses to level up with large businesses and therefore companies looking for growth opportunities should consider the strategic digitization of their customer interaction processes (see, for example, Negroponte 1997, 167) After all the increasing customer satisfaction can impact on the company profitability and corporate success (Baker & Clark 2004, 2).

### **6.2.3 Implications to other gainers**

The information of this research can also be used indirectly by those companies that do business with e.g. companies in the hospitality industry. Such companies may include digitization service providers, programs, systems, SMS services, internet services, connection providers, communication network providers, and so forth. *The solution providers can learn and try to solve the problems that small companies in the hospitality industry experience.* For example in Finland there are several small

companies in the hospitality industry. The growth of these businesses could be assisted with the provision of suitable digital solutions. The lack of knowledge and experience of these small companies may build up a possible customer niche to solutions providers. These digital service providers can use the findings of this research to better understand their customer's point of view. For example *the digital service providers can use the research figures to learn what type of development needs SME's in the hospitality industry have and what their future prospects are.*

The solution providers could try to involve the personnel and experts from the hospitality industry to assist them in the product development process. This could provide straight forward feedback to what is needed in the hospitality industry to serve the potential customers better. It was found in the analysis that the company representatives believe that they are constantly living behind the best digital solutions that they could still use to improve their operations. Digital service providers should therefore cooperate with their potential customers in the hospitality industry and provide them real solutions that able the companies to perform better. Other types of gainers could include also consulting companies that can learn how the case company type of businesses act and can offer their consulting knowledge to the businesses in the industry.

### **6.3 Limitations and suggestions for further research**

Because the selected case company belongs to the small and medium sized enterprises the models suggested in this research are mostly directed to other small and medium sized businesses. Larger companies in the industry have usually been forced to involve process thinking in their operations and the strategic measures in involving even larger digital investments must be better evaluated in such companies. The larger companies can, however, benefit from this research by using the ideas for developing their own customer interaction processes and consider the possibilities for digitization given in this research. One of the limitations of this research is that the findings of this research may not be directly generalized to other companies in the hospitality industry because there are different types and sizes of companies with different processes and strategies in comparison to those used in the case company. Whether or not formally identified, all the companies in the hospitality industry are involved with some kind of customer interaction processes, however, the content of those processes may vary considerably between different companies and thus the customer interaction process as a whole entity formed in this research may not be applicable to other companies.

The thesis was also limited to discuss the process architecture that was considered most suitable to be used in the forming the customer interaction process in the

hospitality industry the possible other ways of forming process could nevertheless be considered. The different approaches to digitization discussed in this research were chosen to represent a rather comprehensive selection of everyday activities in the lives of small and medium sized companies in the hospitality industry. However, a more focused direction for digitization can be reached by selecting the most beneficial solutions from the mass in an organized manner. As an example an approach could have been taken by focusing in the digitization of customer transactions only that solely involve the customer related financial activities in the company. In order to give a comprehensive view over what can be digitized in the hospitality industry the overall view of digitizing information, products and services, marketing and the company image, and finally digitizing in processes was taken in this research. In addition the possible hindrances covered in this research are often company specific that need to be individually analyzed.

Further research is suggested to focus on finding out what is the actual received benefit from adapting digitization and strategic digitization in company's processes in the industry. The realized outcome would be useful to learn of whether those companies that made the suggested solutions from this research have been able to draw apparent operative value from the selected solutions. It would be very useful for the companies in the industry to see results of such implications to support their strategic decision making and future investments. Another suggestion for the future research focuses on how other processes in the hospitality industry could be strategically digitized to create competitive advantage.

## 7 SUMMARY

In this research it was learned that that businesses in the hospitality industry often provide their customers with products that are high contact services and are thus difficult to digitize. These companies cannot, however, afford to ignore digitization if they wish to respond to the evolving business environment and keep to the pace of their competitors. It was learned that companies that are not taking digitization as a part of their business processes may find themselves left behind in the development of the digital age. In order to help the small and medium sized businesses in the hospitality industry the research problem of this research was to analyze *how the strategic digitization could support the customer interaction process in the case company operating in the hospitality industry*. A qualitative case study method was used in this research where academic literature review was supported with practical information learned through case company interviews. Lomakeskus Järvisydän ltd. a successful SME from the hospitality industry was selected case company for this research. The research problem was answered firstly by analyzing *what is the customer interaction process in the hospitality industry*. Secondly, the *possibilities for strategic digitization in the industry* were analyzed. Finally, an analysis was made on the *possible hindrances in strategically digitizing the customer interaction process in the hospitality industry*.

