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Customer-driven service product development

Asiakaslähtöinen palvelutuotekehitys

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1. INTRODUCTION

The service field in business is one of the fastest growing areas in the world. It was estimated that in 2013, services cover 72.8 % of EU's markets and astonishing 79.4 % of the USA's (CIA, 2014). However, not all the companies have acknowledged this. Especially inside industrial industry (such as ABB) it has taken a long time to switch from product-oriented to customer-oriented service product development. Trying to come up with new and efficient ways to develop the service product development process to a more customer-driven direction will be the future issue for almost all companies. No matter what the size or industry is.

Research has shown, that the right type of understanding and interpretation of customers' needs is one of the most important factors in developing new services and in order for those to succeed (Alam, 2002; Carbonell et al., 2009; Kristensson et al., 2004; Mohr & Sarin, 2009; Neale & Corkindale, 1998). Being a market-oriented business means, that in order to succeed, the company must aim to understand both expressed and latent needs of the customers. However, it also has to be able to utilise this information efficiently. Since customers seldom know how to express the needs they do not know yet, it is up to companies to innovate processes to understand latent needs. Traditional market research methods are not quite suitable to measure latent needs, which means that co-innovation between the producer and customer is a critical tool in order to understand the values. (Edvardsson et al., 2006, p. 4) Therefore, the cooperation between producer and customer helps to achieve better mutual understanding as well as create tailored solutions better matching to customer's needs (Salter & Tether, 2006, p. 16).

This thesis goes through the theory of involving customers to service development process as well as identifies the theoretical roles customers have in the development process. The theory part works as a literature review of prior studies and findings, after which these results are reflected in the empirical part. The purpose of the empirical part is to bind together the most important roles of customers and where they stand in the development process in one tool of involving customers –focus group. In the end, conclusions give the answers to the research problem and subproblems, as well as assembles a comprehensive information package about involving customers by using focus group as a means.

1.1 Aim of the thesis and research problems

Even though the importance of customer involvement in new service development is acknowledged, there is a little empirical evidence of the benefits and outcomes of customer integration (Carbonell et al, 2009; Brockhoff, 2003; Campbell & Cooper, 1999). This thesis aims to give empirical evidence of the outcomes of customer involvement as well as, offers the customers' opinion on customer involvement.

The topic of the thesis is "Customer-driven service product development" and the thesis attempts to find ways how and in what way the customer can be involved in the service product innovation and especially how the customer is involved using a focus group method.

The research problem is

- *How to manage customer involvement in the development of new service products?*

This research problem is looked more carefully through subproblems, which are

- *What is the role of customer in the different phases of the development process*
- *How to generate ideas from the customers*
- *How to engage the customers*

Although the aim of the thesis is to identify the roles of customers during service development process, it provides a deeper insight into a particular way of involving customers to the service development – focus groups. This choice has been done in order to narrow the quite vast subject of the thesis.

1.2 Limitations

This thesis is concentrated in the context of service businesses in the B-to-B market. The point of view of this thesis is in the customer involvement and different customer roles in the innovation and development process. Since according to Alam (2002) the involvement is more intense during the phases of idea generation and screening as well as test marketing and

commercializing, this thesis focuses on these stages of the development process. Also, due to the various customer roles found from different studies, the empirical part focuses on a selected amount of customer roles. The empirical part focuses on using focus group as a means of involvement, in order to get a deeper insight on one tool of involving customers. The data relies on solely upon one company's experiences, and as such, may not be generalised.

1.3 Research methods and data

This thesis is done through a qualitative research approach, and more specific, through the Action Research. The Action Research approach has been chosen, because it is appropriate when trying to develop existing practises (in this case, ABB's focus group). Action Research is situational, collaborative, participatory and self-evaluative. (Metsämuuronen, 2003, p. 181) The positive side of the Action Research is that the research and planning move forward simultaneously, which means that outcomes can be evaluated immediately and in phases (Grönfors, 1985, p. 123). Critic towards the Action Research (which is also included as a risk towards this thesis) include, that the research object is situation bounded and specific, the sample is limited and as such not representative and that the outcomes cannot be generalised. Also, sometimes the theory and the empirical part are not linked to each other. (Metsämuuronen, 2003, p. 183-184)

The data has been gathered through observation. Observation is based on the researcher taking notes while observing – more or less objectively – the research target. Due to the Action Research, observation showcases the high level of subjectivity. This study uses participatory observation method, which is reasonable to use in Action Research. (Metsämuuronen, 2003, p. 190) The participatory observation is in the degree of participant-as-observer, where the researcher acts in a more active role to the practise (Adler & Adler, 1994; Atkinson & Hammersley, 1994; Grönfors, 1985). The customer information has been collected from the focus group, which means that this thesis includes two sources of information gathering; both from the researcher's general notes about the practise as well as customer's point of view from the focus groups. The customer perspective is what makes this thesis valuable, since it is

one of the few studies that takes customer opinion into consideration and as such, offers valuable information for researchers and businesses.

The focus group method was selected by the case company ABB, and the researcher did not have any quorum in this matter. However, since it was an existing practise of involving customers in the development process, the researcher found it an adequate way of making empirical study. Since the researcher was actively involved in the Customer Focus Group project, it seemed reasonable to choose Action Research and especially participatory observation as the primary research method, whilst studying the project as a whole.

The empirical part relies partly on the previous research since focus group is already known to be one type of information gathering platform. The research has two parts; the customer point of view (how they felt about the Customer Focus Group) and moreover, the team point of view (how can the customer information be refined into service products and how can they develop Customer Focus Group). The customer data has been collected by participating in the focus group project as one responsible member of the team. All the meetings have been documented, and the researcher has made own reports about the development process. The empirical part consists solely of one company's experiences and only examines one way of involving customers to the service development process.

The data has been gathered between March 2014 and August 2014 while working as an assistant in the Customer Focus Group project in ABB Ltd. The data consists of written documents from every Customer Focus Group (held monthly), self-observation, and concept creation for the Customer Focus Group. Data also includes the documents meant to develop and observe the learnt issues from Customer Focus Group, held on 1.7.2014.

1.4 Theoretical frame of reference

Figure 1 shows the theoretical frame of reference of this thesis. The object of the theoretical frame of reference is to present the different customer roles of involvement. How they are divided into active and passive and how the parts are indicated in the various phases of the development process. The arrows indicate that the roles are not stage bounded, and the size

