

**RETAIL EXPERIENCE IN THE TOTAL BATHROOM SECTOR: A STUDY
ON THE CUSTOMER EXPERIENCE IN VITRA RETAIL STORES AND
AN INPUT PROPOSAL FROM SERVICE DESIGN PERSPECTIVE**

**M.Sc. Thesis by
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Programme : Industrial Product Design

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JANUARY 2011

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İSTANBUL TEKNİK ÜNİVERSİTESİ ★ FEN BİLİMLERİ ENSTİTÜSÜ

**BANYO EKİPMANLARI SEKTÖRÜNDE PERAKENDE DENEYİMİ:
VİTRA MAĞAZALARINDA MÜŞTERİ DENEYİMİ ÜZERİNE BİR
ÇALIŞMA VE HİZMET TASARIMI PERSPEKTİFİNDEN GİRDİ ÖNERİSİ**

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FOREWORD

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Industrial Product Design

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ABBREVIATIONS

EFQM	: European Foundation for Quality Management
GDP	: Gross Domestic Product
R&D	: Research and Development
S-D Logic	: Service-Dominant Logic
UAE	: United Arab Emirates
UK	: United Kingdom
US	: United States
USA	: United States of America
USP	: Unique Selling Point

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SUMMARY

The rising importance and dominance of services in the world economy has caused significant changes in customer-company relationships and in the nature of value propositions. Today, companies, in search of differentiation in a highly competitive business environment, began to focus on the experiences and interactions of their customers.

As a reflection of these transformations, the design activity also shifted its domain from tangible and material artifacts to intangible systems. Along these lines, Service Design emerges as a new design viewpoint with a rich methodological basis to capture and explore customer experiences and a perspective which supports value co-creation between organizations and customers. Furthermore, Service Design approach is a driver for more efficient service delivery and for more personalized solutions that adapt to customer's changing needs over time.

Service Design perspective and the utilization of Service Design methods appear to be promising in the retail context as well. An important aspect related to this statement is that the retail experience is not one single service, but rather a complex mix of services which consists of multiple touch points. Therefore, a specific perspective is required to capture and create engaging retail experiences. When compared to other design professions, Service Design stands to be more customer-centered and more likely to create a continuous framework for an engaging customer experience. With its systemic and holistic approach to the retail context, Service Design considers and integrates all the tangible and intangible aspects to differentiate organizations' offerings through the use of in-store conditions and levels of customer engagement.

Hence, the context of this research has been defined as retail contexts. Customer experiences related to the pre-purchase, purchase, and post-purchase phases in a retail setting are at the focus of this research.

This research was based on site visits and observations in order to collect data about the overall customer experience in retail settings and identify service touch-points. To this end, several site visits were conducted to the retail stores of an industry-leader Turkish company in the bathroom equipments sector. The observations made during the site visits provided information about the context and gave critical insights about how the store communicates the brand, and how the various store elements come together to create a holistic experience. Additionally, as a supplement to the observations, interviews were conducted with store managers to gain information about the service delivery system of the organization.

This study began with a principal inquiry questioning if Service Design could be a new perspective to capture, design and visualize customer experiences, or in other means, the contribution of Service Design in creating compelling customer experiences. In fact, visualization techniques are used as a fundamental element of Service Design. This research explores how Service Design methods can be applied within the retail context to visualize customer experiences. The major outcome of this study was a “Customer Experience Map” which represents the entire service experience from the customer’s point of view and specifies the key aspects of the service delivery process. As a result, the visualization process assisted to define the touch points of the service system and to analyse the interactions between the service and the customer at each stage.

Consequently, this study mainly aims to provide an understanding on the role of design in an experience-based economy within the retail context and to build a case for greater use of Service Design methods in this area.

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ÖZET

Dünya ekonomisinde hizmet sektörünün öneminin ve hakimiyetinin giderek artması firma-müşteri ilişkilerinde ve firmaların sunduğu değer önermelerinde büyük değişikliklere sebep olmuştur. Günümüzde firmalar yoğun rekabetin yaşandığı bir iş ortamında farklılık yaratabilmek için müşterilerinin deneyimlerine ve müşterileri ile kurdukları etkileşimlere odaklanmaya başlamışlardır.

Bu değişimlerin sonucunda, tasarımın etkinlik alanı da maddesel ürünlerden sistemlere yönelmektedir. Yaşanan müşteri deneyimlerinin ortaya çıkarılması ve incelenmesini sağlayan zengin metodolojik temeli ve organizasyonlar ile müşterilerin birlikte değer yaratması esasına dayanan bakış açısı ile Hizmet Tasarımı, tasarımın bu yeni etkinlik alanında en çok öne çıkan tasarım disiplini olmuştur. Ayrıca, Hizmet Tasarımı perspektifi, sunulan hizmetlerin verimliliğinin artırılmasında ve müşterilerin zamanla değişkenlik gösteren gereksinimlerine adapte olabilecek kişiye özel çözümler yaratılmasında en önemli destekleyici unsurdur.

Perakende satış noktaları, Hizmet Tasarımı anlayışı ve Hizmet Tasarımı metodları için gelecek vaat eden uygulama alanlarından biridir. Bu görüşü doğrulayan faktörlerden bir tanesi, perakende deneyiminin birçok hizmeti bir arada içeren karmaşık yapısıdır. Bu yapı, müşteri ile pek çok farklı noktada etkileşime geçmektedir. Bu nedenle, etkili bir müşteri deneyiminin yaratılabilmesi için farklı bir bakış açısına ihtiyaç vardır. Hizmet Tasarımı, diğer tasarım disiplinleri ile karşılaştırıldığında daha fazla müşteri odaklıdır ve bu da bütünsel bir müşteri deneyimi yaratacak çerçeveyi daha etkili biçimde kurgulamasını sağlamaktadır. Hizmet Tasarımı, firmaların perakende satış noktalarının tüm mekansal özelliklerini sistemsal bir bütün olarak değerlendirerek bunları müşteri bağlılığı yaratacak deneyimler doğrultusunda entegre etmektedir.

Perakende mağazalarında müşteri deneyimi yaratan ve etkileyen faktörler çok çeşitlidir. Bu faktörlerin müşteri deneyimi ile bağlantısını inceleyen araştırmalar özellikle pazarlama literatüründe yer almaktadır. Bunlar öncelikle mekansal nitelikleri kapsayan ışıklandırma, koku, müzik, renk gibi faktörlerdir.

Bir diğer grup ise sosyal etkileşimleri içerir. Satış ve proje sorumlularının müşteri ile iletişim becerileri, bilgi düzeyleri, müşteri ihtiyaçlarını anlayabilme ve müşteriye ikna edebilme yetenekleri, olumlu bir deneyim yaşanması açısından büyük önem taşır.

Her müşterinin mağaza deneyimi farklı sonuçlanabilir çünkü deneyimler kişiye özgü ve subjektiftir. Ancak yine de firmalar mağazalarının mekansal özelliklerinde, teşhirlerinde ya da satış sonrası hizmetlerinde yaptıkları küçük değişiklikler ile sundukları müşteri deneyimini büyük ölçüde değiştirebilmektedirler.

Banyo algısının deęiřmesi ile birlikte banyo ekipmanları sektörü günden güne doęallığı ön planda tutan, farklı malzemeleri bir araya getiren, sade, yalın, geleneksel deęerleri vurgulayan, modüler tasarımlara yer vermeye bařlamıřtır.

Banyo ekipmanları sektörü söz konusu olduęunda ürünlerin modelleri ve fiyatları karar ařamasını etkileyen temel unsurlar olarak öne çıkmaktadır. Maęaza içindeki satıř ařamasında müşteriye doęru dinlemek, anlamak ve farklı çözümleri aktarmak temel hedeftir. Ayrıca sürecin her ařamasının takip edilmesi ve müşteri ile devamlı iletişim halinde olunması da büyük önem tařımaktadır.

Dolayısıyla bu arařtırma, söz konusu bařlıkları perakende maęazalar bağlamında incelemektedir. Sektör olarak banyo ekipmanları sektörü belirlenmiřtir; çünkü banyo satın alım süreci sırasında müşteri çok farklı ürün grupları arasından seçim yapmaktadır ve yařanılan süreç karar verme, planlama ve montaj gibi ařamaları içermektedir. Bu çalışmanın da temel odak noktası, perakende maęazalarında satıř öncesi, satıř ve satıř sonrası süreçleri kapsayan müşteri deneyimidir.

Çalışma süresince çeřitli arařtırma yöntemlerinden yararlanılmıřtır. Ancak öncelikli olarak bu arařtırma, banyo ekipmanları sektörünün önde gelen kuruluşlarının perakende satıř noktalarındaki gözlemler üzerine kurgulanmıřtır. Maęazalar belirli bir zaman dilimi içerisinde ziyaret edilerek müşteri-satıř personeli arasındaki etkileřimler ve maęazadaki çeřitli tasarım öğelerinin bir araya gelmesi ile nasıl bir müşteri deneyimi yaratıldıęı incelenmiřtir. Arařtırmanın perakende satıř noktaları bağlamında kurgulanması tüm hizmet sisteminin müşteri bakıř açısı ile gözlemlenmesini saęlamıřtır.

Arařtırmada kullanılan bir dięer yöntem ise maęaza müdürleri ile gerçekteřirilen görüşmelerdir. Bu görüşmelerde maęaza müdürlerine müşteri deneyimi ve hizmet sistemi ile ilgili sorular yöneltilerek firmanın sunduęu hizmetleri kendi bakıř açısı ile deęerlendirmesi ve aktarması amaçlanmıřtır. Burada elde edilen bulgular, maęazalarda gerçekteřirilen gözlemler ile desteklenmiřtir.

Görselleřtirme araçları Hizmet Tasarımı disiplininin çok önemli bir parçasıdır. Hizmet Tasarımı bazı yaygın tasarım arařtırma yöntemlerinin yanı sıra sosyal bilimler alanında sıkça kullanılan yöntemlerden de yararlanmaktadır. Bu arařtırma teknikleri, Hizmet Tasarımı perspektifini dięer tasarım yaklařımlarına kıyasla avantajlı konuma getirmektedir.

Kullanılacak Hizmet Tasarımı yöntemleri, hizmetin sunulduęu çevreye ve sunulan hizmetin çeřidine göre řekillenmektedir. En uygun metodlar belirlendikten sonra hizmet sistemi görselleřtirilebilmektedir. “Müşteri Deneyimi Haritası”, bu görselleřtirme araçlarına en iyi örneklerden biridir. “Müşteri Deneyimi Haritası” hizmet sisteminin tüm öğelerinin görsel olarak sunulmasını saęlamaktadır. Bu haritalarda müşterinin hizmetten yararlanmaya karar veriş ařamasından başlayarak deneyimledięi bütün evreler kronolojik řekilde sıralanır. Müşterinin düşünceleri, istekleri ve beklentilerine de yer verilerek tamamen müşteri odaklı bir görselleřtirme elde edilir. Bu arařtırmada, yapılan gözlemler doęrultusunda sıfırdan banyo yaptıracak olan bir müşterinin yařadıęı süreç bir “Müşteri Deneyimi Haritası” haline getirilerek tartıřılmıřtır.

Arařtırmada elde edilen verilere göre banyo ekipmanları sektöründe etkili bir müşteri deneyimi yaratılması, müşterinin sürece dahil edilmesi, sunulan hizmetlerin mümkün olduęunca kişiye özel hale getirilmesi, farklı duyulara hitap eden ortamlar oluřturulması ve maęazadaki görsel ve mekansal öğelerin doęru řekilde kullanılması

ile sağlanmaktadır. Hizmet Tasarımı perspektifi, tüm bunları gerçekleştirebilecek araçları içermektedir.

Sonuç olarak, bu çalışmanın temel amacı deneyime dayalı bir ekonomide perakende sektörü bağlamında tasarımın rolünü anlamak ve Hizmet Tasarımı metodlarının bu alanda uygulanmasına yönelik örnekler sunmaktır.

1. INTRODUCTION

The purpose of this chapter is to introduce the research subject by highlighting the key concepts related to the study. After providing some background knowledge, a short summary of the research method is presented. The chapter concludes with the aims and structure of the thesis.

1.1 Background of the Research Subject

Everyday, people come across various service offerings in which several encounters take place with certain products and other people. Even a simple activity such as buying a cup of coffee is actually a multi-faceted service offering in terms of the spatial context it is realized and the number of people involved in the encounter.

As a matter of fact, during the last few decades, the importance of services has increased dramatically as a result of the inevitable shift in the Western economies towards becoming service economies (Løvlie, 2009). At this point, Joseph Pine and James Gilmore's seminal book "Experience Economy: Work is Theater and Every Business a Stage" (1999) is found valuable due to the effort that it shows a new approach by putting "experiences" at the core of the value-creation system of the new economy. Their notion was followed and developed by other research studies which mainly focused on the "customer experience" concept. These studies have shown that there are several reasons behind the rising importance of customer experiences.

To begin with, customers have a greater number of choices today than ever before and more channels through which to pursue them (Meyer and Schwager, 2007). Moreover, Prahalad and Ramaswamy (2004) state that outsourcing, and the convergence of industries and technologies make it much harder for managers to differentiate their offerings. Last of all, customers are more demanding. They are in fact looking for personalized solutions to their individual needs, and experiences with value and meaning along with material fulfillment (Lindsay and Rocchi, 2003). Consequently, as per Pullman and Gross (2004), companies must find new ways to

achieve a competitive advantage particularly by focusing on design and management of customers' experiences.

All these rapid changes and developments call for a discussion and a re-definition of the scope of design as well. Hence, the new design understanding views the world not as “an aggregate of ill-fitting objects, but rather as a collection of dynamic processes centered on the experience of people” (Mitchell, 1993). Similarly, with the advancements in the technological landscape and the digital revolution that started in the 1970s (Løvlie, 2009), design in this new era is going through a shift in focus from product and artifact-centered theory to system and service-oriented thinking which has followed the growth of services in our economy and society (Young, 2008). Therefore, rather than the creation of objects and spaces only, greater emphasis has been placed on “designing for processes”- the *choreography* by which *employees complete tasks and interact with customers* (LaRosa and Campbell, 2010). The position of designers in this shift is very relevant and privileged indeed, because of their attitude towards *planning interactions* and finding a balance between the *technologically possible* and the *socially desirable* (Morelli, 2006a; 2007).

Due to the increasing need of solutions with a systemic nature, several new design fields emerged; such as Interaction Design, Experience Design, Transformation Design and Service Design. Among these practices, Kimbell (2009) observes that only Service Design maps directly onto established categories within economics which identifies the delivery of services as a major economic activity. In the same manner, King and Mager (2009) imply that unlike traditional design disciplines, Service Design takes *a holistic look at the demand, supply, and strategy of a service*. For that reason, Tether and Stigliani (2010) foresee that Service Design bears a great potential to grow into *a substantial profession and industry* in the near future.

As this once minor service sector expands, new challenges arise such as the establishment of objective methods for the development, research, and creation of services (Mager, 2008). In this regard, Service Design approach is more beneficial compared to other design approaches as it provides organizations a proven set of tools which unfolds what customers want and how to orchestrate systems, processes, and resources to produce the desired result (King and Mager, 2009).

In conclusion, this study seeks to explore the “customer experience” concept from the Service Design perspective. Eventually, an empirical investigation of the

researched issues is performed by applying Service Design methods within the context of the retail stores of an industry-leader Turkish company, Vitra.

1.2 Method

Throughout the research, a wide range of academic literature was reviewed to gain an understanding of the “customer experience” and “Service Design” concepts. Furthermore, in order to collect information about the selected corporation, Vitra, other sources which include magazines, corporate documents, reports, catalogues, forums and customer review websites were critically studied.

After the construction of a theoretical background for the study, semi-structured interviews were carried out with Intema retail store managers. These series of interviews aimed to show how various actors who were part of Vitra’s service delivery system perceived and interpreted their own service offerings.

In comprehensive investigations that involve complex features, it is common to extend and validate data collection by using multiple sources of evidence (Yin, 2003). In the present study, this was done through site visits to the retail stores of Vitra and some other leading firms in the total bathroom sector and observation of their service systems.

The final phase of the research included a synthesis of various Service Design techniques. In fact, some recent applications of Service Design methods to capture customer experiences such as “use cases”, “blueprints” and “experience prototypes” were examined to develop a “customer experience map” for Vitra. It should also be noted that these methods had to be adapted to the specific context of bathroom retail environments, so the mentioned techniques were modified at certain points in order to capture the right data. The proposed map therefore provides distinct insights about the total service delivery system beginning from the in-store experiences to the post-purchase services.

1.3 Structure and Aims of the Study

This thesis consists of the following structure:

Chapter 1 (*Introduction*) serves as an introductory background to the research subject. The methods carried out through the different stages of the study are

summarized and finally, in order to set up a framework for the investigation, the structure and aims of the study are also included in this chapter.

Chapter 2 (*Definition and Importance of Customer Experience*) initially focuses on the experience-based economy and highlights the rising importance of “experiences”. Furthermore, several definitions of the customer experience concept are provided and briefly explained. This background information then leads to a review of the “customer experience” concept in the retail context. The significance of customer experiences in retail settings is discussed and five determinants of retail experiences are explored.

Chapter 3 (*Service Design as a New Design Perspective*) aims to clarify the unique nature of services and to build a comprehensive framework for “Service Design”. To this end, first, all the major aspects of Service Design are studied. This section includes an overview of service-dominant logic, concepts related to services and the emergence and definition of “Service Design”. Following this, the most commonly used Service Design techniques to capture customer experiences are explored. As a conclusion to the chapter, benefits of Service Design perspective in creating retail experiences are discussed.

Chapter 4 (*Research Method*) presents the research techniques used throughout the different stages of the study. This chapter also states the aims of the study as well as justifying the selected corporation, VitrA.

Chapter 5 (*Exploration of Customer Experience in VitrA Retail Stores*) introduces VitrA corporation and elucidates the development of VitrA retail. Additionally, this chapter analyses the findings of the research under the related sections of the study.

Chapter 6 (*Discussion and Conclusions*) includes a brief overview of the conclusions derived from the study. Insights obtained throughout the research are discussed with reference to the research aims. The chapter concludes with the opportunities for future studies on the subject.

Drawing upon these concepts, this research study fundamentally aims to provide an understanding of the role of design in an experience-based economy within the scope of the total bathroom sector and related retail settings. Another purpose of this study is to emphasize the potential of Service Design methods in capturing and creating retail experiences.

Thus, this research will hopefully pave the way to a comprehensive identification of customer experience in the total bathroom sector and to systematic applications of Service Design techniques in this area.

2. DEFINITION AND IMPORTANCE OF CUSTOMER EXPERIENCE

In this chapter, the “customer experience” concept is studied in detail to provide an understanding of the significance of customer experience within the scope of recent economic transformations.

2.1 Introduction

The concept of “customer experience” has been thoroughly explored in the management and marketing literatures due to the need to re-define the relationship between customers and companies (Berry, 2001; Schmitt, 2003; Berry, Carbone and Haeckel, 2003; Prahalad and Ramaswamy, 2003; 2004). In fact, this need has occurred as a result of the economic changes in the last few decades. Therefore, this chapter aims to explain first the rising importance of “experiences” and the transition towards the “Experience Economy”. Understanding the factors behind this transformation also clarifies why “customer experience” has such a central role within the new economy. Following this explanation, several definitions of “customer experience” are provided and fundamental aspects of the concept are discussed.

The context of this research study has been identified as retail settings. For that reason, building an understanding of the nature of retail experiences and the impacts of retail experience strategies on customer activities is critical. To achieve this, various determinants of customer experiences in the retail context are stated, encompassing ‘experience clues’, ‘dramatic structure’, ‘front office-back office coordination’, ‘personal interactions’, and finally, ‘atmospherics and sensory design’. Each element is studied in detail with specific examples from the most successful retailers.