In this research it was suggested that the way in which digitization is involved in the small and medium sized businesses in the hospitality industry needs to be carefully considered in order to draw the best value of the investments that often require long term commitment. Although process thinking was not considered sufficiently important in the case company, carefully analyzing the company's customer interaction process was suggested as a base where digitization could be installed in a more organized manner. The customer interaction in the case company's was found to be divided into a process of three phases: before, during and after the customer visit in the resort. The complex nature of the customer interactions was found to be clearer to analyze step by step with the use of the blueprinting method. The management of the customer interaction processes was suggested by measuring and improving the processes although the lack of resources was found to be the reason for less attention put in the subject. The digitization of the customer interaction was found to be more concise and beneficial when strategic planning was involved by applying digitization strategically where most needed in the customer interaction process.

The possibilities for digitization were divided into the digitization of information, products and services, and marketing and the company image. The type of products, services and processes determine the level to which they can be digitized. If a product cannot be fully digitized it was found that information them that can be often partially digitized. The use of digital information was found useful although it was found that

digital data collection is only appropriate when it is useful and creates new customerships to the company. The involvement of digital products and services was found useful in increasing the offering provided to the customers. In terms of digital services example was given in the use of internet reservation systems that was found to allow the company to focus on its core competencies. However, the level to which the customers dare to use the digital services was found to be critical. The use of digital marketing seemed to require more personalization in the future. When using digital marketing the accuracy of the information was found to be important due to the fast spread of digital information in the internet. Clear implementation of responsibility and communicating the decisions to the personnel were found necessary in the overall digitization of processes.

The hindrances in strategic digitization of the customer interaction processes were divided into three categories: organizing, investing, and learning. The ability to organize the digital solutions to fit the business environment and operations was found to be particularly important when adapting digital solutions to a business. The slow adaptation of digital solutions was found to be due to the high initial investments and additional costs for maintaining those solutions in the long term. Also ability to absorb the use of digital systems in the daily operations for improved customer service was found to be very time taking. Overall it was learned, however that various benefits and opportunities are available to businesses in the hospitality industry through strategic digitization of customer interaction processes. Correctly directed and managed digital solutions can improve the companies' operative efficiency and enable companies to provide better service to their customers. Finally, it was argued in the research that companies that have successfully implemented the digitization strategies in their business ultimately have the possibility to grow a competitive advantage over its competitors.



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## APPENDIX 1 OPERATIONALIZATION TABLE

| <i>The Research problem</i>  | <i>The sub research problems</i>                                      | <i>The theoretical equivalents</i>   | <i>The main themes of the interviews</i>                                  | <i>Relative interview questions</i>  |
|--|---|--|---|--|
| How could the strategic digitization support the customer interaction process in the case company? | What can be strategically digitized in the hospitality industry?      | Strategic management   | Strategic decision making   | 22, 67-69, 5.-6., 8,13,18  |
|  |   | Digitization   | Digitizing information  | 27-41  |
|  | Digitizing products/services  |  | 42-54   |  |
|  | Digitizing marketing & image  |  | 55-66   |  |
|  | Digitizing business processes   |  | 67-69   |  |
|  | What is the customer interaction process in the hospitality industry? | Customer interaction process (CIP)   | CIP as a whole<br>CIP before, during, and after the actual customer visit | 1.-6.<br>7.-21.  |
|  |   | What are possible hindrances in strategically digitizing the customer interaction process in hospitality industry? | Implementation challenges   | Current state of CIP digitization<br>Possibilities and possible hindrances of digitizing the CIP |

## APPENDIX 2 INTERVIEW QUESTIONS

### Company information (to be done only once and those who know will answer)

1. Official name
2. Founded in (year)
3. Business form – plc. Ltd
4. Industry
5. Main business – products and services
6. Strategic cooperation
7. Additional close cooperation
8. Market area – where active
9. Target customers
10. Other customers
11. How stands out from its competitors – why special?
12. Turnover
13. Number of employees

Short introduction to the researched topic: Strategic digitization of customer interaction processes in hospitality industry. Explain what is generally studied.