of the arrow indicates the importance of the role to the process. It also shows the phases of the development process in which focus group activity is targeted. The theoretical frame of reference takes into consideration the limitations of this thesis and thus does not present the whole theory base, but instead focuses on the principal things this thesis is all about.
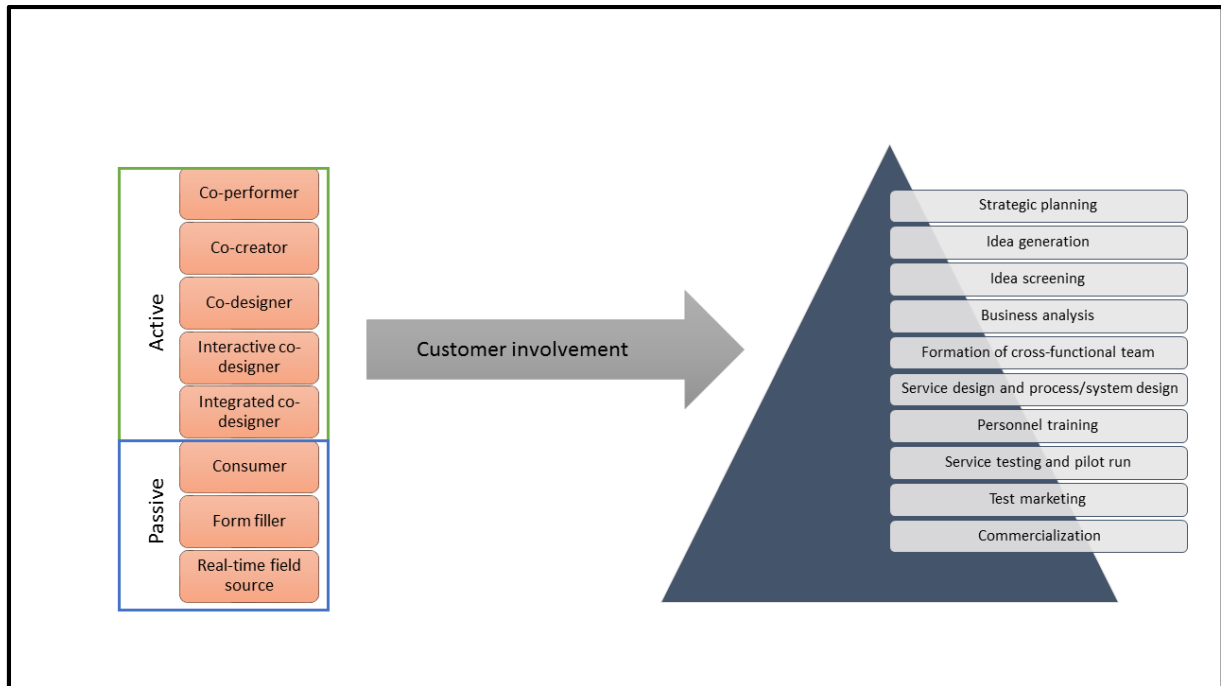

Figure 1. Theoretical frame of reference

1.5 Literature review

Even though researchers have studied new product development and customer involvement in its process for decades, new service development and customer participation in service innovation and development process have remained quite understudied (Sandén, 2007). However, it has been proven that customer input and involvement in the service innovation process might be more useful than with the tangible products (Langeard et al., 1986; Martin & Horne, 1995; Normann, 1991; Vermillion, 1999). Matthing et al. (2004) point out, that the study area of involving customers in service innovation and development is quite vast, with subjects varying from cognitive psychology to engineering design and thus can be characterized as truly nondisciplinary.

If not counting the vast study area and significant differences between the viewpoints of studies there has been quite much studies about involving customers to the service development such as Ciccantelli and Magidson (1993), Gruner and Homburg (2000), von Hippel (2001), Kaulio (1998), Mullern et al. (1993), Pitta and Franzak (1996), Shaw (1985), Wikström (1996) and Voss (1985). The small amount of customer involvement in service innovation studies come from comparing them to the customer participation in product development.

Even though it has been studied, that customers can come up with suggestions for improvements during the development (Norling, 1993; Prahalad & Ramaswamy, 2000), the customers are often involved after the company has developed a new concept for the service (McQuarrie & McIntyre, 1986). Customer involvement has also got its part of criticism, that customers might not have any positive effects to justify the extra cost (Gales & Mansour-Cole, 1995; Campbell & Cooper, 1999), they do not have enough technical knowledge to produce innovations (Christensen & Bower, 1996) or that they cannot articulate their needs (Leonard & Rayport, 1997). However, Wikström (1995) thinks that the intensive interaction with prospects is a likely source of generating new ideas. Also, Bitner et al. (2000) recommend the close involvement of customers in the design process of technology-based services. Research shows that there are several benefits to customer involvement and that customers can produce qualitatively better innovations (Alam, 2002; Carbonell & Rodriquez-Escudero, 2014; Magnusson, 2003; Matthing et al., 2004).

Matthing et al. (2004) also state, that from their literature review about customer involvement, only four studies focused primarily on customer involvement in new service development (i.e. Alam, 2002; Martin & Horne, 1995; Martin et al., 1999; Thomke, 2003). Alam (2002) discovered in the study that customer involvement is more intense during the idea generation and idea screening phases of the development process, which is also taken into consideration in this thesis. Martin and Horne (1995) discovered that customer participation is defined as the overt, direct participation by the customer, their overall involvement. They also found that successful service innovations tend to have more direct customer involvement. Martin et al. (1999) on the other hand focused on customer-input uncertainty, in terms of diversity of the customer demand as well as customer disposition to participate,

has the potential to interfere with successful service innovations in B2B field. Thomke (2003) discovered that experiments with new services are most useful when they are conducted live with real customers engaged in real transactions. From these four studies, Alam (2002) and Martin et al. (1999) are the studies closest to the context of this thesis.

1.6 Key concepts

This chapter goes through some essential definitions in order to get a better understanding of the approach of this thesis. These terms have been selected in order to get the reader a right mindset for understanding the concept of this thesis and world it represents. This chapter includes only a few definitions critical to be recognized at this point of the thesis. Other definitions are explained later on in the text.

Customer involvement: Customer participation in service innovation refers to the extent in which the producers (organisations) interact with customers in various stages of the development process (Alam, 2006; Matthing et al., 2004). In this thesis, the term *customer involvement* reflects the similarity to what other authors have labelled as *customer interaction* (Alam, 2006; Gruner & Homburg, 2000) and *customer partnerships* (Campbell & Cooper, 1999).

Service development process: Previous study states, that there are two different models for new service development (NSD), one is an eight-stage model (Bowers, 1987; 1989) and the other a 15-stage model (Scheuing & Johnson, 1989). Whereas, in contrast, new product development (NPD) models usually have seven to ten stages. Alan and Perry (2002) have created a 10-stage model for NSD, which also takes notice of the customer involvement during different stages of the process. This is the model that is used in this thesis. The customer involvement is added to this process later in the text, which is why the researcher only presents the various stages at this point. The stages according to Alam and Perry (2002) are:

1. Strategic planning
2. Idea generation
3. Idea screening

4. Business analysis

5. Formation of cross-functional teams

6. Service design and Process system design

7. Personnel training

8. Service testing and pilot run

9. Test marketing

10. Commercialization

Service product: A product is usually identified as a physical element – a tangible product. However, the product can also be a service, and it can contain both components. Bergström and Leppänen (2004, p. 165) have created even wider definition, where product is defined as customer value producing entity, created with the help of marketing. Grönroos (1998, p. 20) sees service product as a marketed service, whereas Parantainen (2011, p. 105) simplifies his view about how service transforms into service product through marketing: *service product = core service + productization*. As can be seen, service product has lots of definitions, but in this thesis service product is considered to be productized service.

B-to-B service market: B-to-B service markets consist of organisations, which acquire services used in the production of other goods or services that are sold, rented or supplied to others (Kotler et al., 2012, p. 966). B-to-B services imply to services oriented to customers' business processes (Ojasalo & Ojasalo, 2008, p. 38-39).