2.2 Rising Importance of Experience: The Transition Towards “Experience Economy”

In his book “Quality and Competition” (1955), economist Lawrence Abbott claimed that what people really desire were not products, but satisfying experiences. About half a century later, Joseph Pine and James Gilmore (1999) advanced the idea that we are in an “Experience Economy”, in which the orchestration of memorable events for customers is the key to differentiating one’s offering from those of competitors, escaping commoditization and attaining growth. With this framework, the concept of “customer experience” came more relevantly to the fore, as a distinct economic offering which emerges as the next step after commodities, goods and services in the “progression of economic value” (Pine and Gilmore, 1999). Figure 2.1 shows the four economic offerings and the progression of value among them regarding competitive position, needs of customers, and pricing.

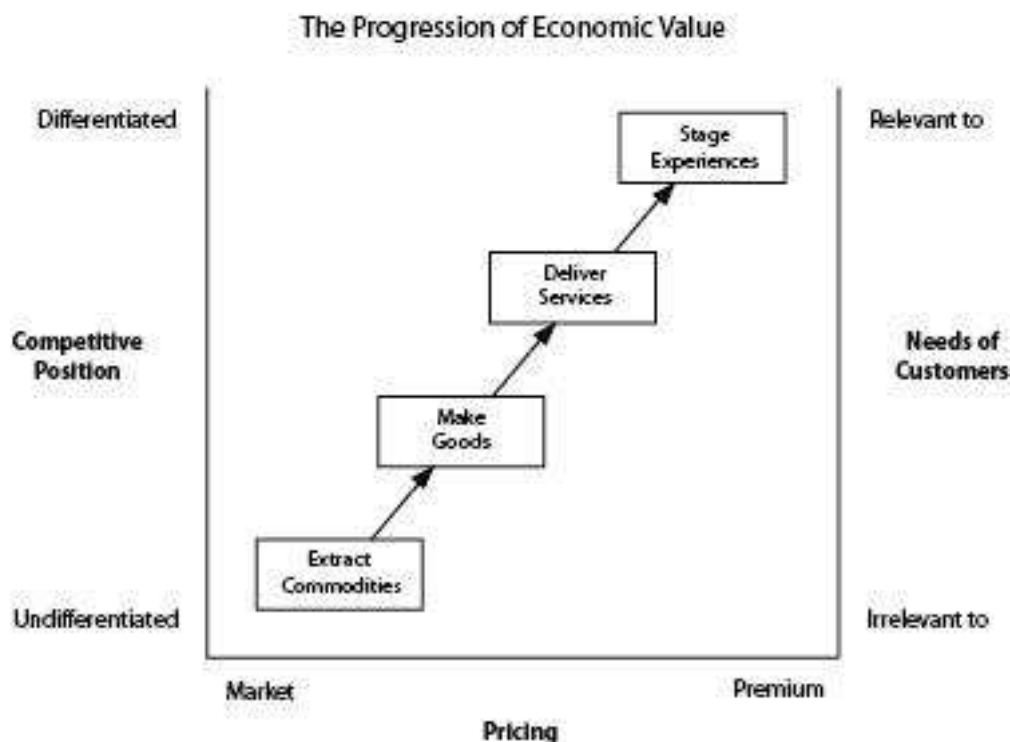


Figure 2.1 : The Progression of Economic Value (Pine and Gilmore, 1999).

Pine and Gilmore (1999) define experiences as “offerings that occur whenever a company intentionally uses services as the stage and goods as props to engage an individual”. They further characterize four types of experiences based on the degree of customer participation: *Entertainment* (Passive participation, absorption),

Educational (Active participation, absorption), *Esthetic* (Passive participation, immersion) and *Escapist* (Active participation, immersion) (Pine and Gilmore, 1999). More recent studies in the management literature tend to describe experiences in terms of key attributes or in terms of managerial implications and outcomes. For instance, Gentile, Spiller, and Noci (2007) empirically investigate the specific role of different experiential features in the success achieved by some well-known products. Whereas Pullman and Gross (2004) identify elements of experiences that involve anticipation, progression over time, emotional involvement, and uniqueness.

The focus on “experience” is certainly a new point of view that organizations are discovering, along with the rising domination of services in the world’s economies. Hence, increasingly, many service organizations are placing the customer experience at the core of their service offering (Pine and Gilmore, 1999; Haeckel, Carbone, and Berry, 2003; Pullman and Gross, 2004; Zomerdijk and Voss, 2010). In this new perspective, co-creation of value through personalized experiences is the emerging opportunity space (Prahalad and Ramaswamy, 2003); and the emphasis is on creating meaningful, memorable customer experiences (Pine and Gilmore, 1999; Meyer and Schwager, 2007; Schmitt, 2003). As a matter of fact, *the meaning of value and the process of value creation are rapidly shifting from a product- and firm centric view* (Prahalad and Ramaswamy, 2004) *towards the organization’s capacity to co-create unique experience environments with customers* (Prahalad and Ramaswamy, 2003). To reiterate, firms can no longer compete solely on providing value through their core products, but rather they must create long-term, emotional bonds with their customers through the co-creation of *a cohesive, authentic and sensory-stimulating total customer experience that resonates, pleases, communicates effectively and differentiates the organization from the competition* (Bitner et al., 2008; Berry and Carbone, 2007).

According to Noci et al. (2007), “total customer experience” plays a fundamental role in determining the customers’ preferences, which then effects their purchase decisions. Providing compelling customer experiences is also seen as an important factor influencing customer loyalty, for customers are more likely to make repeat purchases and give positive word of mouth when they had a good experience (Badgett, Boyce, and Kleinberger, 2007). Thus, business success lies not only with

the perceived incremental value of a business's products and services, but also with the *perceived value of the experience* the business gives its customers (Moore, 2002).

To summarize, it is important for firms to focus on customer experience, because differentiation strategies based on service and price are no longer sufficient (Verhoef et al., 2009). In fact, Berry, Carbone and Haeckel (2002) state that it is very difficult for competitors to copy the holistic nature of these experiential designs and the emotional bonds they form between companies and customers. Consequently, the experience is the ultimate conveyer of the business's value proposition (Moore, 2002) and for that reason, it becomes inevitable for an organization to position itself in compliance with the principles of the new "Experience Economy".

2.3 Definitions of the "Customer Experience" Concept

The "experience" paradigm has been the subject of several disciplines such as psychology, human-computer interaction, cognitive science, management and marketing. While the former three accentuated the sensual and interactive dimension of experiences, the latter two explored the strategic use of "experiences" as a means to *support the brand, differentiate service offerings, and build new types of business models* (Voss, Roth, and Chase, 2008). As these studies further developed, the terms "customer experience" and "customer experience management" were introduced.

The first notable discussion regarding customer experience was presented by Holbrook and Hirschmann (1982), as they theorized the experiential aspects of consumption. Furthermore, Schmitt (1999), proposed the implementation of "Experiential Marketing" by using five "Strategic Experiential Modules": *sensory experiences (sense)*; *affective experiences (feel)*; *creative cognitive experiences (think)*; *physical experiences, behaviors and lifestyle (act)*; and *social-identity experiences that result from relating to a reference group or culture (relate)*. Finally, Berry, Carbone and Haeckel (2003) suggested that the application of customer experience management principles evokes a "value perception that determines brand preference".

Adding to the above, numerous definitions of "customer experience" can be found in the recent literature. For instance, Meyer and Schwager (2007), define "customer experience" as follows:

“The internal and subjective response customers have to any direct or indirect contact with a company. Direct contact generally occurs in the course of purchase, use, and service and is usually initiated by the customer. Indirect contact most often involves unplanned encounters with representatives of a company’s products, service or brands and takes the form of word-of mouth recommendations or criticisms, advertising, news reports, reviews and so forth” (Meyer and Schwager, 2007).

A second related definition is that “*The customer experience originates from a set of interactions between a customer and a product, a company, or part of its organization, which provoke a reaction. This experience is strictly personal and implies the customer’s involvement at different levels (rational, emotional, sensorial, physical, and spiritual)*” (Gentile, Spiller, and Noci, 2007). To imply, both definitions emphasize that an experience involves customers, is subjective in nature and originates from a set of interactions or encounters.

As a result, “customer experience” is a critical concept for organisations to *build loyalty to brands, channels and services* (Badgett, Boyce, and Kleinberger, 2007) and to create *long-term competitive advantage* (Shaw and Ivens, 2005). In the light of these insights, the main discussion regarding customer experiences is about how customer-engaging experiences can be created and managed.

2.4 Significance of Customer Experience in the Retail Context

The ability to create a desire that will make customers come back to a business again is a real challenge for businesses. Certainly, there are different ways to achieve this. Despite the general opinion, loyal customers result more from how they feel about the total experience they receive than from what they rationally think about a company’s products and services (Berry and Carbone, 2007).

This idea is also valid in the case of retail contexts. In fact, according to Verhoef et al. (2009), creating superior customer experience is one of the central objectives in today’s retailing environments. Moreover, retailers around the world have embraced the concept of customer experience management, with many incorporating the notion into their mission statements (Verhoef et al., 2009). There are many examples of retail stores that serve as the means to entice new customers and an anchor to hold existing customers (Kumar et al., 2006). For instance, in his book “The Starbucks

Experience”, Michelli (2007) argues that creating a distinctive customer experience for their customers forms the basis of the success story of Starbucks. Similarly, in 2001, Apple initiated the retailing of experience offer through the “Apple Store Experience”. Both of these examples support Schmitt’s (2003) argument which states that “experiential retail strategies facilitate the creation of emotional attachments, which help customers obtain a higher degree of possessive control over in-store activities”.

Building upon this framework, it is critical to highlight that *a customer experience is impacted by a combination of experiences which evolve over time, including search, purchase, consumption and after-sales phases of the experience*, as well as *the customer’s interaction in the store*; either involving multiple retail channels or repeated experiences within a channel (Neslin et al., 2006). Therefore, customer experience management is a retailer’s strategy to engineer the customer’s experience in such a way as to create value both to the customer and the firm (Verhoef et al., 2009).

In conclusion, retailers need stores that will draw people in for the experience (Samalionis and Moed, 2009) because today’s shoppers want the total customer experience (Berry, 2001). Thus, companies should focus on “themed stores” which allow customers to experience the offerings through in-store design features and encounters with the staff. This is key to enhance consumers’ emotional connections to the organization and to provide a point of differentiation.

2.5 Determinants of Customer Experience in Retail Settings

Gupta and Vajic (2000) argue that an experience occurs when a customer has any sensation or acquires knowledge from some level of interaction with different elements of a context created by a service provider. Berry, Carbone and Haeckel (2003) on the other hand, use the term “total experience”, to describe a unity of all the feelings customers take away from their interaction with a firm’s goods, services, and “atmospheric” stimuli. Therefore, from an experience-oriented perspective, the objective strategically shifts to “designing service settings and orchestrating service clues that enable customers to co-create unique experiences” (Patrício, Fisk and Cunha, 2008).

Bitner et al. (1992) defines service experiences as “the outcomes of the interactions between organizations, related systems or processes, service employees and customers”. Drawing upon this definition, the context of this research has been defined as retail environments because besides displaying the tangible offerings of a company, retail stores are significant spaces where all the above-mentioned interactions can be clearly observed. Hence, this research study derives a set of determinants which customers interact with in retail store contexts. These determinants are grounded in the research literature and can be listed as; 1) Experience clues, 2) Dramatic structure, 3) Front office-Back office coordination, 4) Personal interactions, and 5) Retail atmospherics and sensory design. In order to have a better understanding of the conceptual realm of these determinants as well as how they relate to each other, all of these topics will be discussed in subsequent sections, with specific examples.

2.5.1 Experience Clues

Berry, Carbone and Haeckel (2003) suggest that effectively designing and managing the customer experience requires presenting a series of clues that function holistically to meet or exceed customer expectations. Anything that can be perceived or sensed, or recognized by its absence- is an experience clue (Berry, Carbone, and Haeckel, 2002). The total customer experience as influenced by these clues evokes perceptions of service quality and value along with perceptions of the brand itself; which in turn, influence preferences and loyalty (Berry, Carbone and Haeckel, 2003).

From this perspective, Berry and Carbone (2007) state that experience management requires defining a targeted customer perception and consistently delivering the specific feelings desired by customers through orchestrating all the clues that comprise the experience. The clues that make up a customer experience are contextualized by several researchers. For instance, Berry, Wall and Carbone (2006) identify three main categories for experience clues:

- 1) *Functional clues* are defined as the “what” of the experience; reflecting the reliability, functionality and technical quality of the offering.
- 2) *Mechanic clues* are emanated from things and include sights, displays, colors, smells, sounds, tastes, textures...etc. They concern the sensory presentation of the service.

- 3) *Humanic clues* come from the behavior and appearance of service employees (Berry, Wall and Carbone, 2006).

These clues form the *context* in which an experience is created (Zomerdijk and Voss, 2010). Leading companies like Citroën and Apple utilize experience clues in their showrooms in order to convey experiences that reflect the brands' value propositions. Figure 2.2 shows examples of how Citroën and Apple uses clues such as multimedia tools, graphic elements (i.e Apple logo in the entrance, product visuals on the walls), color, lighting and interior design elements (i.e circular staircase in the Apple Store).



Figure 2.2 : Views from Citroën and Apple Showrooms.

Pullman and Gross (2004) refer to this as the *physical and relational context*. Retail stores are good examples to such contexts. As physical environments in which many experiential encounters occur, retail stores have the ability to influence behaviors and employ a strong impact on the customer's perceptions of service quality (Bitner, 1992). Therefore, managing experience clues is an important strategy for establishing and maintaining customer preference for a brand (Berry and Carbone, 2007).

2.5.2 Dramatic Structure

A recent research by Zomerdijsk and Voss (2010) state that service delivery processes in experience-centric services can benefit from the concept of “dramatic structure”, which includes the sequence, progression, and duration of events. A majority of the studies regarding dramatic structure are based on concepts from psychology, sociology and their various subspecialties, such as cognitive psychology and behavioral decision theory (Cook et al., 2002).

Several comprehensive investigations on this subject matter has been carried out by Hansen and Danaher (1999), Chase and Dasu (2001), Cook et al. (2002), and Verhoef, Antonides, and De Hoog (2004) respectively. To begin with, Hansen and Danaher (1999) suggest that the end of an experience has a greater impact on a customer’s perception and overall judgements of quality than the beginning. Their study shows that the performance in the final is highly influential on repeat purchase intentions and customer loyalty as well (Hansen and Danaher, 1999). Secondly, as per Chase and Dasu (2001), customers do not remember every single moment of an experience; instead, they recall a few significant moments with an overall assessment of the experience that is based on *the trend in the sequence of pain and pleasure, the high and low points*, and *the ending*. Building upon this idea, Cook et al. (2002) state that these three factors can be utilized to design and enhance the customers’ experience and their recollection of the process after it is completed. Both of these studies mention four general principles to offer insights into better service management, as listed below:

- 1) A service encounter should finish strong because the end is what remains in the customer’s recollections.
- 2) People prefer a sequence of experiences that improve over time, so that the undesirable experience should be eliminated early in the service encounter.
- 3) Pleasant experiences should be broken into multiple stages, and unpleasant ones should be combined into a single stage.
- 4) Commitment should be built through choice by letting the customer control the process as people are more comfortable when they believe they have some control over a process (Chase and Dasu, 2001; Cook et al., 2002).

Perceptions are the defining element of the service encounter (Cook et al., 2002). For that reason, all of the above principles should be considered in the creation of memorable customer experiences to influence customers' perceptions of the service delivery experience. Finally, with the management of the pleasurable content of an experience (Chase and Dasu, 2001) and positioning of "positive peak experiences" (Verhoef, Antonides, and De Hoog, 2004) it is possible to further elevate customer satisfaction in a service delivery process.

2.5.3 Front Office-Back Office Coordination

The operational processes in service organizations are generally executed by two units: the front office and the back office. The ability to facilitate coordination between the front office and back office is an inevitable aspect for a consistent and efficient service system. Hence, Zomerdijk and Voss (2010) state that, in order to deliver superior customer experiences, the whole service supply chain, not just the front office, should be involved in understanding the customer experience and their role therein. Although the intensity of this involvement varies according to the necessities of the service system, in most cases, decoupling the back office from the front office to maximize efficiency or operational excellence may cause coordination problems and harm the front stage experience (Metters and Vargas, 2000).

Several strategies are available to establish coordination between the front office and back office parts of service organizations, but a common solution to get departments to work together toward a common purpose is *to cast each operating unit as a service supplier to the next downstream operation unit, thereby establishing an internal "supplier-customer" relationship* (Chase and Hayes, 1991). Chase and Hayes (1991) further state that this strategy increases the communication between different departments and closely links back office employees to the front stage experience; which result in improved service delivery processes.

2.5.4 Personal Interactions

One of the unique characteristics of services is the active participation of the customer in the service production process (Fitzsimmons and Fitzsimmons, 2006). Every service interaction takes place between a variety of actors; and therefore have a "social" dimension. The first type of personal interaction that comes to mind during a service delivery process in a store is the front-line service employee-customer

interaction. The second type of interaction occurs among customers themselves as customers often visit a retail space with friends or family members (Verhoef et al., 2009). Hence, in many retail settings, services are produced almost exclusively through such personal interactions and customers' experiences are highly influenced especially by their contact with the company staff (Cipolla and Secomandi, 2010).

Building upon these insights, Cook et al. (2002) argue that front-line service employees represent the organization in the customers' eyes so that they are the critical link from the service organization to the customer. They have important roles such as understanding customer needs and interpreting customer requirements in the instance they occur (Cook et al., 2002). The social skills, the way of dressing and the manner of speaking of front-line employees have a great impact on the customer's service experience (Koivisto, 2009). For example, Apple Store employees are an integral part of the overall experience that the brand creates. They all wear the same blue t-shirt with the Apple logo and they all carry iPods. As demonstrated in Figure 2.3, this unity forms a closer connection with the customers.

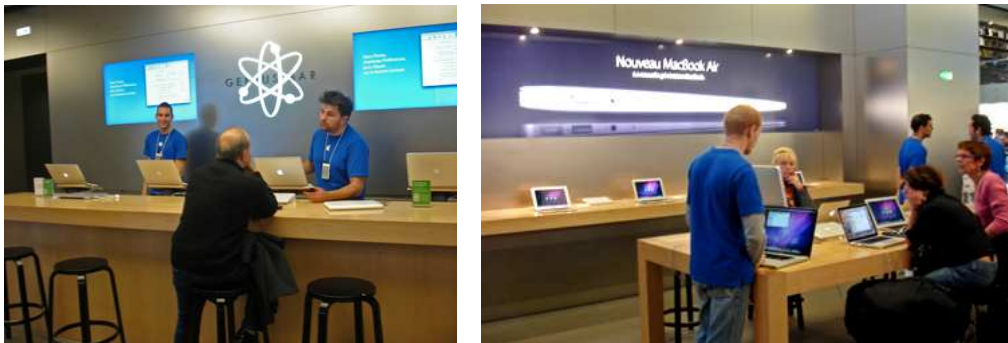


Figure 2.3 : Interactions between customers and staff in Apple Store.

Additionally, LaRosa and Campbell (2010) suggest that front-line employees have a critical effect on the overall customer experience and by empowering employees to solve problems, it is possible to turn a negative experience into a positive one. It is therefore essential to give front-line employees appropriate roles, and to clarify the divisions of their responsibilities (Koivisto, 2009).