### THEME 1 Customer interaction process as a whole

The term customer interaction process concept =

1. Has the company *defined* its customer interaction process before?
  - If not, why?
  - If yes, fully or to some extent? Why?
2. Please describe the *overall* customer interaction process in the company.
3. Are there some *clear elements* that divide the customer interaction process?
4. Has the company used *blueprinting* when analysing its customer interaction processes?
5. Are steps taken for *measurement and improvement* of the performance of the company's customer interaction process?
6. Who is responsible for measuring and improving the company's customer interaction processes?

## **THEME 2 CIP before, during and after the actual customer visit**

Here the intention is that we together draw a picture of the phases and activities in it.

7. **What activities** does the company have in interaction with the customer **before** the customer visits the resort?
8. Who is responsible of the process?
9. How happens in practice?
10. Is existing data being used during this phase?
11. Is new data collected (in relation to the customer/ customers actions) during this phase?
12. **What activities** does the company have in interaction with the customer **during** the customer is visiting the resort?
13. Who is responsible of the process?
14. How happens in practice?
15. Is existing data being used during this phase?
16. Is new data collected during this phase?
17. **What activities** does the company have in interaction with the customer **after** the customer has visited the resort?
18. Who is responsible of the process?
19. How happens in practice?
20. Is existing data being used during this phase?
21. Is new data collected during this phase?

## **THEME 3 Strategic decision making (This theme may not be necessary)**

The term strategic decision making =

22. Is your company involving in *strategic planning and decision making*?
  - If yes, **why** does the company involve in strategic planning and decision making? What kind of strategic planning and decision making is done? Is it done in sequencies? How long plans usually are? – go to next question.
  - If not, why? – go to next *theme*.

## **THEME 4 Current state of CIP digitization**

The terms digitization and digitizing =

23. How has the company *utilized digitization* in its current customer interaction process?
24. Why were these solutions selected?
25. Is the company satisfied with the chosen solutions?
26. Is there room for improvement in utilizing digitization in your company?
  - If not, why?
  - If yes – go to next question.

## **THEME 5    Digitizing information**

27. Does the company have *devices* that store digital information e.g. computer hardware, external memory devices,
28. Is digital data *collected* in some form? e.g. offers and confirmations,
29. What type of data is being stored? Give examples.
30. *How* is the digital data being used by the company? –offers, marketing, fairs, videos, internet, customer behaviour, inventory, software (e.g. statistics) other tools that may enable more efficient use of the digital information?
31. What *benefits* are there in having digital data?
32. What kind of *challenges* are there in having digital information?
33. Are there any *hindrances in storing the data* in a digital form?
34. Does the company *share* the digital data with others – both inside and outside the company? – Who uses the data? - Why?
35. Does the company *receive* digital data from others – both inside and outside the company?
36. Is the collected data useful?
37. Does the collected data have *further value* to the business?
38. Is the collected data being *used effectively*?
39. Digital data is said to be cheap to reproduce. Does the company *reproduce* or reuse digital data? Give examples.
40. Do you have *ideas* on how the company could use the digital data more efficiently?
41. Do you have ideas what kind of digital information should the company collect in order to run the business better?

## THEME 6 Digitizing products and services

(In the following questions the products and services of a company are handled as separate concepts).

42. Does the company have *partly or fully* digital products?
  - If yes, what kind? – Both partly and fully digital?
  - If not, why?
43. Does the company have partly or fully digital services?
  - If yes, what kind? – Both partly and fully digital? – go to next question.
  - If not, why? &
  - If not, has the company ever thought of which of its products or services could be partially or fully digitized? – go to question 51.
44. Are the digital products (p) or services (s) fully or partly *core p/s or supporting p/s*?
45. Do the digital products or services provide *value* to the customer?
46. Are your customers *willing to pay* for the digital products and services they receive?
47. How *extensive* is the use of digital products and services in the company?
48. How *necessary*/important do you think it is to have digital products and services in the company?
49. Does the company allow its customers to *customize* the products or services before they are going to buy them?
50. What kind of digital products and services do you *think* your company could have?
51. What possible *benefits* could there be in having digital products and services?
52. What possible *hindrances* could there be in having digital products and services?
53. What kind of digital products or services do you think there could be in the *future* in your industry?
54. Overall, do you think it is good to have digital products and services in a business? Why/why not?