1.7 Structure of the thesis

Chapter 2 focuses on reviewing the prior studies about customer involvement, with a closer look at customer involvement in practise, how to gather information from the customers and what types of roles may the customer have during new service development according to prior studies. Chapter 3 includes the empirical section of this thesis, explaining about Customer Focus Group (CFG) and the found results and solutions to the subproblem. The final chapter, number four, goes to the conclusions of this thesis as well as gives answers to the research problem and subproblems.

2. CUSTOMER INVOLVEMENT IN THE DEVELOPMENT PROCESS

In today's competitive marketplace, organisations have realised that they need to shift their innovation strategies from working and innovating *for* the customers, to working *with* the customers and innovations made *by* the customers (Kaulio, 1998; Desouza et al., 2008). Before, the customers might have been seen solely as a potential buyer or end-user, without them having any role in the outcome of the product. Competition in the market has driven organisations into a situation where they cannot ignore the customers anymore.

2.1 Customer involvement in practise

Involving customers in the service innovation process is important especially in the industrial markets (Sandén, 2007). However, despite the importance of customer involvement to business service innovations, there are few challenges that need to be taken into consideration (Carbonell & Rodriguez-Escudero, 2014). For instance, there is an importance in selecting the appropriate type of customers to involve in new service development (NSD) (Alam, 2002; Carbonell et al., 2012; Nambisan, 2002). There is also an issue of assuming that by involving customers in NSD the companies are more likely to act on the knowledge created (Carbonell & Rodriguez-Escudero, 2014). The fact is that customer involvement ensures that the voice of the customer is heard during the process (Larbig et al., 2012). However, this is not always the case (Berchicci & Tucci, 2010). Therefore, it is reasonable to argue that in order for the customer involvement to be effective, companies should utilise the new knowledge that customers bring to the process. In addition, service innovation in the industrial context demands customer involvement in proactive and collaborative roles. (Carbonell & Rodriguez-Escudero, 2014) Innovation for business services requires to be customer intensive, as it gives industrial service companies the opportunity to construct the expectations and design of new service concepts together with the customers (Kindström et al., 2013).

Edvardsson et al. (2006) present two different types of customer involvement in the innovation process: **traditional** and **new model**. In the **traditional model,** customer is seen as a user of the product, service or solution and the involvement means analysing and

understanding customer's latent needs, preferences, wishes and experienced values. This way, it is intended to create customer value and demand. The new, proactive model moves customer involvement to an earlier stage: the customer participates in the process as co-innovator, not only as a source of information. In practise, this means, that the customers create and review idea-making, plan new solutions to fill their needs and improve processes making them less expensive to themselves. This means that in a proactive model, customer involvement is moved to the earlier stages of the development process. *There are various opportunities for involving customers, but the central idea in all of them is, that the customer actively takes part in the innovation process instead of being only a passive source of information.*

Desouza et al. (2008) on the other hand identify three different ways on customer involvement: "**1) identifying, analysing and communicating with customers, 2) incorporating them into their existing innovation process through transformation of their business processes and 3) by encouraging customers to engage in improving existing products and services**". Desouza et al. (2008) bring forward the general fact, that customer-driven innovation should be key innovation strategy for organisations to survive. According to the article, one of the model's most essential features are, that innovating is becoming limitless, and organisations need to provide tools for customers to express their ideas. Desouza et al. (2008), emphasize how organisations should shift from the old customer-centred and customer-focused directions to customer-driven. Desouza's et al. findings are almost similar to Kaulio's (1998), who resulted in a model with design for, with and by customers.

Table 1. Customer-driven innovation vs. older paradigms (Desouza et al., 2008, p. 43)

	CUSTOMER-DRIVEN INNOVATION	CUSTOMER-CENTRED INNOVATION	CUSTOMER-FOCUSED INNOVATION
CENTRAL ENTITY	Customer	Customer and organisation	Organisation
DEGREE OF CUSTOMER INVOLVEMENT	Innovation *by* customers	Innovation *with* customers	Innovation *for* customers
ROLE OF ORGANISATION	Coordinator	Communicator	Innovator
TYPE OF INNOVATION	Dynamic innovation	Open innovation	Closed innovation

DEGREE OF CONTROL	Impossible to control	Hard to control	Easy to control
DEGREE OF COORDINATION	Emergent coordination	Difficult to coordinate	Easy to coordinate
CRITICAL INNOVATION STAGE	Commercialization (Ideas are over-generated and developed, but difficult to commercialize	Idea development (Ideas are abundant but difficult to develop)	Idea generation (Ideas are scarce)
TYPES OF INNOVATION TO FOCUS ON	Products and services, output interaction; interaction with products and services	Communication with customers; customer interaction with the organisation	Customer segmentation and customer analysis
CRITICAL ISSUES WITH INNOVATION TYPES	"Sticky" and tacit knowledge transfer requires high levels of human interaction. Customers must be segmented for proper analysis	Investment in infrastructure. High-quality communication needed. Risk of copycats.	Analysis must be ongoing. Systems must be integrated. Information overload possible

In the customer-driven model, the central entity is with the customers, who are also making the innovations. This is a big difference to the older models, where the primary entity was usually the organisation, or the customer might have gotten a small part in the development process. In the customer-focused innovation, organisations create new services based on their expectations of customer needs. In the customer-centred model, the innovation is designed incorporation with the customer, but the innovation itself, is sourced within the organisation. In the customer-focused innovation, the most critical stage is with the idea generation, since there is not any proof-base that the innovation is the solution to customer's needs. Whereas in the customer-centred model, the critical stage is the idea development (idea screening) phase, since customers may give abundant of ideas, but they are difficult to develop and refine into a service. The customer-driven innovation faces its critical stage at the end phase of the development process, in the commercialization phase. There is a risk that the innovation is over-generated and too tailored to match the customer-base's needs. (Desouza et al., 2008) More differences between the models are presented in table 1 above.

Alam and Perry (2002) created a 10-stage new service development process, which phases were presented earlier in this thesis in chapter 1.6. Alam (2002) also created an activity chart based on their stages, which identifies the activities for producers and users (customers) during different phases of the development process. Table 2 shows the various activities, and it also represents Alam's results of more intensive customer involvement in the early stages

(phases 2 -3) and final stages (9-10) of the development process. Alam (2002) has found four different intensities of customer involvement in the development process, whereas Kaulio (1998) and Lagrosen (2005) base their intensities in the strategy how the product is created (is the product designed for customers, with customers or by customers).

Table 2. Activities at Various Stages of the Development Process (Alam, 2002)

Development stage	Activity performed by the producers	Activity performed by the users
1. Strategic planning	Chart the direction; corporate objectives; mission of the business. Identify users for involvement to leverage users' expertise.	Limited feedback on proposed plan for new service development.
2. Idea generation	Internal and external search for the ideas. Probe customers' needs, wants, and preferences and their choice criteria, likes, and dislikes; seek competitive product ratings.	State needs, problems, and their solution; criticize existing service; identify gaps in the market; provide a wish list (service requirements); state new service adoption criteria.
3. Idea screening	Feasibility analysis; attribute analysis; gather user's problems and their solutions; elimination of weak concepts by analysing how these meet user's needs; assess customer's purchase intent: look for patent legal and regulatory issues.	Suggest rough guide to sales nd market size; indicate desired features, benefits and attributes; provide reactions to the ideas; liking, preference, and purchase intent of all the concepts. Help the producer in go/no-go decision.
4. Business analysis	Economic analysis to justify the project, that is, payback analysis and net present value; market assessment, profitability analysis; drafting of budget for each concept; commitment of resources by top management; detailed competitive analysis.	Limited feedback on financial data, including profitability of the concepts, competitors' data.
5. Formation of cross-functional team	Adopt a team approach and select a team leader; induct users into the team; ask each team member to adopt a role he or she would prefer to play in the development process.	Join top management in selecting team members.