Another perspective to the participation of people in services was discussed by Edvardsson and Olsson (1996). According to them, the intangible service becomes tangible for the customer in the encounter with the front-line employees. Therefore, for many customers, the employees are by and large synonymous with the service (Edvardsson and Olsson, 1996). Front-line employees are also important tools

towards “personalization”. As per Cipolla and Manzini (2009), *employees are empowered to customize the service encounter to the individual characteristics of customers.*

However, especially in a retail environment, there are multiple elements to consider besides the usual customer-employee interactions. Today, as online platforms become widespread, it is possible for customers to “interact” with other customers by posting customer reviews on company websites or on different blogs or chat rooms, which is a new form of the traditional word-of-mouth communication (Verhoef et al., 2009).

Toyota Showroom in Paris is an environment that comprises different spaces where visitors can interact with each other, as shown in Figure 2.4. For instance, there is a specific corner where visitors can play an interactive game together. Furthermore, Toyota provides special cards and colored markers so that visitors can design their “dream car of the future”. The designs are then exhibited on the large board next to the drawing tables.



Figure 2.4 : Creation of social environment in Toyota Showroom.

Consequently, service providers have turned their attention back to “people” and the social aspects of the service system. With front-line employees who can listen to

customers and understand their demands, organizations can deliver more personalized services and therefore ensure service efficiency.

2.5.5 Retail Atmospherics and Sensory Design

Verhoef et al. (2009) argue that the customer experience construct is holistic in nature and involves the customer's cognitive, affective, emotional, social and physical responses to the retailer. The five senses (sight, sound, smell, taste, and touch) are considered as crucial elements to evoke such responses (Zomerdijk and Voss, 2010) and are therefore direct pathways to customers' emotions (Berry, Carbone and Haeckel, 2003).

Thus, sensory design, or design that stimulates all senses, is expected to be an important element in the development of engaging and memorable customer experiences (Pine and Gilmore, 1999; Zomerdijk and Voss, 2010). From this point of view, the effective management of atmospheric variables is crucial to address the five senses and evoke particular emotions and responses (Hoffman and Turley, 2002). As per Puccinelli et al. (2009), atmospherics, or the retail store environment, refer to both tangible and intangible aspects of a retail store, and can alter the customer experience. In Figure 2.5, it can be seen that Apple effectively applies the principles of sensory design in its stores. They provide specific corners around the store where people can see, touch and use their products. This way, customers not only learn the functional features of the products, but live the experience of using the products.



Figure 2.5 : Experiencing Apple products through sensory design.

Research on store atmospherics has shown that scents, music, tactile input and color can interact with customer perceptions to affect behavior (Puccinelli et al., 2009). Similarly, retail atmospherics produce specific cognitive and emotional effects in the customer that enhance purchase propensity (Turley and Milliman, 2000). Hence, retail atmospherics and sensory design are considered to be important inputs to create compelling retail environments.

2.6 Summary of the Chapter

The main purpose of this chapter has been to highlight the significance of customer experiences, specifically in the retail context. The subjects studied in this chapter have initiated from the broad perspective of the “customer experience” concept and later focused on the “retail context” with an emphasis on the significance of experiences in retail settings.

First, rising importance of experiences and the transition towards an experience-based economy was discussed with reference to Pine and Gilmore’s (1999) framework. Afterward, several definitions of “customer experience” were reviewed. This introductory framework was then adapted to the retail context and a set of design determinants for the creation of memorable retail experiences were explored. Eventually, some possible pathways that various retailers have used to engage their customers were presented.

Consequently, considering the aims of this research, this chapter serves as a starting point to investigate the role of design in the “Experience Economy”, within the retail context. On the other hand, traditional design research methods are not sufficient to contextualize the complex system of interactions that constitute an experience. Therefore, a different design perspective is required, which introduces new methods and concepts to interpret the intangible aspects involved in retail experiences. Hence, in the following chapter another crucial concept, “Service Design” will be subject for clarification. Relevant concepts and terminology will be reviewed in order to build a conceptual background from the existing knowledge in the field. Furthermore, emerging Service Design methods will be explained, with implications about the benefits of Service Design viewpoint in the retail context.

3. SERVICE DESIGN AS A NEW DESIGN PERSPECTIVE

This chapter aims to examine “Service Design” as an emerging discipline and a new design perspective.

3.1 Introduction

Services represent approximately 80 percent of the U.S. GDP and a growing percentage of the GDPs of countries around the world (Bitner et al., 2008; Saco and Goncalves, 2008; Løvlie, 2009). This indicates a change in the economic basis of industrial nations from manufacturing to the provision of information and services (Maffei et al., 2005; Mager, 2008). However, despite the dominance of services in the new economy, a rapid development of Service Design did not begin until 1990’s (King and Mager, 2009).

Therefore, in this chapter, the “service” concept will be studied from two perspectives: 1) “Service” as an economic unit of exchange and a source of value, 2) “Service” as the subject of the design activity. Thus, the basics of Service Design will be covered- the new service-dominant logic, terminology related to services, how service design emerged as a new design perspective, what service design is, and service design methods.

All phases of this research study refers to the framework of Service Design thinking and application of Service Design techniques. As mentioned in the previous chapter, customer experiences are subjective and involve complex emotional, cognitive and physical encounters. Thereupon, Service Design approach is very useful especially in capturing customer experiences in a holistic way. Consequently, this chapter emphasizes the potential of Service Design in capturing and creating experiences in the specific context of retail settings.

3.2 The Nature of Services

The unique nature of services constitutes a basis for various disciplines which aim to define and categorize them. Therefore, numerous definitions which focus on different characteristics of services are provided in the contemporary management, marketing and design literatures.

Vargo and Lusch (2008b; 26) describe service from an operational perspective as “the application of specialized competences (...) through deeds, processes, and performances for the benefit of another entity or the entity itself”. However, King and Mager (2009) emphasize the relational perspective by defining service as *a Unique Selling Point (USP) that cannot be duplicated without the knowledge, context, and history that is shared between a company and its customer*. Besides these, another fundamental definition has been stated by Grönroos (2000), according to whom “*Services are processes consisting of a series of activities where a number of different types of resources are used in direct interaction with a customer, so that a solution is found to a customer’s problem*”. Eventually, it is possible to conclude that a service is defined in terms of customer-determined benefit and is inherently customer oriented (Vargo and Lusch, 2008a).

In order to provide an understanding of services, it is also useful to examine how the nature of services is different than to that of products (Løvlie, 2009). Within this context, the first significant difference is the process-based nature of service offerings. For example, Goldstein et al. (2002) suggest that, “unlike a product, service components are often not physical entities, but rather a combination of processes, people skills, and materials that must be appropriately integrated”. Furthermore, as per Bitner et al. (2008), “unlike goods, services are dynamic, unfolding over a period of time through a sequence or constellation of events and steps”. Other areas where products and services show diverse characteristics are stated by Morelli (2002) as follows:

“Relationship between users, designers and service providers- While product manufacturers generally do not have contact with their customers, service providers usually shape the service together with users, who, in fact, participate in the production process.

Production and consumption times- Products are produced and consumed at different times, while services come into existence at the same moment they are

being provided and used. Services are processes developed and delivered over a certain period of time and their configuration varies according to their use.

Material intensity- While products are generally tangible objects, services are composed of intangible functionalities. Because of their immaterial components services cannot be stored, unlike products, nor can their ownership be transferred, as happens when products are sold” (Morelli, 2002).

The above mentioned characteristics of services lead to further discussions about the main characteristics of services which design and development tools have to address. As a matter of fact, Morelli (2009b) argues that the design process has to undertake the implications of three main characteristics of services:

- 1) Services are intangible;
- 2) Services are based on the direct relationship between provider and customer;
- 3) Customers participate to the production of the service (Eiglier and Langeard, 1977; quoted from Morelli, 2009b).

Referring to the second and third features, the social dimension is an indispensable component of service offerings (Kimbell, 2009). In the light of this framework, Morelli (2009b) underlines the fact that while manufacturing was based on mechanical processes, *services are based on social interaction; they are systemic in their nature, and imply the concurrence of heterogeneous factors.*

In conclusion, a service comprises a greater involvement of customers in the production process, greater difficulties in maintaining quality control standards, an absence of inventories, the relative importance of time factors, and a particular structure of distribution channels (Ainamo, 2008). All of these unique characteristics of services require an integrated production and delivery system, which constitutes the predominant expertise of Service Design.

3.3 Designing for Services

According to Kimbell (2010), designing for services means “the conceiving, planning, and realizing of the dynamic systems and experiences in which one service is exchanged for another in an ongoing process, the value of which is constituted in practice”. The conscious and consistent application of design thinking to services has many short and long term benefits and increasingly, organizations seek to develop

and implement effective services as a way of differentiating themselves from their competitors (Hicks, 2010).

Morelli (2009a) highlights the fact that there are some intrinsic characteristics of services such as *simultaneous production and consumption* (Morelli, 2009b) and *high level of personal intensity* (Normann, 1991) which distinguishes their design process from the traditional production processes. For this reason, when designing for services, enacting a human-centered design approach (Kimbell, 2009; Løvlie, 2009), is the most critical factor.

Following this idea, Morelli (2009a) suggests that designers should create a “participatory story” when they are designing for services, in which “each user is given more space to move and behave according to his/her own individual needs, cultural background and behavioral attitudes”. In the same manner, service designers should pay extensive attention to the service interfaces with which various stakeholders engage (i.e. service ‘touch points’) (Kimbell, 2009) and the nature of the experience with these ‘touch points’, because the success of a particular service relies on the quality of this subjective experience (Solomon et al., 1985).

Therefore, in this section, Service Design is examined with proper attention to “service-dominant logic”, the emergence and evolution of Service Design, and the definition of Service Design.

3.3.1 Service-Dominant Logic

The changing focus towards services was analysed profoundly by Stephen Vargo and Robert Lusch (2004, 2008a) who combined their background in marketing with theories drawn upon sociology and economy. They identified a shift from a goods-centered model of exchange to a “service-dominant logic” focused on ongoing relationships, intangible resources and specialized skills, knowledge and processes (Vargo and Lusch, 2004; 2008a; 2008b). Table 3.1 summarizes the foundational premises of service-dominant logic.

Table 3.1: Foundational Premises of Service-Dominant Logic (Vargo and Lusch, 2008a).

FP1	Service is the fundamental basis of exchange	The application of operant resources (knowledge and skills), “service,” as defined in S-D logic, is the basis for all exchange. Service is exchanged for service
FP2	Indirect exchange masks the fundamental basis of exchange	Because service is provided through complex combinations of goods, money, and institutions, the service basis of exchange is not always apparent
FP3	Goods are a distribution mechanism for service provision	Goods (both durable and non-durable) derive their value through use – the service they provide
FP4	Operant resources are the fundamental source of competitive advantage	The comparative ability to cause desired change drives competition
FP5	All economies are service economies	Service (singular) is only now becoming more apparent with increased specialization and outsourcing
FP6	The customer is always a co-creator of value	Implies value creation is interactional
FP7	The enterprise cannot deliver value, but only offer value propositions	Enterprises can offer their applied resources for value creation and collaboratively (interactively) create value following acceptance of value propositions, but cannot create and/or deliver value independently
FP8	A service-centered view is inherently customer oriented and relational	Because service is defined in terms of customer-determined benefit and co-created, it is inherently customer oriented and relational
FP9	All social and economic actors are resource integrators	Implies the context of value creation is networks of networks (resource integrators)
FP10	Value is always uniquely and phenomenologically determined by the beneficiary	Value is idiosyncratic, experiential, contextual, and meaning laden

The above premises lead to several inferences. Perhaps, the most significant one is the emphasis on the interactivity of the value creation process. As a matter of fact, with service-dominant logic, the firm and the customer must be considered in a relational context (Vargo and Lusch, 2008a); where customers, end users, and other stakeholders are always involved in co-creating value (Kimbell, 2010). Secondly, unlike the industrial production-consumption dyad in which the value created by the producer is “destroyed” by the customer (Ramirez, 1999), Vargo and Lusch (2008a) argue that in service-dominant logic, “value is always determined by the beneficiary of service- in the unique experience of that benefit- and, thus, it is inherently customer oriented”.

In conclusion, all of these inferences imply a general change in perspective. This emerging service-centered viewpoint strongly contradicts with the traditional goods-centered view because the appropriate unit of exchange is no longer the “static and discrete tangible good”, but the “dynamic and continuous intangible service” (Vargo and Lusch, 2004).

3.3.2 Concepts Related to Services and Service Design

Value creation and interaction are central to Service Design (Miettinen, 2009). As a matter of fact, Service Design brings a totally unique perspective to these two processes and redefines them within the frontier of some core concepts such as “co-creation”, “service interface”, “service encounter”, “moment of truth”, and “touchpoint”. It is thus substantial to provide brief explanations about each of these concepts, in order to understand the social, managerial and operational aspects of Service Design.

The view of value co-production (or co-creation) in service activity has advanced with the contributions of Normann and Ramirez (1993a) and Ramirez (1999). Their studies called for a radical revision of the existing approach to customer’s involvement in services; implying that *value is not simply “added”, but is mutually “created” and “re-created” among actors* (Ramirez, 1999). Thus, the new approach directly places the emphasis on customer-company interaction (Prahalad and Ramaswamy, 2004), and defines value creation by the experience of a specific customer, at a specific point in time and location, in the context of a specific event (Prahalad and Ramaswamy, 2003). In the same manner, Morelli and Tollestrup

(2007) claim that customers who were once external to the production system or passive receivers of its outcomes are now involved as active co-producers. Referring back to the previous section, this viewpoint is also supported by Vargo and Lusch's (2008a) sixth foundational premise presented as "The customer is always a 'co-creator' of value"; which means that *the people using the service are involved in the production process together with the organization that delivers it* (Løvlie, 2009).

Every process of co-creation has an interactivity dimension and thereby an interface. This brings forward the second substantial concept related to Service Design: "*Service Interface*", described as "the tangible and visible part of a service made up of people, products, information and environments which will support the customer experience" (Sangiorgi, 2009). An important component of the service interface is the "Service encounter", that refers to the physical or virtual space in which the service provider(s) come in contact with the customers (Morelli, 2009a). This concept has been introduced by Solomon et al. (1985) to describe a dyadic interaction between two actors; in which *each act is a purposive transaction whose outcome is dependent upon the coordinated actions of both participants*. These actions are composed of a set of learned behaviors which rely on the demands of the specific service environment (Solomon et al., 1985). Morelli (2009b) takes this view further by characterizing each service encounter as a point of contact between service providers and customers. This particular point of contact or "moment" in which the process of value co-production occurs is "*the moment of truth*" (Normann, 1991). Several encounters and moments are distributed over a certain time period to compose the service process, and when all of these moments are connected, the *customer journey* is formed (Koivisto, 2009).

The last concept related to service design is "*Service Touch point*". Touch points are individual tangibles or interactions that make up the total experience of a service (Moritz, 2005) and are essential to understanding the customer journey (Mager, 2008). Touch points can be spaces, objects, processes, and people, through which the service is experienced (Miettinen, 2007). Thus, in Service Design, all touch points need to be considered in totality and crafted in order to create a clear, consistent and unified customer experience (Moritz, 2005).

3.3.3 Emergence of Service Design

For many years, service design occupied some blurred areas in different disciplines (Morelli, 2009a), because in the past, manufacturing was the main source of investment and research and development activities concentrated on the optimization of processes and products (Mager, 2008). Hence, as per Sangiorgi (2009), the practice and culture of design focused on to the physical and tangible output of the traditional industrial sectors. On the other hand, by the early 1990s, objective methods began to be developed for the development, research, and creation of services (Mager, 2008). As a matter of fact, the outcomes of the growing economic role of the service sector in most of the developing economies are summarized by Mager (2009) as follows:

“All over the world successful and innovative companies are starting to realize the need for service-specific approaches, methods, roles and structures in order to make use of the potentials of the service business, and they are beginning to systematically invest in research development and design, to create new departments and roles within their companies in order to continuously innovate their service offerings” (Mager, 2009).

Consequently, in parallel with the “dominant economic vision of the service sector” (Maffei et al., 2005), Service Design began to create its own ground and gain the status of an independent disciplinary area (Morelli, 2009a).

The strength and evolutionary path of Service Design lies in the contributions coming from a variety of disciplines (Holmlid, 2007; Morelli, 2009a). However, among these disciplines, three of them built the directions that the studies on Service Design have been developed along: management and engineering science, interaction design, and marketing (Morelli, 2006b; Morelli, 2009a; Sangiorgi, 2009). The first direction focuses on the adaptation of a service-oriented approach in order to manage comprehensive customer solutions (Ojasalo and Ojasalo, 2009). The second proposes the design of service experience, interface and identity as the primary area of intervention (Maffei et al., 2005). Finally, the third direction has introduced significant concepts like service quality (Parasuraman, Berry and Zeithaml, 1990), service encounter (Solomon et al., 1985), experience (Pine and Gilmore, 1999), and servicescape (Bitner, 1992); which are referred to as service marketing initiated concepts (Fisk et al., 1993).

Although these three directions have several intersections, the contributions coming from them are quite different in nature and content (Morelli, 2009a). Nevertheless, these differences enable to understand people, systems, strategy, and business models in a comprehensive manner (Smith, 2010) and thus, enrich the practice of Service Design.

3.3.4 Definition of Service Design

The terminology and concepts discussed in the previous chapter construct a basic idea of what Service Design is. However, for a profound understanding, Service Design Network presents the following definition:

Service Design;

- Aims to create services that are useful, useable, desirable, efficient, and effective,
- Is a human-centered approach that focuses on customer experience and the quality of service encounter as the key value for success,
- Is a holistic approach that considers in an integrated way strategic, system, process, and touch point design decisions,
- Is a systematic and iterative process that integrates user-oriented, team-based interdisciplinary approaches and methods in ever-learning cycles (Original source: Service Design Network; quoted from Saco and Goncalves, 2008).

Drawing upon this definition, there are three critical features in Service Design. One of them is the holistic approach to customer needs and experiences (Brown, 2008; Mager, 2009; King and Mager, 2009). As per Samalionis and Moed (2009), a holistic perspective looks to support people's modes of use, not just specific activities, and then matches customers' interactions to the right channels. Secondly, as a discipline, Service Design illustrates the virtues of people-centeredness and co-creation as fundamental processes (Segelström and Holmlid, 2009). Therefore, Service Design begins by understanding customers' needs, rather than analysing tasks (Samalionis and Moed, 2009). Finally, the last important aspect of Service Design is the multidisciplinary collaboration, which allows and encourages competencies from different fields come together (Moritz, 2005).

Lammi and Hämäläinen (2010) emphasize that service experiences are produced by physical and abstract, functional and emotional, as well as spatial and temporal elements. Whichever form a service experience takes, it must be consistent, easy to use and have strategic alliance (Hollins and Hollins, 1991). As a matter of fact,

Service Design is growing into a field defined by the use of *situated knowledge*, *experience*, *human contexts* as critical agents (Akama, 2009); with the ability to research, envisage, and orchestrate experiences that reach people through many different touch points, and that happen over time (King and Mager, 2009).

In conclusion, Løvlie (2009) describes Service Design as a way to “humanize services” and improve people’s everyday lives. It is also a process of creating *tangible contexts for intangibles, in different channels* (Moggridge, 2007). Thus, Service Design not only focuses on the optimization of the general experience and value of a service, but on designing the tangible elements that enable the desired experiences to occur in a coherent way as well (Sangiorgi, 2009).

3.4 Service Design Methods for Capturing Customer Experiences

The need for service innovation in the world’s economies and the current focus of businesses on creating value through customer experiences suggest a need for innovative methods to analyse, design and represent services (Bitner et al., 2008). Thus, as Morelli (2006b) implies, “*designers are more and more challenged to represent their solutions specifying the relationship with the context, the network of actors shaping the solution and the areas of intersection of actors’ interests in which the solution have more chance to succeed*”. In this regard, some challenges occur such as the *difficulty to capture qualitative and subjective characteristics of the service* (Morelli, 2009b), *the focus of the Service Design process on systemic aspects*, and *the introduction of new variables such as time, interaction between people and other hidden dimensions related to cultural mind frames and social habits* (Morelli, 2006a).