## THEME 7 Digitizing marketing and company image

55. Does the company use digital information in its *marketing*?

- If not, why?
56. Does the company use digital information in forming its company *image*?
- If not, why?
57. How does the company provide *marketing* in a digital format?
58. Does the company use the *internet* in its marketing?
- If yes, how?
  - If not, why? – go to question 64.
59. Does the company use '*personalization*' in its internet marketing, where the target/customer is identified and where the target is offered with suitable material? Why?
60. Does the company use '*flash adverts*' in its marketing, where particular adverts are appearing in the targets screen? Why?
61. Does the company offer digital (direct) marketing in hotel *rooms*, e.g. using the customer's name? Why?
62. Does the company use '*affiliate marketing*', where the intention is to create networks with such actors who have immediate access to wanted niche markets? Why?
63. What is the *benefit* of providing marketing in a digital format?
64. What kind of *hindrances* there may be in providing marketing in a digital format?
65. What is the benefit of using digital information in forming the company image?
66. What kind of hindrances there may be in using digital information in forming the company image?

## **THEME 8    Digitizing business processes**

67. If the company has been digitizing before: Were the made decisions for digitization, *strategically planned* for particular processes in the company, or were the decisions made for other reasons, such as for convenience, recommendation, marketing, etc?
68. Was potential *added value* for the customer considered when making those decisions?
69. Do you believe that the chosen digital solutions have made the company *perform better* than its competitors who do not have the same solution in use? Clarify.

## **THEME 9 Possibilities and possible hindrances of digitizing the CIP**

70. Are there any reasons why the current state of digitization is *not at its best* in your company?
71. How could your company *better utilize* digitization in its customer interaction process?
72. How do you think that digitization can be better utilized in the customer interaction processes in the future?
73. Are there any reasons why your company should **not** adapt digitization?
  - If yes, what?
  - If not, why has the company not adapted those possibilities to the company? (e.g. limited resources, unfit to the image...)
74. How do you think digitization could be a competitive advantage in the future?
75. Are there any *limitations* expected for digitization in your company?
76. Wrap up: In terms of digitization, what good has your company done and what do you think should be improved in this area?

### **Background questions (to be asked from each respondent)**

1. Please begin by telling your own background
2. What is your position in the company
3. Areas of responsibility
4. How long have you been working for the company
5. How did you feel of participating in this kind of an interview?

Thank you for the interview! (I will return to you if some questions need further discussions) follow up...

## **APPENDIX 3 INTERVIEW QUESTIONS IN FINNISH**

### **Yritystiedot (vain se vastaa, joka tietää vastaukset)**

1. Virallinen nimi
2. perustusvuosi
3. yritysmuoto



4. ala
5. päätuote – tuotteet ja palvelut
6. strateginenyhteistyö
7. muu läheinen yhteistyö
8. markkina/toimialue
9. kohdeasiakkaat
10. muut asiakkaat
11. miten erottuu kilpailijoista – miksi erityinen
12. liikevaihto
13. henkilöstön määrä

Lyhyt johdatus tutkimusaiheeseen: Asiakasinteraktioprosessien strateginen digitisoiminen Majoitus – ja ravitsemusalalla (MARA). Kerro mitä yritetään selvittää.