6. Service design and process/system design	Combine the service attributes identified earlier with their delivery process, including service delivery personnel; map this process jointly with the users; develop documentation and final service design blueprinting; find out service delivery time; install, refine and debug the service delivery mechanism.	Review and jointly develop blueprints; suggest improvements by identifying fail points; observe the service delivery trial by the firm personnel. Compare their wish list with the proposed blueprints of the service.
7. Personnel training	Train the service delivery workforce; prepare them for encounters; manners and attentiveness are the essential criteria; ensure consistent service quality.	Observe and participate in mock service delivery process; suggest improvements.
8. Service testing and pilot run	Test the blueprint; implement design change and refinements; test to prove the service under real-life conditions; determine user's acceptance of the service.	Participate in a simulated service delivery processes; suggest final improvements and design change.
9. Test marketing	Develop marketing plan and test with the users; examine the salability of the new service; examine the marketing mix options in different markets; limited rollout in the selected market.	Comments and feedback on various aspects of the marketing plan; detail comments about their satisfaction with marketing mixes, suggest desired improvements.
10. Commercialization	Plan promotional campaign; appoint distributors and brokers; roll out in the market; look for potholes; modify according to the market conditions.	Adopt the service as a trial; feedback about overall performance of the service along with desired improvements, if any; word-of-mouth communications to other potential users.

Alam (2002) has created six different modes of customer involvement. These modes identify the practical actions done with the customers and how the customers' input is targeted to the process (Alam, 2002). The first one is face-to-face interviews, where the service producers create in-depth interviews, in which they aim to find out customers' input opportunities for the service development from different points of views. The pursued information is, among other things, user's needs, wants, preferences and satisfactions and dissatisfactions, gaps in the market, competitor's offerings, desired improvement in the service delivery process, timeliness of the service delivery, comments on the marketing mixes and service acceptance criteria. The second method is user visits and meetings, where the users are invited to attend several service development team meetings, where they provided input on various aspects of the development process.

Third method for involving customers is brainstorming. It includes creative techniques for creating ideas and solutions between the service producer and user. Another method is users' observation and feedback, where the users are asked to observe and give feedback to different development stages and background activities happening during the development. Even though nowadays considered as bit old-fashioned way, the fifth method is phones, faxes and e-mails, in which the exchange of information about development process is done via electronic devices, brochures and other publications. The last and sixth method of Alam's is focus group. In focus groups the users are invited to attend several service development team meetings, where they provided input on various aspects of the development process. Focus group is the mode of user involvement that is being observed more closely in the next chapter.

When talking about customer involvement, it is important to raise the issue about the use of customer information. Kotler et al. (2012, p. 624) have created seven ways to draw ideas from customers:

1. Observe how the customers are using the product.
2. Ask the customers about incidents with the product.
3. Ask what the customers' dream products are.
4. Create a customer advisory board to comment on company's ideas.
5. Use the internet to harvest new ideas.
6. Establish a brand community of enthusiasts who discuss on offerings.
7. Encourage or challenge the customers to improve or change products.

The previous research divides the usage of customer information to conceptual and instrumental ways. Conceptual information infers to the indirect use of information that provides enlightenment to the knowledge base (Menon & Varadarajan, 1992), whereas instrumental information refers to its direct usage to marketing strategy decisions (Moorman, 1995). Carbonell and Rodriguez-Escudero (2014) argue, that in order to deploy the benefits of customer involvement in business service innovation, companies should use the insights and feedback gotten from the customers to solve particular problems or to make decisions. The study also concluded that recording and sharing the customer information with others inside and outside NSD team can lead to greater information turn, thus to higher new service

performance. Through the usage of information, companies get a better knowledge of "sticky information" and generate better matches in market offerings as well as influences profits from new services (Witell et al., 2014). Also, the instrumental usage of information can lead to the development of unique and superior new services (Carbonell & Rodriguez-Escudero, 2014).

Studies show that customer ideas are more innovative: customers can produce original and better ideas than service producers whilst creating a situation for learning about the customers' latent needs (Magnusson, 2003; Matthing et al., 2004). Customer involvement can also lead to the development of highly innovative services. Close collaboration can provide companies with better understanding of the challenges and need of the customers. That, on the other hand, can lead to new insights about opportunities and problems. (Carbonell & Rodriguez-Escudero, 2014)

2.2 Customer roles in the development process

In their service innovation research, Kuusisto and Päällysaho (2008) divide customer involvement opportunities into four different parts based on previous studies. According to them, customer's alternative positions are **consumer**, **co-performer**, **co-creator** or **co-designer**. Whereas Mannervik and Ramirez (2006) base their customer roles to the strategic positions and the activity of the customer. The strategic roles are **interactive co-designer**, **integrated co-designer**, **form filler** and **real-time fieldsource**. In addition, Chervonnaya (2003) has identified various customer roles in her studies. Chervonnaya divides functions into two dimensions, which are the degree of the producer monopoly on the knowledge pertaining to carrying out a particular service process (PMK) and the extent to which the service process is standardized.

In the **consumer** role, the customer is often seen as a passive user of provider's services. The customer does not participate in the development of the service, but instead its needs are filled by using the service. (Kuusisto & Päällysaho, 2008) This point of view replies to Blazevic and Lievens' (2008) definition of the passive user of electronic services, in which the co-

creation of knowledge is small, and access to information is comprehensive and continuous. Difference is, that in electronical services customer isn't aware of the information collected during usage, whereas according to Kuusisto and Päällysaho's (2008) role definition, information can be gathered from the customers knowingly in order to develop services. Nearly the same type of position is also created by Ojasalo (2009), accordingly the customer can function as **informer**, from which the service provider should be capable of gathering information to develop its services. This part is also quite similar to Mannervik and Ramirez's (2006) **real-time fieldsource** role, where customer gives service provider subconscious information, for example about buyer behaviour, which helps the provider target its offering better.