In addition, when dealing with services, new actors with different backgrounds are involved besides the traditional technical actors like service providers, organizations and final users and their action needs to be appropriately addressed with adequate forms of communication (Morelli and Tollestrup, 2007). The communication within such an extended system or representation of features such as time and interaction cannot use the same tools designers are used to work with when dealing with the traditional production system (Morelli, 2009b). For this reason, Morelli (2006b) states that designers should redefine their methodological approach based on a

systemic perspective and develop an appropriate *toolbox* containing new and existing techniques.

These techniques can be borrowed from different disciplines and adapted (Morelli and Tollestrup, 2007). For instance, a set of design tools have been adopted mainly from interaction design disciplines and practices (Sangiorgi, 2009). Visualising interactions of a service system makes it possible to see patterns, generate insights and uncover opportunities within the data, and provides clues about what the service provision might look like and how it might be implemented (Bailey, 2009). Segelström and Holmlid (2009) describe this visualization process as “tangibilizing the service performance”. Thus, the main and distinctive focus of service design tools concerns the design, description and visualization of experiences, including the potentials of different interaction modes, paths and choices (i.e. Use Cases, Customer Journey Mapping etc.) or the representation of the complexity of the service organization (i.e. Blueprinting) (Maffei et al., 2005). No matter how complex the service system is, as per Morelli (2009b), the clarity of the chosen tool or set of tools is critical; *“likewise engineers and technical people in the production departments, all the other actors, including customers must understand what their role is in the system, what they are expected to do”*.

Consequently, visualization techniques are used as a fundamental element of Service Design. For a better understanding, six commonly used Service Design methods will be briefly explained with examples from practical applications.

3.4.1 Experience Prototyping

“Prototyping” has always been an indispensable tool in product design to inform both design process and design decisions. This argument is also true for Service Design. Nevertheless, as stated in the beginning of the chapter, services differ from products in the sense that they are intangible, take place over time and have multiple touch-points, media and modes; thus, they are prototyped in a different way than products (Live|work, 2008; Samalionis, 2009).

An efficient way to do rapid service prototyping is “Experience Prototyping”, which involves customers, experts and clients in developing and refining services (Live|work, 2008). Buchenau and Suri (2000) describe this method as any kind of representation, in any kind of medium, that is designed to understand, explore or

communicate what it might be like to engage with a product, service, space or system. Concisely, the aim of experience prototyping is to test the technical feasibility, the logistics, customer experience and financial impact of a service proposition in a cheap and quick way (Miettinen, 2009). Furthermore, by prototyping experiences it becomes evident which parts of a service are most significant and which parts need to be interconnected to deliver a compelling service offer (Samalionis and Moed, 2009).

In the same manner, Buchenau and Suri (2000) identify three different kinds of activities within the design and development process where Experience Prototyping is valuable:

- 1) To develop an understanding regarding the essential factors of an existing experience and about the important aspects of the whole or parts of the relationships between people, places and objects as they unfold over time.
- 2) In the exploration and evaluation of design ideas.
- 3) In the communication of design concepts and ideas: By enabling others to engage directly in a proposed new experience, Experience Prototyping provides common ground for establishing a shared point of view (Buchenau and Suri, 2000).

Diana et al. (2009), suggest that experience prototypes are one of the tools closest to reality because *the interaction with the service is observed and recorded reproducing the place, situation and condition in which the service will actually take place*. Therefore, it brings “a subjective richness” to bear on design problems (Forlizzi, 2008), allowing the designer to “successfully (re)live or convey an integrated experience” (Buchenau and Suri, 2000). In conclusion, experience prototypes that look and behave like an end service through activities such as role-playing or simulation of experiences with touch points enable stakeholders from various backgrounds to engage with, and evaluate a service concept from their specific perspective or area of responsibility (Samalionis, 2009).

3.4.2 Ethnography

“Ethnography” is a method originating from the field of anthropology, widely used in many design disciplines sharing a strong focus on *the experience of people in their own context* during all stages of the service delivery process (Stickdorn and Zehrer, 2010). It is an increasingly common research approach in Service Design as well

because it studies the activities of people in their everyday settings as opposed to a laboratory or experimental setting, provides a holistic approach and helps develop a descriptive understanding from the point-of-view of the group studied (Blomberg et al., 1993). Thus, in recent Service Design literature, references to ethnographic methods are common (Parker and Heapy, 2006; Kimbell and Seidel, 2007; Miettinen and Koivisto, 2009).

Service Design aims to make empathic connections with future users of a service and to put people in the center of design activities (Segelström et al., 2009). Building upon this idea, Hämmäläinen and Lammi (2009) emphasize the fact that acquiring a profound awareness of customer needs and an understanding of customer encounters in diverse service situations is essential in the early stages of the Service Design process. More specifically, they state that a comprehension of customer needs helps companies identify the aspects of the existing service that require further development, and therefore, create a more engaging and meaningful service entity (Hämmäläinen and Lammi, 2009).

To be able to achieve this, service designers use empathic research methods that are various appropriations of ethnography (Segelström et al., 2009; Morelli, 2007). For example, a simplified research method adopted from ethnography which observes people in the places where they operate is the “Context of Use Co-research Methodology”, defined by Lindsay and Rocchi (2003). They suggest that it is a promising technique to *achieve a deeper understanding of specific and personal ‘needs’, ‘wants’ and ‘desires’* and gain adequate knowledge on how people act and interact in particular contexts (Lindsay and Rocchi, 2003). Other similar analytical methods adapted from ethnographic research can be stated as video ethnographic studies and cultural probes (Morelli, 2007).

The characteristics that all ethnographic studies share in common are that they are dynamic, interactive, and include a direct contact between researchers, designers and people (Morelli, 2009b). Moreover, as Morelli (2006b) states, they offer *ways of capturing highly context-related information into the design process and deciphering the complex pattern of rational and emotional choices guiding the behavior of social actors*.

In conclusion, the use of ethnographic techniques is increasingly becoming part of the designers’ competences (Morelli and Tollestrup, 2007). The effective application

of these techniques provide a rich representation of data that can be used as a support to the design process (Morelli, 2009b); and enables to develop *unique value propositions for the customers* (Miettinen, 2009).

3.4.3 Persona Creation

Personas are fictional and hypothetical user archetypes based on in-depth research (Long, 2009; Moritz, 2005; Cooper, 1999). They include names, personalities, behaviors, and goals that are representative of a unique group of individuals (Miettinen, 2009). Persona creation is very relevant to Service Design as it “enables a more detailed and individual understanding of a group of clients” (Moritz, 2005), “highlights the human-based nature of services” (Segelström and Holmlid, 2009), and “serves as a reference to the design team in the creation of human-human and human-artifact interactions” (Mager, 2008). Several examples to personas are shown in Figure 3.1.



Figure 3.1 : A Group of Personas (Engine, 2009).

Personas can be used during different stages of the design process to *act as stimulus to fuel idea generation* and to *archetypically represent each segment of an organization’s market* (Engine, 2009). However, Long (2009) implies that using personas during the early stages of a design project (i.e. research and conceptualization) provides a significant advantage because they are especially

helpful in communicating user requirements and maintaining a consistent user focus. According to him, using personas focuses more attention on the end-user and provides a valuable user-centered input early in the development cycle of the design process (Long, 2009).

Another significant characteristic of this method is that each persona assumes the attributes of the groups they represent: from their lifestyles, behaviors and attitudes (Engine, 2009), to their needs, desires, habits and cultural backgrounds (Tassi, 2009). Hence, by creating personas, design teams can have a clear perception of 'who' they are designing the solution for and how that character wants to interact with the design (Long, 2009).

3.4.4 Blueprinting

Service Blueprinting is a method introduced by Lynn Shostack (1982; 1984) to model the service processes from the customer's perspective (Spraragen and Chan, 2008). It is a map or flowchart which represents all the transactions constituting the service delivery process (Fitzsimmons and Fitzsimmons, 2006). According to Bitner et al. (2008), in comparison to other process-oriented design techniques and tools, service blueprints are first and foremost customer-focused; allowing firms to visualize the entire service and its underlying support processes, points of customer contact, and the physical evidence associated with their services from their customers' perspective. This strong customer focus allows the members of an organization to develop a common ground from which all the key functional and emotional customer experience clues can be orchestrated (Bitner et al., 2008).

Building upon this framework, the blueprint is a participatory project planning and management tool (Engine, 2009) to inform service managers about the features of the service, ranging from the flow of use to technical infrastructure (Moggridge, 2007) and to provide an overview so that employees and internal units can gain insight as to how their roles fit into the integrated whole (Bitner et al., 2008). Blueprints are useful for *developing ways to improve customer experience, improving back-office internal customer-supplier relationships, setting service standards, identifying fail-points, and eliminating process redundancy and duplication* (Buttle, 2009). Furthermore, Bitner et al. (2008) state that blueprints also help to reinforce a customer-orientation among employees as well as clarify interfaces across

departmental lines. For these reasons, service blueprint is a fundamental tool to organize the service design process and to execute an adequate planning activity for services (Morelli, 2009b).

There are numerous elements in a service that a blueprint should graphically and narratively describe. The first one is the *time* element in a service; involving the sequence of events of a service experience, its durations and timings (Live|work, 2008). This is essential for determining parallel stages and concurrencies, total time, and therefore cost (Hollins, 2003). Additionally, as per Morelli (2002), a blueprint should specify “which functions are performed by the users and which by the service provider, which functions are automated and which rely on human actions, in what kind of (physical and virtual) spaces the service is located, and whether actions are based on movement between spaces or are located in a single place”.

Some of the actions that take place during the service process are in full view of the customer and thus referred to as *front stage* (Fitzsimmons and Fitzsimmons, 2006). On the other hand, there is also a *back stage*; which details the processes that are not seen by the customer, but are fundamental for the service (Morelli, 2009b). In a blueprint, the front and back stage activities are separated by a *line of visibility*, used as a conscious guide to determine which provider actions the customer should see and be aware of during the service transaction (Spraragen and Chan, 2008). Figure 3.2 is an example of a blueprint for a hotel service which encompasses all the mentioned elements.

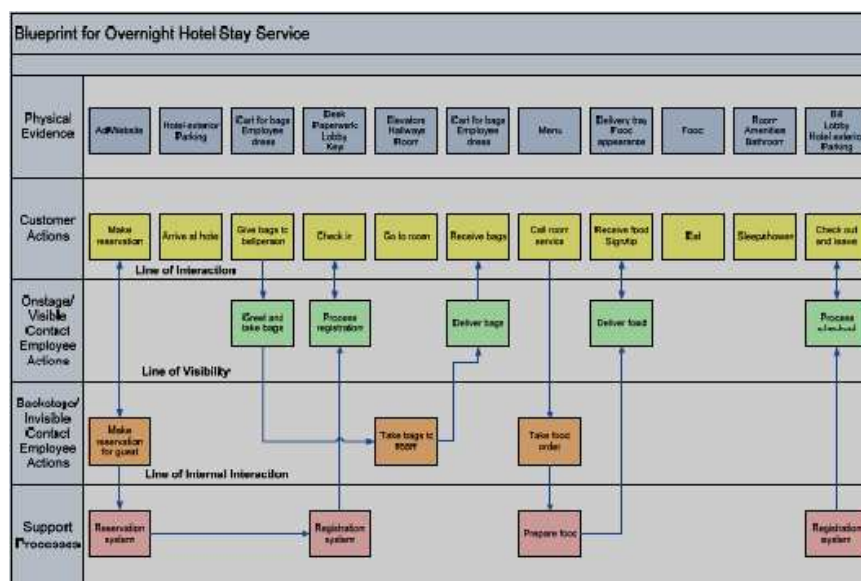


Figure 3.2 : Example of a blueprint (Fitzsimmons and Fitzsimmons, 2006).

Bitner et al. (2008), introduces five components of a typical service blueprint, as also presented in the above figure:

- 1) Physical Evidence- include all the tangibles that customers are exposed to which can influence their quality perceptions.
- 2) Customer Actions- include all of the steps that customers take as part of the service delivery process chronologically.
- 3) Frontstage/Visible Contact Employee Actions- include the actions of frontline contact employees that occur as part of a face-to-face encounter.
- 4) Backstage/Invisible Contact Employee Actions- include all of the other contact employee actions, both those that involve non-visible interaction with customers (i.e. telephone calls) as well as any other activities that contact employees do that are part of their role responsibilities.
- 5) Support Processes- include all of the activities carried out by individuals and units within the company who are not contact employees but need to happen in order for the service to be delivered (Bitner et al., 2008).

In addition to the basic elements of a traditional blueprint, recent research on Blueprinting explores how to introduce new features to the blueprint for capturing emotional qualities. This new blueprint proposed by Spraragen and Chan (2008) can be used in a variety of scenarios such as designing a new service, evaluating a service, preparing the client for their service engagement, training new service employees, and improving and maintaining a current service. The added features include notations for relationship monitoring, a hazard line, and an emotion indicator which are interesting contributions to express the potential emotional states of customers during the key moments of a service (Spraragen and Chan, 2008).

As a result, the blueprint is an operational tool which has preserved its technical language and its potentially endless degree of detail (Diana et al., 2009). This detailed depiction can comprise a single step in the customer process as well as the entire customer service experience (Bitner et al., 2008). In any case, *“Service Blueprinting provides tools and techniques both for focusing on the individual dimensions of the customer-provider relationship and for supporting an integrated view of all aspects of the relationship”* (Spraragen and Chan, 2008). For all these reasons, it is considered as a highly useful method for service development.

3.4.5 Use Cases

The method of Use Cases have been borrowed and adapted from software engineering to analyse interactions in the services and to describe the most critical instances and occurrences in a scenario (Morelli, 2002; 2009a).

A service system cannot be fully understood unless a detailed representation of the functional qualities of the service offering is provided. Within this perspective, Morelli and Tollestrup (2007) suggest that Use Cases are fundamental representation tools, as they visualize actors and sequence of actions in a service step by step and provide technical information about the specific functions, allowing for a deeper understanding of the system in its details.

While use cases in information science are described in a diagrammatic way and with a plain language description of the sequences of events and logical links, the same technique can be used in Service Design to provide a broader amount of service specification (Morelli, 2002; 2009b). Hence, when transposed in Service Design process, a more detailed graphic representation is needed, concerning;

- Physical or virtual spaces in which the interaction is developed,
- Physical movements,
- The specification of actors in the system,
- The correspondence between the user experience in the interaction with the service, described in timelines or in the form of storyboards (Front office),
- The *mechanism* that allows the service system to support such interaction (Back office)
- Thus, a detailed structure of the system components, procedures and the actors' role for each specific use condition (Morelli, 2007; 2009a; 2009b).

Figure 3.3 illustrates a detailed representation of Use Cases that explains each phase of the service process.

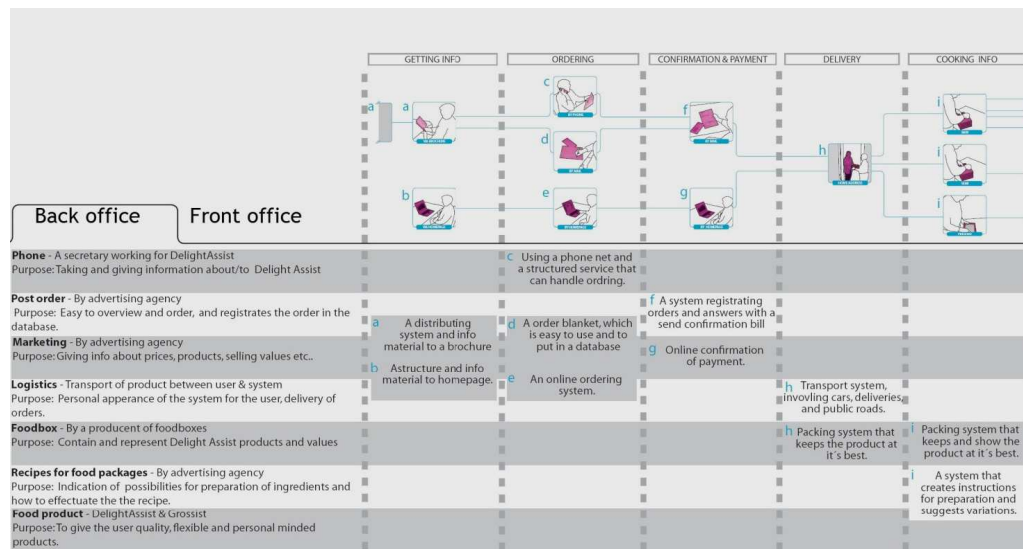


Figure 3.3 : Use Case in Service Design (Morelli et al., 2009a).

3.4.6 Customer Journey Mapping

A “customer journey” consists of critical encounters that take place over time and across different interaction channels (Morelli, 2009a). The concept of the customer journey enables the design team to create a rich picture of the complete process of a service with its emotional, material and procedural components, thus making it possible to model it (Mager, 2008). Following this argument, Hämäläinen and Lammi (2009) suggest that modelling an existing journey, even without new ideas, helps the company understand the service from the customer’s perspective and gain a clearer and more concrete sense of the encounter. There are in fact a variety of ways in which customer journey mapping and the representation and analysis of journeys are used:

- As a framework for modelling and redesigning services and interactions.
- To reveal the real and informal touch points of a service.
- To identify and design-out non-value adding steps.
- To design-in better process interfaces with the right people, resources and organizations.
- As an approachable user-engagement technique.
- An insight tool for managers and as a counterpoint to the familiar operational process maps that they use.
- An audit tool from which user experience metrics can be developed.

- A planning and training solution as part of service production (or delivery) (Engine, 2009).

Maps are mainly used for *describing the structure that lies behind the service*, for *representing the actors and the devices involved*, for *articulating the offering* and for *eliciting the connections between all these elements according to the existing relations, hierarchies and exchanges* (Diana et al., 2009). Similarly, a customer journey map is a visual representation of how the customer perceives and experiences the service interface along the time axis (Miettinen, 2009); which illustrates touch points, service interactions and gestures of users having experienced a service (Engine, 2009). Mapping customer journeys is one of the simplest and most useful approaches to highlight the points of interaction (Bailey, 2009), to understand the gaps in a service, and to identify and design opportunities for innovation (Engine, 2009). After a representation of the customer journey is created, it then becomes possible to break down the journey into its constituent parts and explore how each part can be eliminated, improved or redesigned as appropriate (LaRosa and Campbell, 2010).

More specifically, Diana et al. (2009) state the fundamental features of customer journey maps as follows:

“Customer journey maps give emphasis to the service touch points and using them to structure the representation. The focus is on the physical devices and on the generated fluxes of information to convey the description of the whole process and experience phases. This kind of synthesis could also become an input for other phases, for example for all the situations that require a sharing of the service delivery process, not just between designers and stakeholders but also between stakeholders and service providers, or service staff and users” (Diana et al., 2009).

To summarize, according to Parker and Heapy (2006), this method is key to integrating the organization of services around customers, and to combining distributed organizational resources to create experiences and outcomes.

3.5 Benefits of Service Design Perspective in the Retail Context

Increasingly, retailers recognize that greater understanding of customers can enhance customer satisfaction and retail performance (Puccinelli et al., 2009). An important aspect related to this statement is that the retail experience is not one single service,

but rather a complex mix of services which consists of multiple touch points. Therefore, a specific perspective is required to capture and create holistic retail experiences.