### **TEEMA 1 Asiakasinteraktioprosessi kokonaisuutena**

Asiakasinteraktioprosessi terminä =

=

1. Onko yritys aikaisemmin *määrittänyt* sen asiakasinteraktioprosessia?
  - Jos ei, niin miksi ei?
  - Jos osaksi tai kokonaan kyllä, miksi on?
2. Voisitteko nyt kuvailla asiakasinteraktioprosessin *kokonaisuuden* yrityksessänne?
3. Onko yrityksen asiakasinteraktioprosessissa joitakin *elementtejä*, jotka jakavat prosessin selkeisiin osiin?
4. Onko yrityksessänne käytetty ns. *'blueprinting* –metodia' asiakas interaktio prosessin analysointi vaiheessa?
5. Onko yrityksellä toimenpiteitä asiakasinteraktioprosessin *toiminnan valvonnassa, sekä parantamisessa?*

6. Kuka/ketkä ovat vastuussa asiakasinteraktioprosessin valvonnasta, sekä parantamisesta?

## TEEMA 2 Asiakasinteraktioprosessi ennen/kuluessa/jälkeen asiakkaan vierailussa

Tähän aiheeseen liittyen tarkoituksena on, että piirrämme yhdessä kuvan prosessin vaiheista.

7. *Mitä toimintoja* yrityksellä on asiakkaan kanssa **ennen** asiakkaan varsinaista vierailua?
8. Kuka /ketkä on vastuussa tästä prosessista?
9. Kuinka nämä toiminnot käytännössä toteutuvat?
10. Käytetäänkö tässä vaiheessa olemassa olevaa dataa?
11. Kerätäänkö tässä vaiheessa uutta dataa asiakkaaseen/tämän toimintaan liittyen?
12. *Mitä toimintoja* yrityksellä on asiakkaan kanssa asiakkaan varsinaisen vierailun **aikana**?
13. Kuka/ketkä on vastuussa tästä prosessista?
14. Kuinka nämä toiminnot käytännössä toteutuvat?
15. Käytetäänkö tässä vaiheessa olemassa olevaa dataa?
16. Kerätäänkö tässä vaiheessa uutta dataa asiakkaaseen/tämän toimintaan liittyen?
17. *Mitä toimintoja* yrityksellä on asiakkaan kanssa asiakkaan varsinaisen vierailun **jälkeen**?
18. Kuka/ketkä on vastuussa tästä prosessista?
19. Kuinka nämä toiminnot käytännössä toteutuvat?
20. Käytetäänkö tässä vaiheessa olemassa olevaa dataa?
21. Kerätäänkö tässä vaiheessa uutta dataa asiakkaaseen/tämän toimintaan liittyen?

## TEEMA 3 Strateginen päätöksenteko

Strateginen päätöksenteko terminä =

22. Käytetäänkö yrityksessänne *strategista suunnittelua ja päätöksentekoa*?
  - Jos käyttää, *miksi* yrityksenne käyttää strategista suunnittelua ja päätöksentekoa? – siirry seuraavaan kysymykseen. *Millaista* strategista

päätöksen tekoa käytetään? Tehdäänkö tietyissä *ajanjaksoissa*? Kuinka pitkällä *aikavälillä*?

- Jos ei, miksi ei? – siirry seuraavaan teemaan.

#### TEEMA 4 Asiakasinteraktioproessin tämänhetkinen digitisoinnin tilanne

Digitisaatio ja digitisointi termeinä =

23. Kuinka yrityksenne on *hyödyntänyt digitisointia* sen nykyisessä asiakasinteraktioprosessissa?
24. Miksi kyseen osainen *ratkaisu* tuli valituksi?
25. Onko yritys *tyytyväinen* valittuun ratkaisuun?
26. Onko yrityksessänne tilaa *kehittämiseen* digitisoinnin hyödyntämisessä?
  - Jos ei, miksi ei?, etene seuraavaan kysymykseen.
  - Jos kyllä, etene seuraavaan kysymykseen.

#### TEEMA 5 Informaation digitisointi

27. Onko yrityksellänne *laitteita*, joilla pystyy tallentamaan digitaalista informaatiota? (esim. kovalevyjä, ulkoisia muistin tallennus laitteita...)
28. *Kerätäänkö* yrityksessänne jossakin muodossa digitaalista dataa? (tarjoukset, vahvistukset...)
29. Minkä tyyppistä dataa tallennetaan? Anna esimerkkejä.
30. Kuinka digitaalista data *käytetään* yrityksessä? - esim. tarjoukset, markkinointi, messut, videot, internetti, asiakas/ostaja käyttäytyminen, varastonhallinta, tietojärjestelmät (esim. statistiikka), muut työkalut jotka auttavat digitaalisen informaation käyttämisellä.
31. Mitä *hyötyä* digitaalisessa datassa mielestäsi on?
32. Mikälaisia *haasteita* digitaalisen datan käyttäminen aiheuttaa?
33. Onko digitaalisen datan tallennuksella olemassa *haittavaikutuksia*?