Ojasalo's and Kuusisto and Päällysaho's role definitions are close to the passive **form filler** part of Mannervik and Ramirez (2006). In the **form filler** part, customer is differentiated from the offering, operating, for example, as a support to R&D. The customer is utilised mainly by listening (answering inquiries) or observing (focus groups). (Mannervik and Ramirez, 2006) In addition, literature recognises a role that differs from the consumer, real-time fieldsource and form-filler; **an active informer**. **Active informer** provides information for the service provider that they think might exploit them by their own willing. (Blazevic & Lievens, 2008)

In the **co-performer** and **co-creator** roles, the customer actively influences to the core service. When a customer works as a **co-performer**, the customer brings input to the process, which is however mainly organised and designed by the service provider. A similar role is the **interactive co-designer** in which the role is predetermined by the service provider and customers communicate and interact in hopes of bringing out new ideas or new ways to co-innovate. The customer can either perform some functions belonging to the service provider or the service's nature may insist customer's input in the production mode, in order to achieve better value. Same as in the consumer role, the customer is aware of its needs and tries to fill them by offering its skills or resources to the provider's use. Communication is the key factor to success and interaction and feedback giving are executed during the process. (Kuusisto & Päällysaho, 2008; Mannervik & Ramirez, 2006)

Co-creator differs from the previous parts since when customer works as a co-creator, service provider does not have a complete service to offer before they take part in the process. In other words, co-creators do not know their needs beforehand. The details of the position fine down during the process, when the service provider gets a picture of the potential of the customer. Usually, the customers seek a solution to their problem in this role, though not knowing what the problem is they are finding solution for. The customer and service provider together aim to find answers to the questions "why" and "how". Interaction and exchange of information are valid in order to get success. (Kuusisto & Päällysaho, 2008) A similar role – **bidirectional creator** – can be identified by Blazevic and Lievens (2008) in their study of electrical services; customer can act as a creator of the knowledge by influencing solutions development and creating information to process itself. A similar role for bidirectional creator is **integrated co-designer**, which includes customers - by exploiting their particular know-how - consciously investing in innovating more developed solutions. (Mannervik & Ramirez, 2006)

Kuusisto and Päällysaho (2008) also introduce the role of **co-designer**, which differs from the previous parts. The cooperation happens in a way, in which the customer and service provider together decide who produces which services, thus dividing production and personnel inputs evenly. Straub et al. (2013) identify the co-designer role being one of the most relevant ones according to previous studies. Ojasalo (2009) recognises a similar role for service design process but defines it as of **cooperation with a co-creator**.

However, the idea that customers would have only one role in the innovation process is nowadays abandoned. The customer can have various roles in the innovation process, and they can vary during the process. (Öberg, 2010) The positions can be maintained or differ during the whole innovation process (Fang, 2008) or customers can act as a lead user (von Hippel, 1986) or as a co-designer (Buur & Matthews, 2008; Kuusisto & Päällysaho, 2008). Lead users bring forth the fundamental fact that sometimes the need for something new can serve as an important role while creating and developing innovations. This discloses the essential need of using customers both as **informers** and **co-innovators**.

While acting both as an informer and co-designer, can the roles be differentiated. When acting as an informer, the customer does not necessarily act only as a source of information, but may

act as a critic to commercialization (Janssen & Dankbaar, 2008), as well as a tester of new innovations in the early development stage (Raasch, et al., 2008). As a co-designer, the customer can participate to design and solution seeking processes.

Mannervik and Ramirez's (2006) study differentiates the roles by four dimensions. The first dimensions – **is the customer active or passive** – takes a stand about how firmly the customer controls the process, how much risk is the customer willing to take, how much resources will it offer and how much work will it be ready to do. **Active customer** reacts to development decision early on in the development stage or creates signals for the service provider to pick on and make possible changes. Whereas **passive customer** has a much stronger, indirect influence on the service design. (Mannervik & Ramirez, 2006) As stated, an **active customer** is involved in the development process already at the early stages. When thinking about the position of the customer compared to the development phase, it is quite easy to create assumptions, that the active roles of the previously mentioned are **co-performer, co-creator, co-designer, interactive co-designer and integrated co-designer**. This means that these parts should be utilised in the early development stages, in order to create a successful service innovation. Using the same type of ideology, passive roles are **consumer, form filler and real-time fieldsource**, which should be utilised in the final phases of the development process. Although it is taken into notice, that the passive roles offer information at the early stages as well, but still when thinking about the role definitions, the information is gotten with using the product.

The second dimension processes customer's preferences, whether it will be **developing existing products or innovating new ones**. Those innovating new services are often further apart from the existing goods and work with focus groups, which collect information for the organisation's R&D. On the other hand, when developing existing products, customers are usually more integrated to the offerings; the effect of co-innovation is built inside the offerings and instead of individual development acts, it is more about continuous development process. (Mannervik & Ramirez, 2006)

When reviewing Kuusisto and Päällysaho's (2008) roles, it is not that clear that which roles should be utilised when innovating new services or improving existing ones. However, if using

Mannervik and Ramirez's (2006) division of the functions, co-performer role would be utilised when creating new services, whereas co-creator would belong to improving existing products. However, the researcher would target the co-creator as improving existing products yes, but being utilised and involved in the early stage of the development process, since service provider does not have a complete product when involving co-creators. This means that co-creator's part is emphasized when starting to develop service innovations. The co-designer is a role that cannot be indicated by particular development style. In the researcher's opinion co-designer binds together the roles of interactive co-designer and integrated co-designer. The consumer is also another role that can be involved both when innovating new services as well as improving existing ones.

3. CUSTOMER FOCUS GROUP

In 2013 ABB Ltd went through some organizational changes in order to improve their service product business. They hired a global service product manager, whose job was to lead a team of six service product managers, each responsible for their area of speciality. The team worked closely with service product R&D team, in order to get the innovation and development process running smoothly and establishing good communication between the teams. During the same time, global service product management team tried to come up with a solution to involve and engage their customers in the development and innovation process. Being a global and leading company in its market, ABB had various ways of involving customers, but usually it meant using customers as a source of information on a form filler role. Now, they needed to come up with a solution, which could be adjusted to the global market, but executed locally.

First, ABB started the work within the organisation by creating a module called "Service Lab". Service Lab is a visual meeting, in which the key people of service product development team meet every other week, in order to generate ideas and brainstorm them together. Each new idea is put on the wall so that people are reminded of its existence and following the development phases. The purpose of these meetings is to identify new service product ideas and their possible effect to revenue and customer needs. The development is visualized through different phases, which ABB has named. From August 2013 to August 2014, the Service Lab has developed by decreasing development phases, to better match the actual process and by opening the Service Lab idea gathering for the global community of ABB through Share Point. In a year, the Service Lab has gathered almost 50 new ideas (08/2014).

However, ABB realised that in order to improve its customer intimacy, it needed to create a platform for collecting ideas straight from its customers, instead of creating solutions the customers might want to use. Customer intimacy refers to that kind of tailored service solutions, which satisfy both disclosed and latent customer needs. In the core of this approach lies the company's broad understanding of close customer relationships' value to the business. Systematic gathering and exploitation of information about the customer and the customer relationship is important, and it relies on a change of practise. From customer's point of view, the practise is functional, when participation is both smooth and effortless and possible

whenever needed. (Helander et al., 2013) With this point of view in mind, ABB came up with Customer Focus Group method – also known as CFG.

As stated before, the customer involvement usually happens at the beginning of the development process (stages 2 and 3) or the end (stages 8-10) (Alam, 2002). Even though ABB has involved customers in the development process, they have often participated in the end phase of the process. Now, ABB wanted to involve customers already at an early stage, without even having a complete product, thus being able to adapt to customer wishes and needs. The Global Service Product Management –team began to develop Customer Focus Group concept, together with Diagonal – a Finnish design agency. The first Customer Focus Group was held as a kick-start, on August 13th, 2013, with three customers from the process industry.