Sanders (2006) states that it is now time to move away from the traditional design disciplines which are founded on the materiality of the artifact (graphic, product, space, software, architecture...etc.) and instead organize around human experience domains to support a harmonious relationship between people and their environments. Service Design is a discipline that can create such domains as it focuses on experiential issues related to a wide range of offerings (Morelli, 2009a), and constitutes an understanding of the way the customer experience unfolds over time through interactions at many different touch points (Bitner et al., 2008). Moreover, according to Løvlie and Reason (2010), *Service Design is a driver for more efficient service delivery, since it places value for the customer at the heart of business development*. Building upon these ideas, Kimbell (2009) argues that Service Design sees all of the interfaces or touch points with the customer as something to be thought of holistically, and therefore it is a significant tool for organizations to offer an intentionally-designed experience.

Certainly, in the case of designing a retail context, there are several possible paths that designers may take and diverse design approaches they can follow such as experience design, interaction design or interior design. However, among all these disciplines, only Service Design provides *a holistic perspective* with a profound awareness of *systems and subsystems of relationships and interactions* (Mager, 2009). Furthermore, Saco and Goncalves (2008) state that Service Design employs features like *co-creation, constant reframing, multidisciplinary collaboration, capacity-building, and sustaining change*. Most important of all, Service Design as a discipline provides a proven set of tools and methodologies that can be used to discover what customers want and how to orchestrate systems, processes, and resources to produce the desired results (King and Mager, 2009). Hence, this rich methodological basis is the most prominent element of the Service Design discipline.

In conclusion, retail stores are significant touch points as they are the contexts where people experience an organization's offerings. Therefore, within the retail context, it becomes critical to understand the needs and expectations of the people who will buy and use those offerings, which demands some knowledge of their activities, thoughts,

feelings, and values (Fulton Suri, 2004; Miettinen, 2007). With the significant benefits that Service Design perspective brings- such as the innovative research methods, the systemic and holistic approach and the constant dialogue it builds through co-creation, it becomes the ultimate strategy for organizations to create engaging retail experiences.

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3.6 Summary of the Chapter

This chapter consisted of three major sections. The first one was about "services" and their unique characteristics; in which the "nature" of services has been discussed with specific emphasis on how services differed from products. The second section investigated the service concept from the viewpoint of design, encompassing a comprehensive review of service-dominant logic, concepts relevant to services and

the emergence and definition of “Service Design”. The chapter continued with service design methods such as “Blueprinting”, “Use Cases”, “Persona Creation”, “Customer Journey Mapping”, “Ethnography” and “Experience Prototyping” and derived implications about the benefits of Service Design perspective in retail contexts. The study of the mentioned topics mainly referred to marketing and Service Design literatures, with minor input from social sciences.

As a result, this chapter provided a conceptual background on “Service Design” and emphasized the potential of Service Design methods to capture and create engaging customer experiences. In the next chapter, a brief overview of the research aims will be presented, together with the methods that are utilized to explore the studied research topics. A majority of these research techniques are adapted versions of the Service Design methods introduced in this chapter. Therefore, the following phases of this research will serve to corroborate the advantages that Service Design methods provide over traditional research techniques.

4. RESEARCH METHOD

This chapter aims to unfold the methods followed throughout the research process with a brief explanation of each technique and the ways they contributed to the study. The research aims and justification of the studied corporation, Vitra are also presented.

4.1 Introduction

One of the primary objectives of this study has been stated as ‘to emphasize the potential of Service Design methods in capturing and creating experiences’. Hence, the research method was structurally based on emerging Service Design methods and a variety of common research techniques. Keeping in mind the fact that particular research problems require different approaches, it was very important to choose the appropriate set of methods that properly contributed to the way this study was designed and conducted. This is necessary for any design activity, but is particularly important in the design of systemic solutions, where the contextual conditions are always unique (Morelli, 2006b). Thus, throughout this study, a variety of common research methods has been utilized and in some cases, the research method has been adapted to address the specific conditions of the retail context.

4.2 Justification of the Selected Corporation

The total bathroom sector was one of the most appropriate sectors to conduct this research for a number of reasons. First of all, Turkey is one of the biggest and most prominent ceramic sanitary ware and tile producers in the world. Turkish ceramics industry has always been one of the most powerful sectors in terms of production capabilities, quality, export shares, and its driving role in the country’s economy. Second of all, Turkey is the largest ceramic sanitary ware producer in Europe (followed by Italy and Spain) with its 18% share and about 22 million pieces/year production capacity (Okyay, 2010). After deciding on the sector, the next essential

step was selecting the corporation that would provide the necessary sources to conduct the research. Thus, Vitra was chosen as the subject of this study. At this point, describing the underlying reasons for this choice is meaningful.

To begin with, Vitra has always been the leader in the domestic market and one of the strongest brands in global markets. In terms of total production, Vitra is the fifth-largest manufacturer in the world (Eczacıbaşı, 2009), and Vitra's main factory in Bozüyük is the largest ceramics facility under one roof in the world (Vitra, 2010b). Moreover, it is the first company in the bathroom equipment business to obtain an EFQM quality award (Erbilek, 2007).

Another aspect that supports the preference of Vitra is that, it is the one of the few brands in global markets offering every component of the bathroom, combining design qualifications with the total bathroom concept (Erbilek, 2007). In fact, it is the first brand to offer acrylic bathtubs produced in Turkey and the tenth-largest producer of these products (Vitra, 2010b).

To summarize, the above-mentioned characteristics prove that Vitra has been a pioneer in its sector since its initiation and has achieved many "first"s with its consistent dedication to innovation. Therefore, studying and exploring a market leader such as Vitra will provide comprehensive insights about the research topics, as well as a detailed understanding of the total bathroom sector.

4.3 Aims of the Research

In the light of the provided background information and framework, the aims of this study can be summarized in the following way:

- Understand the role of design in an experience-based economy within the retail context.
- Provide an understanding of how retail experience strategies impact on the customer in-store and post-purchase activities.
- Emphasize the potential of Service Design methods in capturing and creating retail experiences by highlighting the benefits Service Design methods provide over traditional techniques (i.e. questionnaires).
- Identify the nature of the retail experience in the total bathroom sector in order to build a case for greater use of Service Design techniques in this area.

- Provide a “toolbox” of mixed methods that can be combined to capture data from the holistic retail setting.
- Provide an understanding of customer experience in the total bathroom sector with reference to VitroA retail stores.

4.4 Research Method

This study has entailed various research techniques as it proceeded, from the initial phase to analysing and interpreting the results. Consequently, the methods which have been used during this study can be outlined as; (1) literature review, (2) semi-structured interviews, (3) site visits, (4) customer experience mapping.

4.4.1 Literature Review

A relevant, critical, and comprehensive literature review is a distinct and required section of any research study. According to Blaxter et al. (1996), a “literature review” is “a critical summary and assessment of the range of existing materials dealing with knowledge and understanding in a given field”. They state the four main functions of a literature review as follows:

- 1) To give reasons why the topic is of sufficient importance for it to be researched,
- 2) To provide the reader with a brief up-to-date account and discussion of literature on the issues relevant to the topic,
- 3) To provide a conceptual and theoretical context in which the topic for research can be situated,
- 4) To discuss relevant research carried out on the same topic or similar topics (Stevens et al., 1993; quoted from, Blaxter et al., 1996).

Moreover, especially in the case of interdisciplinary studies, besides functioning as a thorough review of an existing literature, this method becomes an important tool for a comparative study of subjects from diverse fields (Mutlu, 2003). Thus, the interdisciplinary nature of this study makes the literature review the most essential phase of the research activity. This is mostly an outcome of the multi-faceted structure of the investigated research topics, which comprise a rich variety of concepts including “customer experience”, “Service Design”, “Service Design methods” and “retail experience creation”. It is in fact evident that a diversity of literatures and perspectives are necessary to explore these concepts in order to

acquire a comprehensive awareness. Therefore, throughout this study, essential topics, and their significant variables have been studied in the extent of relevant academic literatures such as “Service Design”, “Interaction Design”, “Management”, “Marketing”, and “Environmental Psychology”.

The second part of the literature review is an attempt to address the intangible aspects of the research. To this end, customer review websites are analysed as they entail “more experiential comments” (Puccinelli et al., 2009). These online sources are also important due to the fact that they directly reflect what customers think of the specific touch points of a service system.

In conclusion, the “literature review” method plays a significant role in clarifying an ambiguous concept, which guides the researcher with grasping ideas from terminological and methodological perspectives. Hence, this inquiry provides helpful links with the Service Design literature; which constructs a unique framework for the clarification of the ‘customer experience’ concept in retail contexts.

4.4.2 Interviews

The primary method of data collection in this research study was semi-structured interviews with executives and employees involved in the design and delivery of the services in Vitra Corporation. Overall, three interviews were conducted in October 2010; typically lasting half an hour to 45 minutes each.

The first interviewee was the *Retail Stores Manager*, who leads all the store managers and sales representatives. In fact, the retail store manager is the chief contact person who can provide specific information about each retail store, as well as the operational details regarding the service system of Vitra Retail. The other two respondents were the managers of two selected Vitra retail stores, who, as significant front-line employees, were in an optimal position *to report on the degree to which strategic initiatives are being accomplished* (Cook et al., 2002). In the interviews, the discussion was allowed to evolve around the topics from the interview protocol, enabling the specific customer experience and Service Design concepts to emerge and be elaborated upon when relevant. It should be also noted that, these concepts were not addressed directly in order to prevent leading questions and to allow the interviewees to provide all the relevant information on the subject matter. Throughout this procedure, six questions were prepared and inquired to the

respondents. All of the interviews were recorded and notes were taken during the interviews. Afterward, original manuscripts of the recorded interviews were typed and documented.

According to King and Mager (2009), all the creative and visual abilities of Service Design only make sense when built on the foundation of a service strategy that is integrated in the mission of the company. Therefore, the conducted interviews served as significant evidence to test firm-specific information regarding the application of design elements to create engaging customer experiences and services. Moreover, the interviews provided specific information about VitrA that would not be possible to gather from the literature alone.

In conclusion, the main motive behind the utilization of interviews as a research method was to find out the gaps in VitrA's service system; which include the areas where the customer satisfaction is low and the parts of the customer journey where improvements can be made, from the viewpoint of the organization itself. As a result, the answers to the interview questions are definitely a major source to evaluate how VitrA interprets and perceives its own service system.

4.4.3 Site Visits

The customer experiences related to the pre-purchase, purchase, and post-purchase phases in a retail setting are at the focus of this study. Site visits enable to outline the important central features of the service from the customer's point of view. Therefore, the main goal of conducting site visits as part of this research was to collect data about the overall customer experience in VitrA retail stores and to identify the service touch points. In fact, the observations made during the site visits were used a source of information about the context when interpreting the research findings.

The challenge in this research process was to set the right boundaries and investigate the right set of experiential aspects so that in the end, concrete outcomes on the service quality could be derived. Thus, this section of the research proposes that a thorough awareness of the context, which is VitrA's retail stores, can contribute to develop a framework or a tool for the organisation to better interpret the service system and customer experience creation processes.

The first chosen site was Intema Nişantaşı, the largest retail store of Vitra, located at a corner where two main streets intersect, as shown in Figure 4.1. It consists of six floors and has a total surface area of 1750 m². The investigation was conducted in October 2010 and took three days.



Figure 4.1 : Intema Nişantaşı: Facade and Entrance.

The other site visits were conducted in November 2010 and included the exploration of Duravit, Grohe, and Jacob Delafon showrooms in Paris. All these three brands are strong competitors of Vitra in the market. For that reason, their showrooms were included to this phase of the research, in order to make a comparative analysis and to be able to generate a more profound overview of the bathroom retail sector in the world. During site visits, the experiential elements of retail settings were approached through the aspects discussed in Chapter 2:

- Experience clues
 - Functional clues (product design, material, workmanship/production quality and the technological inputs regarding the applications of these)
 - Mechanic clues (building design, layout, colors, graphic elements/signage)
 - Humanic clues (front-line employees)
- Atmospherics and sensory design

- Dramatic structure
- Personal interactions

These aspects were studied as a supplement to the interviews, enabling to obtain further insights on the design approaches and to look for additional corroborating or contradicting evidence. All of these explorations in the site visits also provided critical insights about how the store communicates the brand, and how the various store elements come together (or do not come together) to create a holistic experience and engage the customer.

As a result, in the context of this research study, the visited Vitra retail store was the central link to corroborate the information provided by the store managers in the interviews and to reveal the elements of the store experience that can be improved. To sum up, placing the research activity in the retail stores gave direct feedback from the experience, and direct interactions with customers enforced a comprehension towards their core motivations and needs.

4.4.4 Customer Experience Map for Vitra Retail

In Chapter 3, a brief introduction about the emerging Service Design methods was presented. “Mapping” an existing customer journey or experience is a research technique that answers the need to represent the sequence of encounters and interactions between the actors of a service system (Mager, 2008; Hämäläinen and Lammi, 2009; Diana et al., 2009; Miettinen, 2009). For developing such visualizations, first of all, the service architecture, which is a complex system and arrangement of objects, dialogues, information, content, processes and navigation needs to be understood (Miettinen, 2007). As a matter of fact, visualization of the service architecture of Vitra Retail has been one of the challenges of this research.

The primary aim of creating an “experience map” in this study was to represent the entire service experience from the customer’s point of view and to specify the key aspects of the service delivery process. Therefore, the initial step was creating a persona to build the service scenario upon. In the light of the observations made during the site visit, a customer profile who could be a representative of Vitra’s target group was generated. Then, as the next step, the customer journey was constructed in the form of a purchase scenario in which the generated persona told

the whole process from her viewpoint, including her thoughts, emotions, expectations and comments.

According to Miettinen (2007), Service Design keeps the focus on *the lived experience of the customer journey* and enables organizations to understand *how people and services relate in practice* by representing all the tangible and intangible aspects of the customer journey. In one of the interview questions, the respondents were asked to tell all the processes that their customers go through during the pre-purchase, purchase, and post-purchase phases for the case of a complete new bathroom. From these answers, a standard customer journey example of Vitra Retail was revealed. The tangible aspects of this journey, which mainly included the service touch points, were therefore derived from the interviews. On the other hand, in order to understand the intangible aspects of the customer journey and to be able to represent the customer experience, conducting contextual research was essential. Thus, the observations made during the site visits enabled to discover the customer's point of view regarding the service delivery process and to evaluate every kind of interaction that occurred in the store in a subjective way. Review websites, where customers made comments about their own personal Vitra retail experience, were also used as valuable sources to compare and visualize the different customer satisfaction levels.

A customer experience is built over an extended period of time, starting before the actual sales experience or transaction to include pre and post-purchase experiences (Voss and Zomerdijs, 2007). For that reason, the customer journey depicted in the map was divided into three phases as “pre-purchase”, “purchase”, and “post-purchase”. The most important steps that occurred during each phase were listed below the corresponding sub-titles such as “walk-in”, “product decisions”, “project planning”...etc. The upper half of the experience map consisted of an “experiential graph” in which the “satisfactory” and “unsatisfactory” experiences regarding each phase of the customer journey could be located. The “baseline” represented the “neutral” points of the customer experience; meaning the “standard” features of the experience which do not change from customer to customer. Above the baseline, “satisfactory experiences” were classified according to the customer's degree of satisfaction. In the same manner, “unsatisfactory experiences” were arranged below the baseline; again with respect to their degree of importance on the overall customer

experience. This graph made it possible to identify the elements of the customer journey that can be developed, for the creation of a more satisfactory and engaging customer experience.

In conclusion, the visualization process assisted to define the touch points of the service system and to analyse the interactions between the service and the customer at each stage. Some purchase scenarios were not included in this map such as the condition when customers visit the store with their own architects or the condition when the person who makes the purchase is different from the person who will pay for and use the bathroom. Still, one of the most typical customer journeys that is likely to occur in a Vitra retail store was presented. Within this framework, “Vitra Experience Map” can be an introductory starting point for a more detailed visualization of Vitra’s service system.

4.5 Summary of the Chapter

Executing the appropriate methods evidently constitutes the most important part of a research. In some circumstances, the selection and application process of the research methods becomes as challenging as the analysis of the results. Deciding on the right set of research techniques is also a critical factor that determines the accuracy and validity of the findings.

In order to gain a thorough understanding of the customer experience in retail settings, comprehending and analysing the physical and social context where the service is offered is essential. This certainly requires the application of multiple research methods. These research methods, as elaborated in this chapter, serve to document the retail experience in Vitra retail stores and gather data to draw implications about the service system.

During the initial phase of this study, a literature review was performed on the previously determined research topics, keywords and key concepts. After a comprehensive review of these literatures, the existing knowledge in relevant fields was examined from a variety of perspectives. As the next pertinent step, the examined concepts such as “customer experience” and “Service Design process” were adapted to the specific context of “retail stores”, which resulted in several site visits to the stores and showrooms of the leading firms in the total bathroom sector.

The site visits were also useful to corroborate the information gathered from the interviews with store managers. The visual data collected from the site visits were compared with the themes that were mentioned in the interviews to reveal the *mismatches* between the “planned” service experience, the “executed” service delivery process, and finally, the “perceived” customer experience. Eventually, the steps which occur during the pre-purchase, purchase, and post-purchase experiences in the retail context were visualized as a “customer experience map”; depicting both the successful encounters and the gaps in the service system.

Consequently, considering the aims of the research, this chapter presents a “toolbox” of methods that can be adapted to capture data from the holistic retail setting. In the following chapter, the corporation which is selected as the subject of this research study, Vitra will be investigated. Finally, the research findings will be analysed and discussed.

5. EXPLORATION OF CUSTOMER EXPERIENCE IN VITRA RETAIL STORES

In this chapter, customer experience in Vitra retail stores is explored through service design methods. Initially, the corporate profile of Vitra is briefly introduced. Development of design culture and retail strategies in the company is summarized with a historical perspective. Eventually, the findings of the study regarding Vitra retail are discussed within the framework of the research aims.

5.1 Introduction

Considering the aims of this study, in the previous chapters, concepts including customer experience, service design, co-creation, customer journeys, and touch points were clarified; related subjects such as the significance of experiences in the new economy, determinants of customer experiences in retail settings, emergence of Service Design and Service Design methods were discussed. As justified in Chapter 4, in this phase of the research study, an investigation of the research topics are executed within the context of the retail stores of an industry-leader company, Vitra.

In the light of this framework, corporate documentation, site visit observations, and interviews are utilized to build the necessary knowledge on the researched issues in the company context. Furthermore, a ‘customer experience map’ for Vitra retail is created to explore how each phase of the service system can be improved. Consequently, this chapter presents the outcomes of the research in the context of Vitra retail; building upon how Vitra perceives Vitra retail, how Vitra retail is perceived from Service Design perspective and finally, how Vitra retail is experienced compared to other leading companies in the total bathroom sector.

5.2 General Information About Vitra Corporation

Vitra is a subsidiary of Eczacıbaşı, a Turkish industrial group founded in 1942 by Dr. Nejat F. Eczacıbaşı, and is considered as the flagship brand of the Group. In

Turkey, Eczacıbaşı Group is the leader in most of its businesses and has distribution networks that are among the strongest in their sectors (VitrA, 2010b). The range of products under VitrA brand are produced by Eczacıbaşı Building Products Division, which is now one of Turkey's leading industrial companies and operates in the pharmaceutical and consumer products industries, as well as in building products (Topaloğlu and Er, 2010). The multi-brand/multi manufacturing site/multimarket growth strategy of the Division is grounded on acquiring global brands (Eczacıbaşı, 2009). In 2006, Engers, a major player in the German tile market was taken over; in 2007, a 51% share and full management control of the highly prestigious Villeroy&Boch's tile operation was purchased; and in 2008, the German Burgbad Company, the European leader of the luxury bathroom furniture market was acquired (VitrA, 2010a). Following these acquisitions, in 2009, the Division was reorganized to maximize synergy between Division companies (Eczacıbaşı, 2009). Table 5.1 shows the companies that are part of Eczacıbaşı Building Products division.

Table 5.1: Eczacıbaşı Building Products Division (Eczacıbaşı, 2009).