34. **Jakaako** yritys digitaalista dataa muiden kanssa yrityksen sisä-että ulkopuolella?  
Keille yritys jakaa tietoja?
35. **Saako** yrityksenne digitaalista data muilta yrityksen sisä-että ulkopuolelta?
36. Onko kerätty digitaalinen data hyödyllistä/käytännöllistä?
37. Muodostaako kerätty data **lisäarvoa** yritykselle?
38. Kerätäänkö yrityksessänne digitaalista dataa **tehokkaasti**?
39. Digitaalisen datan kerrotaan olevan halpaa kopioida. **Kopioiko** tai uudelleen käyttäkö yrityksenne digitaalista dataa? Anna esimerkkejä?
40. Onko sinulla **ideoita** miten yrityksenne voisi käyttää digitaalista dataa tehokkaammin?
41. Onko sinulla ideoita minkälaista digitaalista informaatiota yrityksenne pitäisi kerätä toimintansa parantamiseksi?

## TEEMA 6 Tuotteiden ja palveluiden digitisointi

(Seuraavissa kysymyksissä tuotteet ja palvelut pidetään erillisinä konsepteina).

42. Onko yrityksellä **osittain tai kokonaan** digitaalisia tuotteita?
- Jos on, mikälaisia? (sekä osittain, että kokonaan digitisoituja)
  - Jos ei, miksi ei?
43. Onko yrityksellänne osittain tai kokonaan digitaalisia palveluita?
- Jos on, mikälaisia? (sekä osittain, että kokonaan digitisoituja)
  - Jos ei, miksi ei? &
  - Jos ei, onko yrityksenne koskaan miettinyt mitä sen tuotteita tai palveluita voitaisiin osittain tai kokonaan digitisoida? - Jatka kysymyksellä 51.
44. Ovatko nämä digitaaliset tuotteet tai palvelut kokonaan tai osaksi **yrityksen pää**  
**vai tuki tuotteita tai palveluita**?
45. Tarjoavatko digitaaliset tuotteet tai palvelut **lisäarvoa** yrityksen asiakkaille?
46. Ovatko yrityksenne asiakkaat **valmiita maksamaan** digitaalisista tuotteista ja palveluista joita he saavat?
47. Kuinka **kattavaa** digitaalisten tuotteiden ja palveluiden käyttö on yrityksessänne?

48. Kuinka *tarvittavina*/tärkeinä pidätte digitaalisten tuotteiden ja palveluiden saatavuutta yrityksessänne?
49. Pystyvätkö yrityksenne asiakkaat *rääätälöimään* etukäteen niitä tuotteita tai palveluita jotka he aikovat ostaa yritykseltänne?
50. Minkälaisia digitaalisia tuotteita ja palveluita mielestäsi yrityksessänne *voisi olla*?
51. Mitä mahdollisia *hyötyjä* digitaalisten tuotteiden ja palveluiden olemassaololla voisi olla?
52. Mitä mahdollisia *haittoja* digitaalisten tuotteiden ja palveluiden olemassaololla voisi olla?
53. Minkälaisia digitaalisia tuotteita ja palveluita luulet että tällä alalla voisi olla tulevaisuudessa?
54. Yleisestiottaen, onko mielestäsi hyvä asia, että yrityksessä on digitaalisia tuotteita ja palveluita? Miksi kyllä tai ei?

#### TEEMA 7 Markkinoinnin ja yrityksen imagon digitisointi

55. Käyttääkö yrityksenne digitaalista informaatiota *markkinoinnissaan*?
- Jos ei, miksi ei?
56. Käyttääkö yrityksenne digitaalista informaatiota *yrittäjänsä imagon muodostuksessa*?
- Jos ei, miksi ei?
57. *Miten* yrityksenne käyttää/tarjoaa digitaalista markkinointia?
58. Käyttääkö yritys *internettiä* markkinoinnissaan?
- Jos kyllä, miten?
  - Jos ei, miksi? – etene kysymykseen 64.
59. Käyttääkö yritys ns. täsmämarkkinointia jossa tietty kohde/asiakas tunnistetaan esim. aiemman ostoksen perusteella ja tarjotaan kohteelle sopivaa markkinointia (*personalization*)? Miksi kyllä tai ei?