After the kick-start, it came clear that CFG needed someone's full attention, in order to organise it correctly. From that fact, Global Service Product manager hired a trainee, who started working on the project first part-time from the beginning of March 2014. After May 2014, the trainee began working full-time, concentrating both organising the events, as well as documenting and developing a comprehensive concept around CFG. From February 2014, the CFGs started to evolve as a monthly event, and the management saw a great potential in it. During summer 2014, the Customer Focus Group activities stopped, in order to observe the outcomes of the already had events and to improve the concept and make it widely known within the organisation. During the six-month observation period of the researcher, the CFG project took a big leap forward, and the outcomes are explained in more detail next, as well as what the CFG is in practise.

3.1. Customer Focus Group in practise

Customer Focus Group – CFG – is a half-a-day meeting held on a monthly basis. The purpose of the CFG activity is to improve existing service products and develop new service products better matching to ABB's customers' needs. This is executed by inviting 3-5 customers – by person – to the event to tell their opinions on the service product at hand. Customer Focus

Group events are organised as workshops, which can be organised regularly or on a case-by-case basis. CFG requires at least three persons to organise, whose positions are: subject expert (knows the topic and owns the event), facilitator (facilitates the preparatory work and discussion during the session) and assistant (takes care of practicalities like invitations and summarizing the outcome).

In Finland the events are organised at the end of each month, usually on Friday mornings and they last half a day. The customers are contacted individually by email and phone, and interested are invited to the workshop by an individual email. The customers to be invited are picked from customer list of ABB customers within 100 kilometres from the site where the focus group is held. The service product in discussion usually determines what types of customers are targeted. The target is to have 3-5 customers per session to ensure that each customer's views are truly listened and heard. Although sometimes the meetings are held as one-on-one events, in order to ensure customer privacy and to get a deeper insight in a particular business field. Sessions include short presentations from ABB experts and conversation based on those on the local language. Discussion is facilitated by the whole group of participants and in small groups (one customer person and two ABB persons to keep the discussion conversational). During small group sessions, two people are necessary also to document the discussion for further usage.

The planning of the CFG event starts months before the actual meeting by deciding the service products to be discussed in the CFGs. Usually, the event timing for individual service product is determined by the phase of the development process in which the product is and also if the product is current at that time. The development stage of the service product varies from event to another, but the main idea of the CFG is to present products that are still in the development phase and sometimes not even near launch. That way ABB can ensure that the possible product features that come up during the meeting can be adapted to the product if possible, thus ensuring customer satisfaction by fulfilling their needs. ABB aims to plan the future six months' Customer Focus Groups in advance. That way ABB can switch the sessions if there are some changes in the development process.

A more detailed planning of the event begins approximately a month in advance with a meeting together with a facilitator, subject expert (specialises in the service product at hand) and assistant. In that meeting, the three key persons agree in the context of the session and which customers would they like target and which other people inside the organisation should they include the session. Assistant makes notes together with a facilitator about the meeting, so that everyone is on board with what is going to be talked about in the event. After the meeting session, assistant send invites to the CFG to agreed people within the organisation and begins to survey potential customers to invite to the meetings. The assistant contacts the customers and invites those interested in the session. About a week in advance the complete outline of the session and people coming to the event should be done.

During the meeting, the assistant works like a typewriter, which documents the general discussion of the session for future use. The general discussion is executed as an open discussion, where every participant has an opportunity to express their opinion publicly and openly. Sometimes the discussion is changed to be happening in small groups, each of them having two persons from ABB in order to document the valuable insights made during the conversation. With the help of a facilitator, the conversation achieved of the small groups is sifted through with the whole group. At the end of the session, every participant fills a feedback form about the session. Right after the session ends, the inside people from ABB have a meeting about the CFG to survey the outcomes of the event while it is still fresh in memory. The ABB participants go through what worked well in the session, which things did not and what should be taken into consideration while planning the next event. A general memo of the event is made by the assistant and downloaded to the ABB's organisation network platform (Sharepoint). The memo is made in local language due to the discussion being spoken in local language.

In addition to the general memo, a summary of the meeting is made in corporate language – English. The summary stated the learning outcome at the session and was the result of the service product in question as well as possible outcomes for other service products. It should be easy to identify the potential changes and improvements to existing products, as well as point out possible new service product ideas. All the documents from the session – excluding session's organising meeting's notes – are downloaded to the division's SharePoint site. Those

who have access to the site can look up what things came up during the meeting and pick reasonable feature wishes or improvements to their service products (service managers). After creating a summary of the meeting, the assistant sends a separate summary to the customers who participated the event that has been written together with a facilitator. This is done in order to engage the customers in the process and let them know that concrete actions are happening based on the previous discussion.

Customers have almost always been interested towards participating to CFG since it is a new approach to service product development in the quite product-oriented industrial business area. Also, the opportunity to hear about other customers' experiences and opinions is inviting. Customers are told already in the inviting phase, that the service products in question are still in the development stage, so the customers truly have an opportunity to tell their honest opinion about the product and have an impact in which direction the development should go. Even though this was said, some of the customers were still a bit confused that the product was not ready or commercialized. This confirms Alam's (2002) findings of customers usually being used in the end stages of the development process, when the product is almost – if not yet – complete. The natural curiosity towards CFG engages the customers in the beginning. They are intrigued to find out what the event is all about, and if they are interested in the product in question as well, it is only a plus.

While discussing the service product at hand, customers tend to express their general needs as well. It is up to the people from ABB's side to identify these needs and write them down. Sometimes the customers also tell about the problems they have faced with ABB's services or service products as well as problems they are seeking for a solution. It is these things that give ABB the opportunity to recognise latent needs of customers' that they need to begin creating solutions for. This is a great example of how Customer Focus Group improves company's customer intimacy but works also with an integrated idea gathering platform of Desouza's et al. (2008) and Kaulio's (1998) studies of designing *with* and *by* customers. The existing service products are designed together with the customers by adding or deleting desirable and reasonable features. CFG can also be used as a confirmation for the ideas about the product. The latent needs, on the other hand, are innovations made by the customers, and it is up to ABB if they can fulfil these innovations.

After the CFG is finished, the outcomes from the meeting are brought forward in the next Service Labs. This is done in order to follow what concrete outcomes the event had, i.e. how many new service product ideas were gotten, in which direction is the development of the service product in question going, et cetera. The Global Service Product Management –team may also work on service product development together with the R&D and design –teams for example using a "wish"-technique and trying to add the customer feedback to their development and innovation process.

3.1.   What was learned?

On July 1st 2014, the Global Service Product Management –team held a meeting together with the R&D and Design –teams to observe the learning outcomes of CFGs and think about where to go next. These findings are gone through next and they also include some points that came up after the "What's next" –meeting on July.

The general opinion is that Customer Focus Groups have been useful. However, there has been some problems in inviting the customers to the events. All in all, the customers have been interested in coming to the event, but there has been an issue with the timing of the invitations. When studying the timetable for customer invitations, it came clear that in order to get more positive answers (i.e. people attending the session), the invitations needed to be done approximately two weeks beforehand. It also came in question about what is the right way of inviting customers to the event. From the "What's next" –session, the answer was that new customers (i.e. customers who haven't participated to CFG before) should be contacted via phone, whereas the old customers should be contacted through mail.