Eczacıbaşı Group Building Products Division Eczacıbaşı Building Products Co. Burgbad AG Eczacıbaşı - Koramic Building Chemicals Manufacturing Co. Engers Keramik GmbH & Co. KG Intema Building Materials Marketing and Sales Co. Villeroy & Boch Fliesen GmbH VitrA (UK) Ltd. VitrA Bad GmbH (Germany) VitrA Bath and Tiles JSC (Russia) VitrA Ireland Ltd. VitrA Tiles Co. VitrA Tiles LLC (Russia) VitrA USA Inc. Business Areas Sanitary Ware & Sanitary Fittings, Ceramic Tiles, Kitchen & Bathroom Furniture, Acrylic Bathtubs & Sinks, Fillers & Adhesives
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In 1958, to answer the growing demand, the first national large-scale plant for ceramic sanitary ware was established in Kartal (Topaloğlu and Er, 2010). The larger factory, which later became part of its current mega complex in Bozüyük, started production in 1977; the brassware plant was opened in 1979 and the tiles factory in 1991. The production of bathtubs also began in 1991, followed by the bathroom furniture factory in 1992 (VitrA, 2010a). The first export shipment was made to Germany in the early '80s, and in 1999, the company's first manufacturing investment abroad was launched in Ireland to better serve the foreign market (Ricuperati, 2006). With a committed focus on differentiation, an Innovation Center in Bozüyük is scheduled for completion in 2010, in order to provide a common platform for all Building Products Division companies to conduct research and development (Eczacıbaşı, 2009).

In line with its growth strategy, eight of the Building Products Division's 16 manufacturing sites are located in major international markets. In 2010, the Division will complete the construction of another tile manufacturing plant in Serpukhov, Russia with a capacity of 3.3 million m² per year (Eczacıbaşı, 2009).

5.2.1 Corporate History

VitrA is one of the landmarks in the history of industrial development in Turkey. VitrA's becoming a leading ceramics manufacturer and a world-wide recognized corporation also represents the potential Turkey has in the international industrial platform. Table 5.2 presents a brief timeline of VitrA's corporate history.

Table 5.2: VitrA Corporate History Timeline.

1942	Launch of Dr. Nejat Eczacıbaşı Ceramic Factory in Kartal, İstanbul
1958	Establishment of the second production plant Beginning of sanitary ware production
1966	Adoption of the brand name VitrA
1977	Beginning of production in the first factory that would later grow into the Bozüyük mega complex
1979	Beginning of production in the fittings plant
1991	Beginning of production in the tiles factory Initiation of bathtubs plant
1992	Initiation of bathroom furniture plant
1993	Implementation of Total Quality Management
1999	First manufacturing investment abroad was launched in Ireland
2004	Beginning of Ross Lovegrove's collaboration with VitrA
2006	Purchase of Engers; a major player in the German wall tile market
2007	Acquisition of 51% share and full management control of Villery & Boch tile operation
2008	Acquisition of Burgbad; the European leader of the luxury bathroom furniture market

The VitrA brand name was adopted in 1966 for ceramic bathroom products, and since its foundation, VitrA has undergone constant growth. Its plants in Turkey and Ireland produce approximately 5 million pieces of ceramic sanitary ware, 120,000 bathroom furniture modules, 350,000 pieces of acrylic bathtubs and shower trays, 3 million pieces bathroom and kitchen faucets, 2,5 million pieces of bathroom accessories and 35 million sqm of ceramic wall and floor tiles a year (Erbilek, 2008). Hence, worldwide, VitrA is the sixth largest manufacturer in its sector after Roca, Grohe, Sanitex, Ideal Standard and Marazzi (VitrA, 2010b).

In the very beginning, VitrA produced only sanitary equipment for the Turkish market and its primary goal was to attain a leading position in the country. However, in the 1980s, VitrA's capacity exceeded the needs of the domestic market and some of its production was exported (Erbilek, 2007). This was also an outcome of the

change in Turkish industrial policy during those times, which was a policy of export orientation (Topaloğlu and Er, 2010). In the 1990s, as the production technology improved, the market became highly competitive. As a result, the company decided to make some investments and extended its product line. Thus, Vitra also diversified into bathroom tiles and equipment, and became a solution provider for the complete bathroom space (Erbilek, 2007). Beginning from 2000's, Vitra strengthened its position in the international markets, with its "Bathroom Culture" tagline, alliance with foreign designers and multi-brand growth strategy (Erbilek, 2008). Figure 5.1 shows the evolution of the Vitra brand.

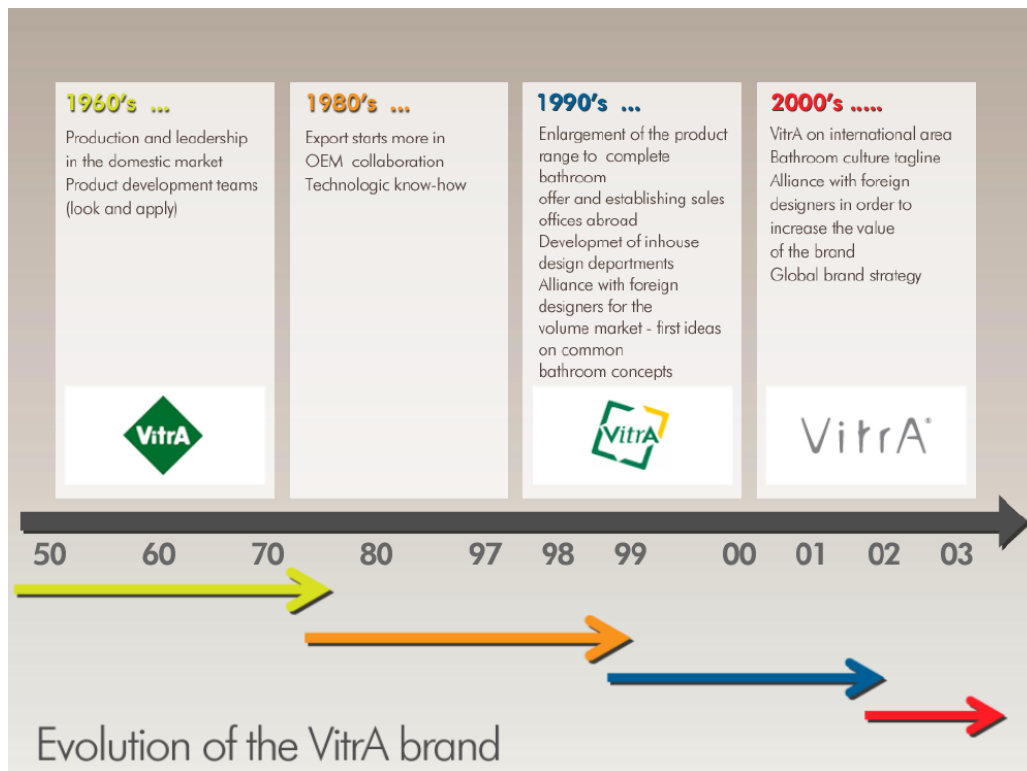


Figure 5.1 : Evolution of the Vitra brand (Erbilek, 2008).

Consequently, Vitra's brand vision is based on the effective use of the bathroom space, in form and function, in the application of different and diverse materials, in creating unique and intimate experiences, and especially in the creation of customized, need-based total bathroom spaces (Erbilek, 2008).

5.2.2 Product Range

Vitra has a wide product range which entails ceramic sanitary ware, bathroom faucets and accessories, bathtubs and shower systems, indoor and outdoor wall and floor covering, bathroom furniture, building chemicals, plumbing fixtures and tiles.

In this manner, Vitra is one of the few global manufacturing brands to design complete bathrooms and offers every type of product required for the contemporary bathroom (Vitra, 2010b).

Vitra branded ceramic sanitary ware encompasses products such as toilet, bidet, cistern, toilet pedestal, and ceramic washbasin. Non-ceramic complementary products like acrylic bathtubs and shower trays, bathroom fittings, accessories and ceramic tiles are covered by the brand name as well. The company also produces brassware products including showerheads, faucets and complementary water management systems, but markets them under a different brand name, Artema.

Vitra product categories offer a great variety in terms of technical, dimensional, and functional features to address different target markets, including more specific customer groups such as children and the elderly (Vitra, 2010a). In addition, many of the product series offer distinct color or style options which allow more flexible and personalized bathroom solutions. Different dimension choices are also available for most of the products. The “System Fit” bathroom furniture concept is a good example to this approach. It provides 4 different colors, 4 different handle options, and comprises various heights, widths, and depths that is coherent with 30 diverse washbasins, as demonstrated in Figure 5.2.



Figure 5.2 : The “System Fit” Concept.

VitrA attains a rich diversity in the technological features of its products as well. Among these are ceramic technologies named VitrAClean and VitrAHygiene, PVD (physical vapor deposition) coated products, odor prevention systems, and products that reduce water consumption (VitrA, 2010a).

By creating the total bathroom concept and pairing it with its production capabilities, VitrA is a leader in terms of product portfolio. The firm creates integrated collections to turn the bathroom into a complete living space, together with the state-of-the-art technology and design (VitrA, 2010b).

5.2.3 Business Breakdown and Market Position

VitrA has undergone constant expansion since it was founded in 1966, to the point where 80% of its production is now exported to 75 countries in five continents, by over 150 showrooms and 2,000 sales points (VitrA, 2010b). VitrA consistently maintained its position as the leader in the domestic market where it currently has a 25% share, but it also acquired a good position in the international market over the past 13 years (Erbilek, 2007). This can be associated with several strengths of the company like its accumulation of technology and expertise over the years by being the first establishment in the sector, its focus on design, and a strong marketing perspective. Table 5.2 shows the international market share of VitrA Bath, as of 2009.

Table 5.3: VitrA International Market Share (Topaloğlu and Er, 2010).

2009 VitrA Bath International Market Share	
Germany	13%
England	6%
USA	3%
Austria	10%
France	3%
Italy	2%
Israel	8%
Scandinavia	8%
New Zealand	10%

Today, Vitra holds a 13% market share in Germany, 10% in Austria, 6% in the UK, 3% in the US and in France, 2% in Italy, 8% in Israel and Scandinavia, and 10% in New Zealand (Topaloğlu and Er, 2010). These percentages indicate the expansion of Vitra's distribution channels and rising consumer awareness of the Vitra brand as a supplier of complete bathroom solutions, not only in Germany and Austria but also in other markets.

Berna Erbilek (2007), Marketing Director of Vitra, states that their goal is to maintain the leadership position in the domestic market, while becoming one of the top three names in the strategic markets. In order to achieve this, a great effort is put forth to enhance Vitra's capabilities in three dimensions: *product leadership*, *operational excellence*, and *an ability to stay close to the customer* (Erbilek, 2007).

In a sector with such strong competing brands, it becomes crucial to be "visible" in the market. This explains why Vitra does not manage its sales operations from Turkey, but uses offices in the strategic markets (Erbilek, 2007). More specifically, Vitra has sales offices in France, UAE (United Arab Emirates), China, Saudi Arabia, Iraq, Bahrain, Ukraine, USA, Libya, and Azerbaijan (Erbilek, 2008). Besides carrying out sales and marketing activities, these offices collect information about local markets, consumer tastes, trends and expectations. Afterward, they transfer this information to the main office in Turkey through well-defined and systematic processes (Topaloğlu and Er, 2010). Thus, the company concentrates on increasing its world-wide sales through strong marketing campaigns and distribution channels. Longer term strategic markets include Turkey's neighboring markets with high market potential, particularly Bulgaria, Greece, Romania and Ukraine (Eczacıbaşı, 2009). Another important market for Vitra is Russia, where a tile production plant is being established and expected to start operating in 2010 (Eczacıbaşı, 2009).

Consequently, it can be asserted that Vitra's central focus has shifted from "production" to "market strategy" which encompasses important considerations such as the markets Vitra wants to be in, the ones it wants to leave because of low profitability, and the markets which might have a potential for the future even if they are not very profitable today (Erbilek, 2007).

5.2.4 Design Culture in Vitra

Vitra's brand vision is based on "bathroom culture" and in order to communicate this to the customer, beginning from the 2000s, Vitra began to use design in a more strategic sense and systematically integrate it into corporate planning (Topaloğlu and Er, 2010). In fact, Erbilek (2007) states that "Vitra should come across as the company that redefines the bathroom, changes customer perceptions and differentiates by means of design". To realize this ambition, by the end of the 1990s, the company had acquired advanced industrial design capabilities and viewed design as a major source for increasing competitiveness (Topaloğlu and Er, 2010). For these reasons, Vitra began to collaborate with design consultancy companies such as Pilots Design and NOA, and with Turkish industrial designers like Defne Koz and Inci Mutlu (Vitra, 2010a). There are also six industrial designers in the company's product development department. Design processes are integrated with product development processes and carried out concurrently in the product development department comprising 25 employees in total, all headed by a product development manager (Topaloğlu and Er, 2010).

With the aim of creating a brand image based on design competence and creativity, Vitra also continued its activities in technological product innovation; mainly encompassing R&D activities toward reducing water consumption (Topaloğlu and Er, 2010). For example, the company developed toilets that reduced water consumption from 6 to 4.5 liters, which was a first in the domestic market (Topaloğlu and Er, 2010). As a result of the continuous product development activities, Vitra received an award for having the most patent applications of any Turkish brand at the Turkish Patent Institute in 2009 (Eczacıbaşı, 2009).

Vitra's "form + architecture + functionality" design approach leads to the "bathroom culture" concept which is based on Turkey's legacy in architecture and ceramics that provides a unique vantage point for observation and creation (Erbilek, 2007). Inspired by the traditional Turkish hammam, Vitra's quest is to create complete bathroom environments and "reinventing the bathroom experience" by changing the interaction with the bathroom (Vitra, 2010a). Therefore, it is possible to say that Vitra sets its core attribute as the totality of bathroom space and everything in it. As per Erbilek (2007), this viewpoint brings a competitive advantage not only in product design but also *in the effective use of the entire bathroom space, in the application of*

diverse materials, in creating unique and intimate spaces, and especially in the creation of a customized, need-based, total bathroom space. This indicates that bathrooms are no longer limited to their original functions and increasingly viewed as a self-contained living space (Erbilek, 2007).

One of the major strengths of Vitra is the use of industrial design and product development activities in combination with its marketing strategy. Another important strength is that the strategic use of industrial design is fully supported by corporate management with the allocation of significant financial resources for the creation of new product ranges, and for commissioning prominent industrial designers who could draw global attention and strengthen Vitra's brand identity (Topaloğlu and Er, 2010). In fact, the company has several collections designed by prominent names such as Ross Lovegrove and Matteo Thun; which is an example that proves how Vitra employs design as part of its corporate strategy.

Ross Lovegrove's collaboration with Vitra began in October 2004, with the 'Istanbul Collection'; a range of 175 bathroom products including ceramic sanitary-ware, ceramic tiles, acrylic bathtubs and shower trays, taps, accessories and bathroom furniture that Lovegrove describes as the "total bathroom" (Ricuperati, 2006). In this collection, Lovegrove was influenced by Otoman architecture, geometries and calligraphy. He then combined these elements with the underlying concept in much of his work, called "organic essentialism", which is based on the exploration of sophisticated technology and materials for the creation of sculptural and organic shapes; a natural fit for Vitra's brand identity (Ricuperati, 2006). Figure 5.4 shows some products from the Istanbul Collection.



Figure 5.3 : “Istanbul” Collection by Ross Lovegrove.

MOD, a name derived from the words modern, modular and modest, is the second collection with the signature of Ross Lovegrove. The modularity of the collection enriches the combination alternatives and presents products suitable for different interior solutions. MOD is also a good example to the collections that reflect Vitra’s eco-friendly design philosophy, as it comprises of products which control water consumption (Vitra, 2010a). The most recent collection by Lovegrove is “Freedom”, which won the 2009 Good Design Award and was nominated for a 2010 Elle Décor International Design Award (Eczacıbaşı, 2009). Figure 5.5 presents product examples from the MOD and Freedom collections.



Figure 5.4 : “MOD” and “Freedom” Collections by Ross Lovegrove.

In conclusion, Vitra’s design strategy entails drawing inspirations from the Turkish bathing culture to develop aesthetic, functional, innovative design solutions with a

commitment to eco-efficiency and sustainability as expressed in the company's new production, design, and management philosophy, "Blue Life" (Eczacıbaşı, 2009).

5.3 Development of VitrA Retail

Intema Building Materials Marketing and Sales Inc. is the company responsible for all the sales and marketing activities for the VitrA and Artema branded products. Intema designs bathroom and kitchen displays and provides planning, project design and after sales services. Authorized dealers, sub-dealers, numerous DIY markets, and fully-owned stores are included in Intema's retailing network of more than 3000 sales points (VitrA, 2010a). Among the 22 fully-owned Intema Stores, 11 of them sell VitrA and Artema branded products which can be listed as: Intema Nişantaşı (1750 m²), Intema Caddebostan (950 m²), Intema Florya (1250 m²), Intema Ankara (1200 m²), Intema İzmir (1000 m²), Intema Samsun (420 m²), Intema Adana (600 m²), Intema Kayseri, Intema Çeşme, Intema Kuşadası, and Intema Ayvalık (VitrA, 2010a).

In these sales points, Intema employs expert sales staff and building professionals to address customer needs. The company also has 105 authorized partners all around Turkey which provide installation, maintenance and repair services (Eczacıbaşı, 2009). The unified structure of sales, marketing and after-sales services under the roof of a unique company appears to be one of the strengths of VitrA, as they can control and operate the whole service offering starting from project planning to sales guidance and after-sales support.

The first Intema Store was opened in Şişli, Istanbul, in 1979. Five years later, in 1984, Intema Nişantaşı started to operate, which is VitrA's largest retail store in Turkey. With the developing service network, the total number of stores has reached 22 (VitrA, 2010a). For the last two years, the stores have been organized according to the different brand names. Thus, today there are four categories of Intema Stores as VitrA, Villeroy&Boch, Intema Kitchen, and Intema Outlet Stores in Bozüyük, Tuzla and Diyarbakır (VitrA, 2010a). With their layouts, displays, employees, and combined planning-sales-after sales services, Intema Stores set an example to the other brands in the sector.

Besides Intema, other sales companies of Vitra include Vitra Bad (Central Europe), Vitra USA, Vitra UK, Vitra Ireland, Vitra Russia and Vitra Bulgaria (Erbilek, 2008). This network, in collaboration with the marketing and sales offices, serves more than 2000 retail sales points and 150 exclusive showrooms. 11 of these are fully-owned by Vitra and are located in major international markets (Eczacıbaşı, 2009). The most recently opened showroom is located in Cologne (Germany) which started to operate in 2008, to support the brand's expansion in the professional and contract business market (Eczacıbaşı, 2009). Other important company-owned stores are located in Cork (Ireland), Sofia (Bulgaria) and Kazan (Russia) (Erbilek, 2008). Figure 5.5 presents views from Vitra retail stores around the world.