60. Käyttääkö yritys markkinoinnissaan internetin välityksellä tapahtuvaa *vilahdusmainontaa*, jossa tietyt mainokset ilmestyvät käyttäjän ruutuun (flash adverts)? Miksi kyllä tai ei?
61. Tarjoaako yritys digitaalista (suora) markkinointia hotelli *huoneissaan/mökeissään*, esim. asiakkaan nimitiedolla varustettuna? Miksi kyllä tai ei?
62. Käyttääkö yritys sellaista markkinointia, jossa ajatuksena on verkostoitua sellaisten toimijoiden kanssa, joilla on välitön yhteys haluttuihin täsmäasiakkaisiin (Affiliate marketing)? Miksi kyllä tai ei?
63. Mitä hyötyä on markkinoinnin digitisoimisella?
64. Minkälaisia haittavaikutuksia markkinoinnin digitisoimisella voi olla?
65. Mitä hyötyä digitaalisella informaatiolla on yrityksen imagon luomisessa?
66. Minkälaisia haittavaikutuksia digitaalisen informaation käyttämisellä voi olla yrityksen imagoon liittyen?

### **TEEMA 8 Prosessien digitisoiminen**

67. Jos yritys on käyttänyt digitisointi: Tehtiinkö digitisoimis päätökset strategisesti suunniteltuna tiettyihin yrityksen prosesseihin nähden, vai tehtiinkö päätökset muista syistä – esim. käytännöllisyyden vuoksi (sinne minne vaikutti sopivan sillä hetkellä), suosituksen seurauksena, markkinoinnin seurauksena, tms.
68. Harkitsiko yritys mahdollisen lisäarvon tuottamista asiakkaalle päätöksenteko vaiheessa?
69. Uskotteko, että valitut digitaaliset ratkaisut ovat saaneet yrityksenne toimimaan paremmin kuin sellaiset kilpailijansa, joilla ei ole kyseistä digitaalista ratkaisua käytössään? Perustele.

### **TEEMA 9 Asiakasinteraktioproessin digitisoinnin mahdollisuudet ja mahdolliset haittavaikutukset**

70. Onko olemassa syitä miksi tämänhetkinen asiakasinteraktioproessin digitisointi ei ole parhaillaan yrityksessänne?
71. Miten yrityksenne voisi paremmin hyödyntää digitisaatiota asiakas interaktio prosesseissaan?

72. Miten mielestäsi digitisointia voitaisiin hyödyntää asiakasinteraktioprosesseissa tulevaisuudessa?
73. Onko mielestäsi olemassa syitä miksi yrityksenne ei pitäisi ottaa käyttöön digitisoimista?
- Jos on, niin mitä?
  - Jos ei, niin miksi yritys ei ole vielä ottanut käyttöönsä olemassa olevia digitisoinnin mahdollisuuksia? (Esim. rajalliset resurssit, sopimattomuus imagoon nähden...)
74. Miten digitisointi voisi mielestänne olla kilpailuetu tulevaisuudessa?
75. Onko yrityksessänne mahdollisia rajoitteita digitisoimiselle?
76. Yhteenveto: Mitä yrityksessänne on mielestänne tähänasti tehty hyvin ja mitä kehitettävää näette tulevaisuudessa digitisoinnin kannalta?

### **Taustakysymyksiä**

1. Kerro lyhyesti taustastasi yrityksessä?
2. Mikä on asemasi yrityksessä?
3. Mikä on vastualueesi yrityksessä?
4. Kuinka kauan olet työskennellyt yrityksessä?
5. Miltä tuntui osallistua tämän aiheen haastatteluun?

**KIITOS HAASTATTELUSTA!** Otan teihin yhteyttä mikäli esittämiini kysymyksiin tarvitaan vielä tarkennuksia.