However, this development was later abandoned since it was discovered that customers often wanted some information about the event via email. From that discovery, the contact mode was changed, so that no matter what the customer status is, customers are contacted first via email and after that they are called about the event. That way ABB could prevent ambushing the customers by having a too much "phone salesman" attitude, giving their customers time to get familiar with the material, thus exceeding better attendance results.

In the July meeting, the researcher presented the teams Kuusisto and Päällysaho's (2008) customer roles as well as Mannervik and Ramirez' (2006) strategic customer functions and asked them to identify which roles have the customers had in CFG and what are roles ABB should aim for. From Kuusisto and Päällysaho's roles, the people from ABB recognised their CFG customers having co-creator or co-performer roles. It was stated that ABB should offer their customers the co-performer roles since the co-designer role is achieved mainly with their OEM (original equipment manufacturer) customers. From a strategic point of view, it was agreed upon, that ABB should target to the active customers and also beware not push active customers to a form filler role. At that time, it was under consideration that ABB should perhaps categorize their customers based on their activity and whether or not they are participating to a meeting with developing existing products or to a meeting in which they are supposed to generate new solutions. ABB decided that CFG can be used to get a confirmation for their ideas, however the information gotten from the customers is too narrow for the conclusions to be validated.

Quite often, the customers said during opening conversation, that they did not have any particular expectations towards the CFG. However, when the customers were asked for feedback about the session, 100% of them told that it was pleasant and meaningful. In fact, all the feedback gotten from eight CFGs, was nothing but positive. With leaving a positive image about the participation, customers are more engaged in the process and more willing to participate future Customer Focus Groups. The customers got the feeling that they were able to tell their opinions straight-forward in a relaxed atmosphere. The feedback also indicated that the customers were content that the session was not a sales event, but they could express their willingness for closer cooperation.

Customers have enjoyed getting their voice heard in the CFGs, but the biggest problem comes with timing of the actual event. In ABB Finland, the meeting was almost always held on last Friday of each month. However, this seemed to begin being a problem for most of the customers. Even though the customers might have been interested in participating the event, they did not have the time to do that. Maybe ABB was too set in its ways of having a particular time window for the sessions. Though there were also a few customers who indicated that they were interested in participating, but never had the time, even though they were

contacted for multiple times. This is the reason ABB decided to put more emphasis on time management; for instance, there is no use in having a CFG too close to the holiday season. They also needed to keep in mind about the geographical differences if they went outside Helsinki region since in Finland school holidays are held in zones. ABB has to become more flexible about the timing (does it have to be even Friday) and more willing to go where the customers are instead staying in Helsinki region. ABB held one very successful CFG in Lappeenranta, Eastern Finland in April, so they already have some experiences in going outside Helsinki.

CFGs require one person's full attention. Meaning that all the organising attached to CFGs is time-consuming, and especially the last two weeks prior to the sessions are critical. This meant that the Global Service Product Management –team needed to have a trainee focusing on organising and developing the CFGs. When the researcher's observation period ended in August, ABB had hired a new trainee to take over the project.

On top of needing one person's full attention, ABB also required more emphasis on marketing CFGs, both internally and externally. The internal publicity is supposed be achieved through public documents about the events (i.e. summary) and about having more fuss about CFGs. By the time the observation period ended, Global Service Product Management –team had plans for making an article about CFG to Drives Service newsletter (unit newsletter) and creating more visibility to CFG on monthly Drives Service meetings and writing about it on their social media platform Yammer. The Customer Focus Group idea was also sent to be nominated for ground-breaking innovation award of ABB's internal competition. A general overview of the purpose, results and benefits of CFG was made in order to be presented to people within the organisation.

After having multiple Customer Focus Group sessions, various things came to surface when thinking about things to be taken into consideration in the future. These obstacles were divided into three different categories: customer-related, internal and communication and interaction. These findings are presented in table 4 below.

Table 3. Things to be taken into consideration in the future

Customers	Internal	Communication and interaction
Finding customers	Preparation	Not all the ideas are brought forward
Ready to have a customer as a co-creator?	Interview vs. conversation	More systematic approach to the findings
How much do we want to tell the customers?	Experts present	
Understanding customer needs		

The first problem is finding the customers. After having multiple events, it became harder to find target customers for the events. ABB has a customer contact list, where one can find all the prospects to invite to the sessions. Every contact is marked on the list with the date when the contact occurred and the name of the one who was in touch with the customers. After various events, the problem was, that even though the contact list included more than 100 customers, it was not easy to find new customers from the list (i.e. customers who have not been contacted yet). This raised a serious issue for the future of CFGs, about where to find new customers and how to attract them. The second question was ABB's readiness to have a customer as a co-creator. As stated before, ABB has usually had customers as a co-creator only when it comes to OEMs. They have had some cooperation with their customers, but that has happened mainly in the end phase of the development process in the form of piloting and testing the new products.

The third question concerns the issue of how much is the ABB willing to tell the customers about the existing/idea of new service product? The Global Service Product Management – team needs to determine the exact amount of information that is required to understand the product. These include for example features and technical information. Fourth problem is about understanding customer needs. ABB needs to be precise in refining the information gotten from the customers, when thinking about innovations and possible new features for the existing products.

The next issue is about the preparations for Customer Focus Groups. Often when having small group sessions inside CFG, the questions are made beforehand. The problem has been that the questions are too broad and not easy to focus, resulting in difficulties in the discussion and not getting answers to the questions. When preparing for the CFG, the organisers need to make sure that the questions are clear and easy to understand. There has to be concrete things to comment, for example through cases or demos. It might also be a good idea to rehearse with the questions prior to the meeting, in order to get a full understanding of what it is that the owner of the session is after when asking the questions. The sixth problem is also related to the questions in the way of making sure that the discussion stays conversational and does not become an interview. The facilitator has the biggest role in making sure that there is enough interaction between ABB and the customer participants but that the customers are still the ones doing most of the talking. Sometimes the customers might want to raise an issue that is connected to some other service product than the one in question, which is why it is good to have other experts at hand, participating to the CFG, so that the opportunity can be exploited.

One of the biggest issues of CFG is about communicating the findings and drawing new ideas and innovations from the meetings. Not all the ideas were brought forward, and that is all about communication problems. After the meeting, the assistant writes the general memo and the summary of the event, after which the ball is thrown to the owner of the event, i.e. the service product manager of which service product was in question in the session. The service product manager should now pick the improvements for the service product and also identify some other new ideas regarding other products under the expertise. That, however has not happened. This issue needed to be tackled by creating an action point register (APR) at the end of the summary stating what are the things to be done next. ABB also needed to have a more systematic approach to the findings, since they were often buried underneath the pile of other concerning things instead of being recorded correctly, for example by putting them on the wall in Service Labs.