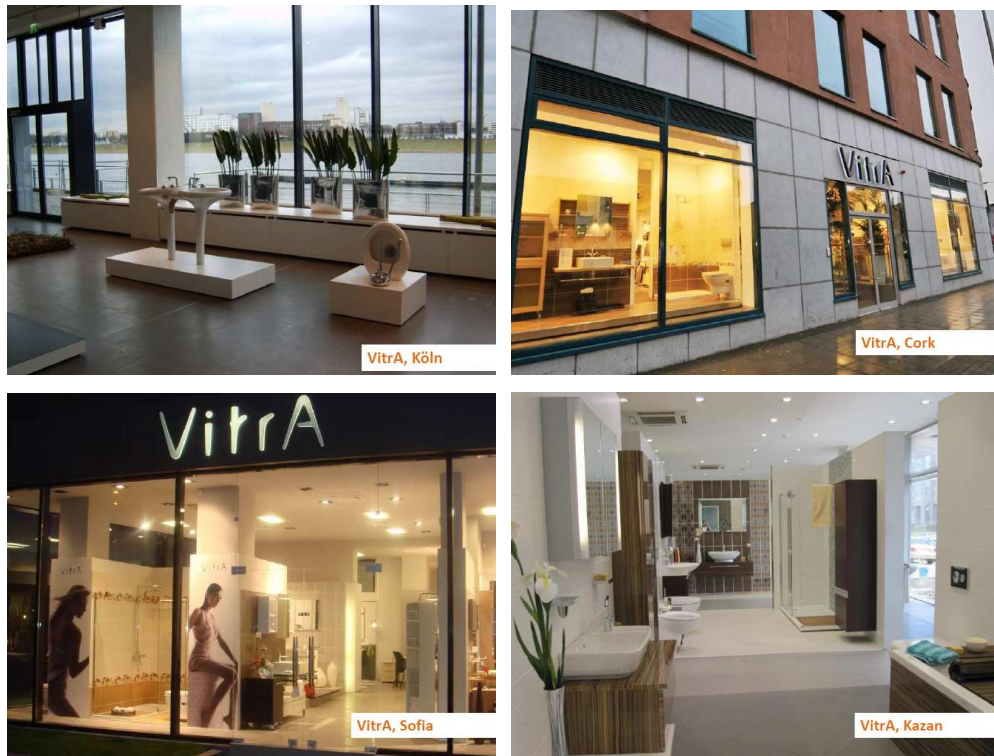


Figure 5.5 : Vitra retail stores around the world (Erbilek, 2008).

As stated before, Russia is seen as one of the most promising markets for the company and therefore, recent marketing activities have focused on improving Vitra brand awareness by the establishment of new showrooms in Kazan, Yekaterinburg, Serpukhov and a second showroom in Moscow in the two years ahead (Eczacıbaşı, 2009).

5.4 Research Findings and Analysis

In order to gain an understanding about the retail experience of a leading organization in its sector, multiple research methods are needed. This results in a rich amount of visual and textual data, covering a wide variety of aspects such as the stages of the customer journey, the elements of the service interface, service touch points and the actors involved in the service delivery process. Eventually, the gathered materials are critically studied within the confines of “VitrA Retail by VitrA”, “VitrA Retail by Service Design Methods”, and “Analysis of Competing Corporations”. This analysis will build the basis to derive implications about the relations between what the literature states, how VitrA perceives itself, and what VitrA actually does; regarding customer experience and services.

5.4.1 VitrA Retail by VitrA

The interviews with the store managers provided significant insights about VitrA’s brand values, aspects of VitrA’s customer experience, in-store features, and the positive and negative characteristics of the service delivery system from the organization’s point of view. The transcribed materials were then reviewed to find the specific themes related to the research topics (customer experience, service interactions, touch points, retail store design clues). As a result, three main themes were identified: design, service and experience. Consequently, data from the three interviews were categorized under each corresponding theme. After that, some sub-categories were reached including product design, store design, store experience, purchase experience, post-purchase experience, product usage experience, front-line employees, project planning, authorized service, and customer services. All the information was rearranged according to these sub-categories to generate a final scheme, as demonstrated in Figure 5.6. Eventually, each of these three themes will be analysed and discussed throughout this section with corroborating evidence from the site visit observations, in order to provide an understanding of how VitrA perceives its own service delivery system.

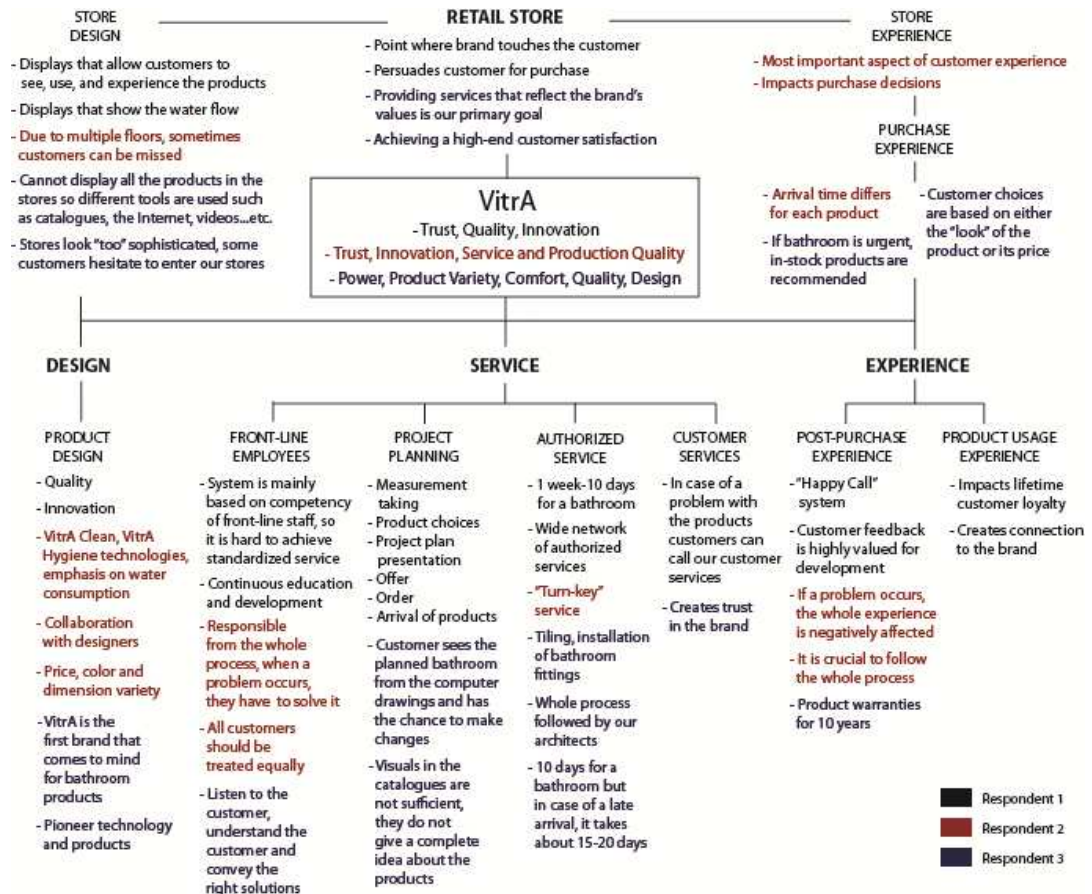


Figure 5.6 : Interview analysis scheme.

Design: From the interviews, it can be interpreted that design has definitely become a fundamental component of VitrA's corporate culture. The members of the organization are aware of the strategic importance of design in attaining differentiation, customer loyalty, and brand equity. The collaborations with prominent designers are also strongly emphasized, to imply the brand's committed focus on quality and innovation. In fact, in the site visit, it was observed that the names and images of these designers are depicted prevalently in different areas of the store, as a feature of the displays. Figure 5.7 shows the displays of collections designed by Ross Lovegrove and Matteo Thun.



Figure 5.7 : Displays of collections by Ross Lovegrove and Matteo Thun.

Catalogues are regarded as useful visual tools to present the products that have not been displayed in the store. However, as per the store managers, their catalogues are insufficient to communicate the product attributes completely. As also shown in Figure 5.8, the catalogues depict only some of the technical features of the products with the dimensions and a single image; which causes difficulties in the decision-making process.

2010
Piu Due
Tüm ürünlerin teknik özellikleri ve ölçülerini içeren bir katalogtur.

Ürün	Kod	Ürün Tanımı	Fiyat (TL)
	5191B4XX-0016*	Kare Lavabo, 45 cm. Armatur dahildir, su bacası dahildir. Sadece tezgah için kullanıma uygundur. (sifon hariç) A45139 kodlu süzgeçin siparişi edilebilir. genişletilebilir. A45123 kodlu sifonun siparişi edilebilir. özeltilmektedir.	599
	5190B4XX-0016*	Oval Lavabo, 50 cm. Armatur dahildir, su bacası dahildir. Sadece tezgah için kullanıma uygundur. (sifon hariç) A45139 kodlu süzgeçin siparişi edilebilir. genişletilebilir. A45123 kodlu sifonun siparişi edilebilir. özeltilmektedir.	9
	5192B4XX-0016*	Yuvarlak Lavabo, 50 cm. Armatur dahildir, su bacası dahildir. Sadece tezgah için kullanıma uygundur. (sifon hariç) A45139 kodlu süzgeçin siparişi edilebilir. genişletilebilir. A45123 kodlu sifonun siparişi edilebilir. özeltilmektedir.	652
	5194B4XX-0016*	Lavabo, 65 cm. Armatur dahildir, su bacası dahildir. Sadece tezgah için kullanıma uygundur. (sifon hariç) A45139 kodlu süzgeçin siparişi edilebilir. genişletilebilir. A45123 kodlu sifonun siparişi edilebilir. özeltilmektedir.	704
	5221B4XX-0016*	Lavabo, 60 cm. Armatur dahildir, su bacası dahildir. Sadece tezgah için kullanıma uygundur. (sifon hariç) A45139 kodlu süzgeçin siparişi edilebilir. genişletilebilir. A45123 kodlu sifonun siparişi edilebilir. özeltilmektedir.	704

* Farklıya edilen aksam satışı hariçtir. Piyasada KDV dahilidir.

Figure 5.8 : Example from a Vitra Catalogue.

The store managers also believe that it is very important to convey a product usage experience in the store, therefore customers have the opportunity to sense and try the products before purchase. For instance, there are several fully-working bathroom faucets in the store which allow customers to test the functional attributes in a realistic manner. Figure 5.9 shows a display of fully-working bathroom faucets.



Figure 5.9 : Display of fully-working bathroom faucets.

Service: According to the respondents, Vitra's aim is to provide services that reflect the brand's values and answer the needs and expectations of their customers in the best possible way. The service package that Vitra offers its customers varies from planning services to "turn-key" services, which comprise the implementation of every detail in the bathroom by the Vitra Authorized Service staff. Besides these, the interviewees also mention "Customer Services" as one of the strengths of their service system; an office that customers can contact any time when they have a problem with the products. Hence, constant control and follow-up of the whole process is an essential aspect of Vitra Retail. Figure 5.10 presents Vitra Authorized Service staff members and the project architect discussing the dimensions and installation details for the fittings of a customer's bathroom with respect to the project plan.



Figure 5.10 : Vitra Authorized Service staff working on new bathroom fittings.

A shared viewpoint in the interviews is that Vitra's service system mainly consists of the interpersonal encounters between front-line employees and customers, especially during sales guidance, as seen in Figure 5.11. In the case of a satisfactory experience, the dependency on the human element and social aspects has certain advantages like the creation of trust in the brand and positive word-of-mouth. On the other hand, this system also acquires some disadvantages, such as the difficulty of achieving standardized service delivery.



Figure 5.11 : Front-line employees providing sales guidance.

Experience: In the interviews, retail stores are specified as the most significant element of Vitra customer experience. The feelings produced by the space, atmospheric features and light contribute to the store experience and therefore impact purchase decisions. Within this perspective, up-to-date display arrangement is a top priority of Vitra Retail. In-store design elements such as signage or different material combinations are also utilized as expressions of the company culture. Figure 5.12 shows some interior views from Intema Nişantaşı.



Figure 5.12 : Interior views from Intema Nişantaşı.

In conclusion, Vitra Retail seeks to accomplish high-quality regarding all of these themes with continuous store personnel training activities and gathering constant feedback from customers. The successful long-term integration of such efforts into the service system will certainly pave the way for a more customized and engaging customer experience.

5.4.2 Vitra Retail by Service Design Methods

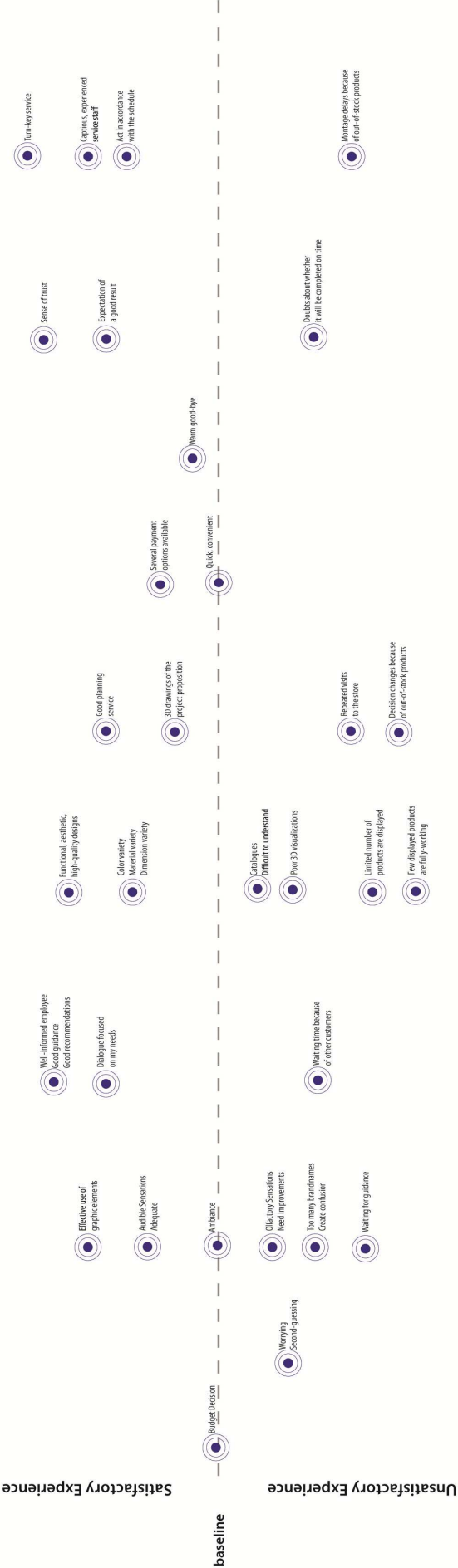
This research study is fundamentally based on the collection of data from the experiential retail environment, including the contextual shifts of the customer (from home, to store, and post-purchase). This data is then transformed into an “Experience Map”, which is a fundamental Service Design method, to discuss and evaluate an abstract idea of a chronologically proceeding service: the service process of a complete bathroom purchase.

The proposed customer journey in the map presents the diverse encounters that take place during the service process. These encounters result in either a satisfactory or an

unsatisfactory experience. To begin with, the pre-purchase phase comprises the “decision-making” stages and the “entrance to the store”. The “engagement” process begins during the purchase phase. This is also the phase where customers go through stages such as “interaction with staff”, “product decisions”, “project planning”, and “payment”. Figure 5.13 presents “VitrA Experience Map”.

VitrA Experience Map

Name of Customer: Deniz Hn.
Purpose: Complete New Bathroom
Doctor, 48 years old, Married, Lives in Nişantaşı
She is not happy with her previous bathroom. Wants to try a different brand. Seeks for quality and design.
She needs her new bathroom in two weeks.



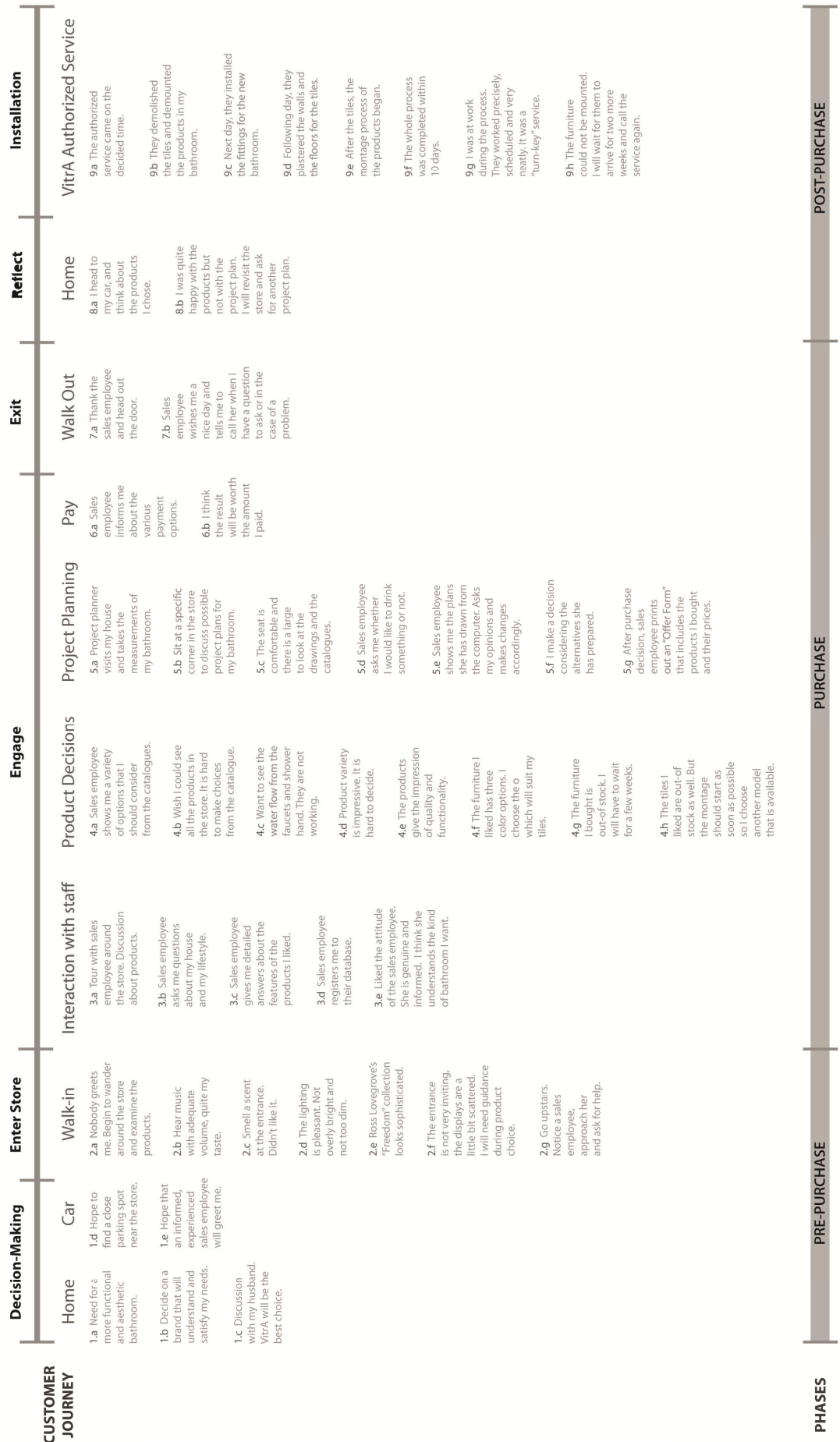


Figure 5.13 : Vitra Experience Map.

After all the planning and purchase phases are completed, the post-purchase phase starts. This basically involves the installation process of the products and the encounters with Vitra Authorized Service staff. This stage indicates a change in the context as well, from the store to the customers' houses. However, each process applied by the Authorized Service staff are examined and controlled by the store employee who has planned the bathroom.

The first implication that can be derived from the experience map is that Vitra presents a complete service starting from product decisions and project planning phases; continuing with sales guidance and after sales support, which is an important value proposition for the customer.

Secondly, when the map is examined in detail, it can be asserted that almost the whole service system depends on the personal interactions between front-line employees and the customer. As a matter of fact, especially during the purchase phase, the front-line staff has critical responsibilities. First of all, they are required to understand the needs, likes-dislikes, and lifestyles of customers; and propose a project plan with the right combination of products considering all these inputs and budget limitations. Moreover, they are also in charge of following up the rest of the process until the bathroom is completed. Thus, the responsibility for custom service delivery in Vitra Retail frequently falls on the shoulders of front-line employees. This means that their ability and motivation is highly critical for a favorable, satisfactory customer experience.