In the "What's next" –meeting the key people of CFG were asked to find solutions to these problems by answering six questions:

1. *How to standardize CFGs?*

2. *How should the responsibility be divided nationally?*

3. *How should the responsibility be divided internationally?*

4. *What to do with our customers who have participated CFGs?*

5. *How to attract new customers and contact them?*

6. *How to widen the knowledge about CFG inside ABB (both ABB Finland and ABB Ltd)?*

The standardization of Customer Focus Groups is done by creating a concept around it. That way the idea of CFG is internally understood even when people change. Concepting also helps with the next step of globalizing CFGs, since then ABB can be sure that Customer Focus Groups are executed, in the same way, inside the whole organisation. The concept creation enables better distribution of roles and responsibilities. It will be clearly marked what is included in the role of the subject expert, facilitator and assistant as well as what is expected from the customers from the ABB's side. That also means thinking about having a facilitator inside the organisation rather than using someone from the outside. The concept is presented on a PowerPoint slide-set with model templates on questions, invitations and feedback as well as detailed instructions on how to execute CFG in the local ABB unit.

The Customer Focus Group sessions need to be opened to a variety of people instead of only including people from Global Service Product Management –team and R&D and Design – teams, since the information is valuable for the whole organisation. However, if including personnel from the Sales department, it is crucial that they are reminded that CFGs are not a sales event. One idea is to have a Customer Focus Group about CFG, including both customers who have participated to CFG before and newcomers. That way, CFG can be developed in a customer-driven way. There is also the possibility to make variations to the concept based on is the CFG about an existing product or is about creating a new one. This brings forward the idea of strategically chosen customers.

The Global Service Product Management –team needs to link CFGs tighter to Service Lab for idea handling. With that, the visibility of CFG gets better and Global team can start to market the concept to local business units. Main thing is to highlight the benefits for local ABB. The Global team's role is to sell and propose CFGs to local business units, who will do the

implementation. Best way to execute the export is to have a driver person for local ABB, who would organise and prepare everything on set. In order to get a global point of view, it is an opportunity to use country-hopping method in countries that share the same native language, for instance having a CFG in Germany, but the facilitator coming from Switzerland.

In order to give the former customer participants the influence that their input was valuable and meaningful, ABB needs acknowledge them after the session. The participants are assigned a summary of the outcomes of the event they participated, but in the end that is not enough. If ABB wants to alleviate the difficulty of finding customers to CFGs due to timing issues, they need to be communicating with the customers later on as well. This can be done, for instance, by sending an email to all the previous customers that include to next six months' events, with a registration attached. That way, ABB follows the customer intimate approach by making the involvement easy and effortless. The registration could be done via internet-based program stating the maximum participants for each session. The customers could explore the different themes for the events and choose whichever ones they are most interested to participate. In the future, ABB could create a "club" or forum for the former participants, where they could go and check the upcoming sessions, follow the development process of the service product and get a deeper insight into them. Even without a club, the customers could be sent a newsletter or leaflet with information about new service product launches (which have been developed with the customers) and also closer looks in which stage are some service products after the CFG.

The biggest issue comes with the acquisition of new customers since it is quite difficult to hold Customer Focus Groups if there are no customers. With the help of creating a concept around the CFG, it is easier to tell new customers what the Customer Focus Group is all about and market it, for instance, on fairs with live presentations. The Global Service Product Management –team needs to have a closer cooperation with the Sales team in order to reach a bigger variety of customers. Sales team can also be utilised when targeting customers from individual business areas. With having a general overview of CFG for internal use, it might be a good idea to create one for external use as well. That way other departments can market Customer Focus Groups, for example, when visiting customers. Despite all these obstacles

Customer Focus Group needs to exceed, ABB has gotten vial benefits with using focus group –method as a tool for involving customers.

ABB's experience from using focus group as a tool of involving customers has been mainly positive with excellent outcomes. As a result of Customer Focus Group ABB has gotten information about their customers' current and latent needs, multiple new service ideas and various ideas and comments for further enhancing current services. CFG activity has also provided some concrete results, for instance, the decision to put one of their service product ideas on hold. One of the most explicit and visible results was the total renewal of service product marketing material. These are a great example of how many changes and ideas can be gotten just by listening to one's customers.

Besides getting good results from Customer Focus Groups, the activity has also brought many benefits for ABB. The company has learned valuable and new information about their customers; ABB has gotten a better insight on customers' needs and wishes; they have come up with new service product ideas, with a possible big revenue; the organization has gotten confirmation – though narrow – to their ideas and tightened their relationships with the customers. These benefits point out that involving customers in the development process already early on, brings multiple and comprehensive benefits to the company as well as engages its customer to the organisation.

4. CONCLUSIONS

Research has shown that despite the criticism towards customer involvement, almost all arguments have been revoked. Nowadays, the issue of customer involvement is to get companies acknowledge the several benefits that lay in the involvement. In order to manage customer involvement, organisations need to bring attention to four points that can be raised from this thesis. First of all, they need to decide **when to involve customers in the development process.** As Alam (2002) has stated, the involvement is more intense at the beginning and final stages of the development process. Organisations need to decide whether or not they want to involve their customer in the early stages (and thus customers having a bit more say in the development) or final stages, where the service product is almost, if not yet, complete.

The second issue is **what is the role of the customer.** This thesis will not specify the customer roles by importance. Instead, the researcher joins with previous findings, that customers may have multiple roles during the development process. Even though customers can have various roles in the development process, it is important to identify the role of the customer in which it is participating. The companies also require to decide the way how the customer information is gathered, meaning that is the customer's role an active or a passive one? As the previous research and this study also state, there is a difference when developing existing products or creating new ones, when it comes to the role of the customer. This means that customers may represent different roles regarding the service that is being developed or created. However, the study shows, that even without identifying one's customers' role in the development process, a company can acquire multiple benefits and tighten its relationships to customers. If identifying the strategic positions of the customers, it is reasonable to argue, that the benefits may have a larger scale and bigger influence on the company.

The third issue is about **how to gather information from the customers and deploy it.** The important thing is to use information directly and utilise the knowledge in NSD process. The information should be used in an instrumental way, in which the use of information is direct and acts as a foundation for decisions. As ABB's experiences show, customers enjoy the

opportunity to have their voice heard, and customers are interested in being involved in the process.

The fourth and final issue is **how to engage the customers in the development process**. By giving importance and acknowledging one's customers, the engagement in the process can rise to a whole new level. Companies can acquire a deeper understanding and joint interpretation of needs, attitudes and behaviours by asking the customer to interpret the situation or information. Also by asking why the idea is important to the customer helps them access their latent needs. (Matthing et al., 2004) In ABB's case, the biggest engagement in the process early on, comes from the natural curiosity of customers. In the case of a large-scale company inviting customers to idea generation meeting, customers are intrigued by finding out what the meeting is all about. This means that organisations need to think outside the box, when involving customers to the development process. In order to get the customer engaged in the process, they need more responsibility and stimulus, rather than being used in a passive form filler role.

Moreover, even though the involvement is more intense in the earlier and final phases of the process, the customer needs to be involved in the whole process. By seeing all the steps and how the information gotten from customers is utilised, the researcher thinks, that the customers will be pleased and more engaged in the service product. The most important thing to raise from the empirical study is that ABB did not face any adverse outcomes from the involvement. However, it is important to notify that these results are bound to a large-scale B-2-B service innovations and may not be generalised. The issue of customer involvement creating extra cost is tackled with customers helping to create new service product ideas with a possible significant revenue. Often the customers are also interested in buying the product they have invested on.

Topic for further research based on this study will be to investigate the relationship between customer participation and new service success, in order to find out if customer involvement has positive outcomes in the long run. Also, there is a need to investigate customer engagement and co-creation with business partners.

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