Finally, another significant inference from the map is that front office-back office coordination is an essential aspect of the Vitra retail experience. Due to the different production times of the various product ranges, the logistics and stock management of products need to be carried out concurrently. In fact, as also confirmed in the interviews, out-of-stock products frequently cause problems during the post-purchase phase. In order to eliminate the negative effects of these problems on the customer experience, a strong communication network needs to be established between the back-office, the front-office and the customer.

5.4.3 Analysis of Competing Corporations

In the previous sections, Vitra Corporation was studied in detail through a variety of sources. With the collected evidence and data, a systemic view of the customer

experience in Vitra retail stores could be developed and visually represented. However, in order to reach concrete conclusions regarding the total bathroom sector, the retail environments of other leading brands must be examined. With this approach, it is also possible to elicit ideas about where Vitra Retail stands in terms of design components and experiential features compared to other competing corporations in the market.

Jacob Delafon corner at BHV: The first visit was conducted to the Jacob Delafon corner at BHV, Paris. Although the products are displayed within an area of 40m², this limited space has been used quite efficiently.



Figure 5.14 : Jacob Delafon corner at BHV, Paris.

As seen in Figure 5.14, grey is the dominant color in the displays and a bright gold color is used in some graphic elements such as the dress of the female figure in the center, the logo, and the explanations on the walls regarding the collections. This forms effective contrast and creates a visual unity. A variety of colors are used in the products as well. The price of each product is written on the information cards on the walls. The aim of the overall display design seems to be depicting as many products as possible rather than creating different interior concepts. There is only one sales personnel and when customers want to make a purchase, they discuss their choices with him, as demonstrated in Figure 5.15.



Figure 5.15 : Customer and sales personnel at Jacob Delafon corner.

Duravit Showroom (Salon d'Eau): Duravit Showroom in Paris, known as Salon d'Eau, is one of the most important showrooms of the brand. Figure 5.16 shows the facade of the showroom.



Figure 5.16 : Salon d'Eau: Facade.

Salon d'Eau is a showroom that highlights the emotional and sensual connotations of the bathroom rather than the functional. To imply, the bathroom is depicted as a living area on its own right, contrasting with the general view of the bathroom. Thus, the main aim of Duravit is to create an integrated, pleasant atmosphere with the right mixture of products, materials, light and colors. For that reason, wood is a dominantly used material as it gives the products a special character and natural warmth. Besides the matching wood panels used in the products, a majority of the displays reflect the perfect balance that ceramics forms with wood, as presented in Figure 5.17.



Figure 5.17 : Salon d'Eau: Display Examples.

The bathroom furniture is fully equipped with towels, shampoos, soaps and cosmetic creams just like the bathroom drawers in a house. This way, the visitors can visualize how they can use the shelves and compartments in the furniture in a more realistic manner. Figure 5.18 shows the various bathroom furniture displays.

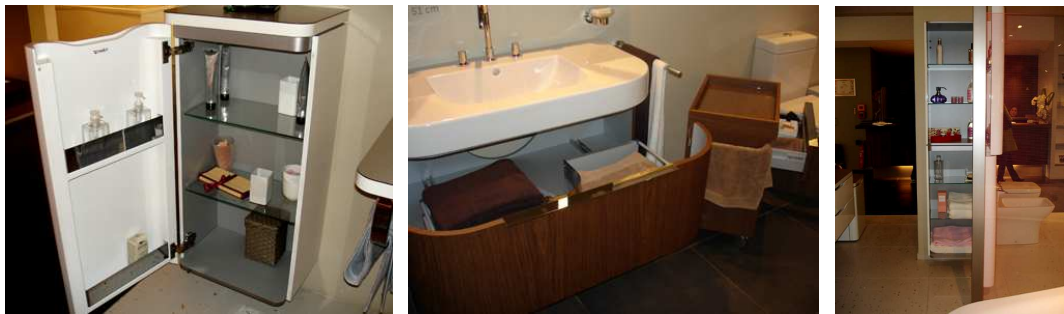


Figure 5.18 : Salon d'Eau: Bathroom Furniture Displays.

There are two employees in the showroom. When visitors want to ask questions, they approach the information desk, as shown in Figure 5.19. All the product catalogues are orderly arranged on the shelves next to the desk.



Figure 5.19 : Salon d'Eau: Information desk and catalogues.

Duravit is a brand with a strong focus on technology and design. Philippe Starck has designed several collections for Duravit, and this collaboration is depicted like a special feature of the brand; as conveyed with the collection names (i.e. Starck 1, Starck 2, Starck X) and with the graphic elements that comprise his photos. Figure 5.20 shows the display of a bathtub designed by Philippe Starck.



Figure 5.20 : Salon d'Eau: Display of a bathtub designed by Philippe Starck.

In Salon d'Eau, a sense of unity and order is attained through the application of a consistent design language in every detail. The showroom layout enables easy navigation and the products that belong to similar categories or collections are displayed side by side. As depicted in Figure 5.21, the names of the collections or products are written on the panels behind the displays along with the product dimensions and a visual signage at the top. Light is also used as an important design element to generate altered moods in different areas of the showroom.



Figure 5.21 : Salon d'Eau: Interior Views.

Salon d'Eau contains a multifunctional shower and a Starck X bathtub for visitors to try out. This is a very important offering provided by the showroom as it gives the opportunity to experience the products before purchase. Moreover, a free bathroom planning service is offered and customers can register at any time for a bathroom planning session. First, an interview with a Duravit planner is arranged to discuss personal preferences. After determining the layout of the bathroom, the planner prepares an individual plan including free-hand color drawings and parts lists.

Grohe Showroom: The Grohe Showroom in Paris is situated in the modern business district, La Défense. It immediately creates a feeling of immersion into the brand and the products in the moment of entrance. This effect is created with the depiction of the brand logo in noteworthy points and the graphic elements that represent the current campaign themes- like the one with an oversize showerhead, as shown in Figure 5.22.



Figure 5.22 : Grohe Showroom: Facade and Entrance.

In the displays, natural, raw materials such as wood and stone are used. The bathroom displays are fully-decorated, each defining a unique space, with its own decorative elements like candles and vases, its specific floor material and colors. The faucets are displayed inside small cubic compartments of a tall, wooden stand. Small spotlights are placed on top of each compartment, resembling the displays of jewelers. Packaging design is also an important aspect of the brand and many packages of the same product are placed on top of each other, creating an interesting display, as shown in Figure 5.23.

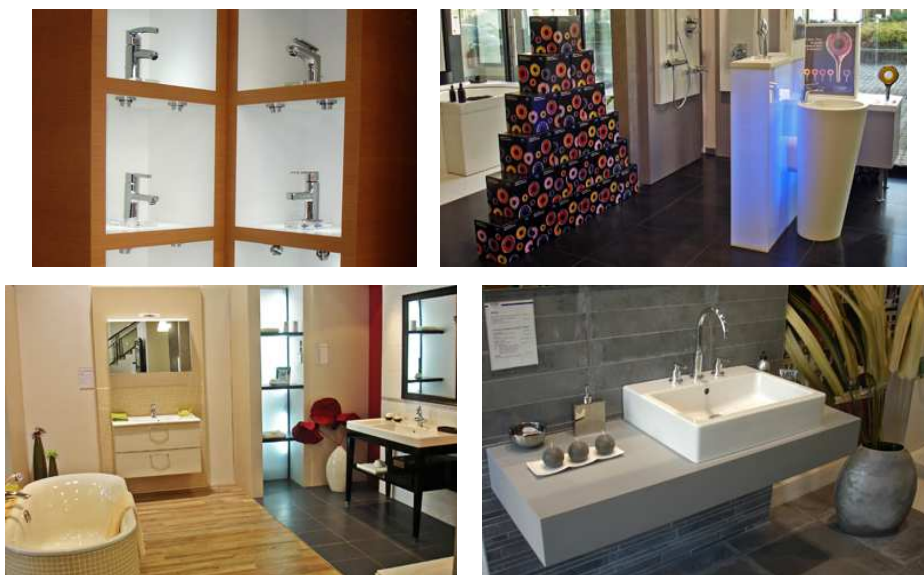


Figure 5.23 : Display examples from the Grohe Showroom.

As also stated in the company slogan “Enjoy Water”, water is seen as an important complementary element of the products. Figure 5.24 shows a corner in the showroom called the “Shower Fountain” where several showerhead models are displayed side by side. These showerheads are connected to the same plumbing system. Thus, visitors are able to see and experience the water flow from each of them.



Figure 5.24 : The “Shower Fountain” in the Grohe Showroom.

The mezzanine floor upstairs offers a working area with Internet access and an architect greets the visitors. The products are shown in five exhibition areas: showerheads, bathroom, kitchen, WC and special fittings, as seen in Figure 5.25.



Figure 5.25 : Mezzanine floor of the Grohe Showroom.

In the mezzanine floor, the products are generally mounted on the walls with the name of the collection written on top. The product groups are also identified with specific signs. An important service provided in this floor is that the bathroom and kitchen fittings can be arranged on washbasins and sinks. This gives the opportunity to see the products in their “natural environments”, so the decision-making process becomes easier. Figure 5.26 shows views from the exhibition areas.



Figure 5.26 : Views from the exhibition areas in the mezzanine floor.

An interesting detail in the Grohe Showroom is the 3D demonstration of the fittings. All of them have a specially designed stand which attracts attention at once, like the ones presented in Figure 5.27. These models emphasize Grohe’s focus on technology, design, and production quality and create the impression that their designs are as significant and unique as the designs of the products.



Figure 5.27 : 3D demonstration of fittings in the Grohe Showroom.

5.5 Summary of the Chapter

In this chapter, the studied organization, Vitra was introduced and research findings were analysed. Initially, a brief description of Vitra’s corporate profile was presented, followed by a detailed overview of the development of Vitra’s retail

organization. In the second part of the chapter, data collected from the interviews and site visits were discussed and the “Experience Map” created for Vitra retail was interpreted from the perspective of the Service Design concepts reviewed in Chapter 3. Eventually, the company’s approach to the creation of customer experiences is examined and the stages of the service delivery process are briefly summarized.

To sum up, within the confines of this research study, this chapter comprises an exploration of the customer experience concept in the total bathroom sector and highlights the potential of emerging Service Design methods in capturing data from the holistic retail context.

The final chapter entails the conclusions derived and insights obtained from the research study. First, the role of design in an experience-based economy is discussed utilizing the findings of Chapter 2 and 5. Afterward, an input proposal from Service Design perspective is provided using the findings of Chapter 3, 4 and 5.

6. EXPLORATION OF CUSTOMER EXPERIENCE IN VITRA RETAIL STORES

In this final chapter, after a brief overview, conclusions derived and insights obtained through the study are discussed. Moreover, opportunities for future studies on the subject will be indicated.

6.1 Introduction

As stated in Chapter 4, the aims of this research study were to:

- Understand the role of design in an experience-based economy within the retail context.
- Provide an understanding of how retail experience strategies impact on the customer in-store and post-purchase activities.
- Emphasize the potential of Service Design methods in capturing and creating retail experiences by highlighting the benefits Service Design methods provide over traditional techniques (i.e. questionnaires).
- Identify the nature of the retail experience in the total bathroom sector in order to build a case for greater use of Service Design techniques in this area.
- Provide a “toolbox” of mixed methods that can be combined to capture data from the holistic retail setting.
- Provide an understanding of customer experience in the total bathroom sector with reference to Vitra retail stores.

This study began with a principal inquiry questioning if Service Design could be a new perspective to capture, design and visualize customer experiences, or in other means, the contribution of Service Design in creating compelling customer experiences. This central query has also brought up secondary questions, such as, ‘if it is a new paradigm to consider Service Design as a vital aspect of engaging customer experiences, what is the nature of this paradigm, and what are the concepts associated with it’ and ‘if this paradigm uses the holistic approach as its core

function, what kind of methods does it utilize and how'. Therefore, throughout this study, relevant concepts are explored with reference to these questions.

Consequently, in this chapter, the insights elaborated from the research are summarized with an input proposal from Service Design perspective. Furthermore, at the end of the chapter, further research possibilities are stated.

6.2 Towards an Analysis: Input Proposal from Service Design Perspective

This research is focused on the retail experience in the total bathroom sector, and the use of design tools and methods to reveal the various aspects of this experience. Thus, the primary argument of this study is that the Service Design process can be used as a tool for capturing and creating more engaging customer experiences in retail contexts.

As stated above, the central question of this research study is the identification of the customer experience inputs in retail environments, in order to build a case for greater use of Service Design techniques in this area. Therefore, relevant essential concepts are explored including “customer experience”, “retail experience”, and “Service Design”. Using this background knowledge as a basis, an insight about the customer experience concept in the total bathroom sector is reached, along with a succinct discussion on the role of design in an experience-based economy.

One of the major findings of the research on the transformation towards the “Experience Economy” is a new business environment where organizations are defined as “service and experience providers” rather than “product manufacturers”. As a reflection of these emerging paradigms, “customer experience management” shows potential to become a new mindset for companies to address the needs and expectations of their customers. However, this mindset brings up some challenges in practical applications one of which is *‘if this is a new paradigm for value creation, what are the sources and methods to capture, envisage and orchestrate customer experiences?’* In order to overcome such challenges, it should be acknowledged that design has to go beyond its traditional roles. After being a tool for innovation and competitive advantage in the industrial economy, now it has to seek new opportunities of innovation in the service economy.

Today, customers are looking for complete experiences. In “How Customers Think: Essential Insights into the Mind of the Market” Gerald Zaltman (2003) states that “Customers’ preferences and motivations are far less influenced by the functional attributes of products and services than the subconscious sensory and emotional elements derived by the total experience.” This is the point where Service Design comes in as a competence. Hence, Service Design emerges as the new design domain that can provide the methods and the systemic thinking needed for differentiation and growth to industry players who are still driven by the product-centric value creation approach. Within this framework, it can be implied that Service Design approach plays a critical role in the competitive strategy of an organization as it enables to focus on the overall customer experience. Consequently, Service Design needs to be positioned in the design organizations of companies and become an indispensable element of their core proposition.

An important phase of this research study was the exploration of how emerging Service Design methods could be used to capture customer experiences. Thus, the “Customer Experience Map” for Vitra Retail, as one of the main outputs of this research study, employs a compilation of Service Design methods, emphasizing the focus on the “customer” and customer-centric aspects such as “perceived service quality”, “co-creation” and “engagement”. The utilization of Service Design methods throughout the research and the investigation of retail environments from Service Design perspective makes it possible to derive insights and conclusions regarding the retail experience in the total bathroom sector.

To begin with, as a leader in its sector, Vitra possesses several strengths such as its accumulation of technology and skills, high-capacity production facilities, its focus on design and innovation, its strategic management capabilities and its strong marketing and sales organization; which proves that it is a company which encompasses all the necessary sources and infrastructure to adapt to the conditions of a service and experience-based economy. As a matter of fact, the company’s retailing network would be an appropriate starting point towards the integration of Service Design approach into the organization’s culture. This way, Vitra can gradually start to embrace the service-oriented viewpoint besides maintaining its production and design quality in its products.

For a well-managed retail experience, the customer should be an integral part of that experience. Therefore, it is critical to consider every encounter from the customer's viewpoint. The primary way to achieve this is the utilization of Service Design methods to capture and understand the expectations of the target customer groups. Thus, a "toolbox" of emerging Service Design methods needs to be integrated into Vitra's market research activities. In addition, giving customers the opportunity to try as many products as possible in the store before purchase, is another effective way of integrating them to the store experience. Duravit Design Center in Hornberg, Germany comprises six in-house test bathrooms and customers have the chance to make an appointment for trying the products displayed in these bathrooms (Duravit, 2010). Although this is an extreme example, the same idea can be applied to a number of Vitra products in a specialized area created in the store.

Secondly, bathroom products are specific as they are bought once or twice in a lifetime, when decorating a new house or renovating the old one; which does not happen too often. For that reason, special consultancy is required during purchase. Hence, the interaction between customers and front-line store employees needs to be adequately organized in all its aspects to sustain customer loyalty. Finally, a continuous monitoring needs to be set in place so that the critical conversions in the delivery of the service can be evaluated and the offerings can be adapted to customer's changing needs over time.

Moreover, bathroom is a space which stimulates the senses with its tactile diversities, its relation with water, and olfactory elements. Therefore, in a total bathroom retail context, sensory design features need to be emphasized with the store atmospherics as well. In fact, one of the most essential conditions of a memorable customer experience is the creation of a "theme" (Pine and Gilmore, 1999). For instance, Duravit has a themed showroom that implies the bathroom as "a refuge to escape from the stress of everyday life"; with inspirations from the remedial and energy-giving spa experience (Duravit, 2010). Similarly, Grohe uses "advanced technology and design" as a theme in its showroom which is conveyed by specific signage and displays emphasizing the products' technical features. For the specific case of Vitra Retail, atmospheric elements such as music, lighting, and scents can be combined as part of an all-embracing theme to communicate Vitra's brand attributes and to unify disparate product displays.

With small adjustments in the store environment, the customer experience can be optimized to a considerable level. VitrA's store layouts are very suitable for different display applications. However, due to the limited space, all product ranges cannot be displayed. This problem can be solved by using a variety of multimedia tools. VitrA already presents some of its products through videos. The number of such presentations can be increased, with the addition of some interactive features as well. For example, there can be a specialized area in the store where customers can make choices from a digital catalogue, plan their bathroom and even take a virtual tour inside it. This way, VitrA can transform the process of choosing products for a new bathroom into a personalized co-creation experience by involving customers into the design and planning stages.

As a final remark, positive word-of-mouth is significant for every organization in order to be a strong player in the market. VitrA has a good brand reputation and is highly recognized by different customer groups. This is a strength that the organization can utilize to create new touch points which will make its service system more tangible to its customers. A VitrA bathroom that a customer sees in a friend's house is definitely more likely to cause purchase propensity than an online review or a verbal recommendation because it is a real application of a total bathroom design solution. Within this framework, it can be suggested that VitrA can develop a kind of "photo album" to use in its website and in its retail stores which comprises successful bathroom solutions from customers' own houses. This can provide a realistic visual database for customers so that they can make comparisons between various bathroom plans and product combinations. Thus, a more favorable and engaging experience can be created.

In conclusion, Service Design is the area of design practice that can be used to provide a thorough understanding of retail environments and to develop more engaging service delivery models for the retail experience with its rich methodological basis and its unique perspective that places customers at the heart of the value creation process.

6.3 Opportunities for Future Studies

In this research study, a wide array of topics is explored around certain research aims. Most of the research findings provide opportunities for the development of new

retail strategies and may have further implications in terms of both practice and future research (i.e. doctoral research).

Additionally, in the light of the perspectives that were put forward in the second and third chapters, this study becomes an initial attempt to identify the nature of the retail experience in the total bathroom sector and to build a case for greater use of Service Design techniques in this area. Therefore, this inquiry is promising to contribute to the Service Design studies in the academic environments both in Turkey and in the world and to be extended to future research.

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APPENDICES

APPENDIX A : Interview Questions

APPENDIX A

Interview Questions

- 1)** What does “VitrA” represent? What are the qualifications that differentiate VitrA from its competitors?
- 2)** What is the most significant aspect of VitrA Customer Experience? Why?
- 3)** Suppose that a customer will make a total bathroom purchase. What are the stages that the customer goes through until the bathroom is completed? How do you persuade a customer who comes to VitrA for the first time?
- 4)** How do you evaluate the service VitrA delivers to its customers considering; a) pre-purchase, b) purchase, c) post-purchase stages? In your opinion, what are the strengths and weaknesses in all three stages?
- 5)** What do you think about VitrA Retail Stores? What are the positive and negative aspects?
- 6)** Through which channels do you get feedback from the customers? How do you integrate this data to the service system?

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