LUT School of Business and Management
International Business
Bachelor's Thesis

Social media as part of service design

7.1.2018
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TIIVISTELMÄ

Tämän kanditutkielman tarkoituksena on tutkia sosiaalista mediaa osana palvelumuotoilua. Tutkielma pyrkii antamaan yleisen käsityksen palvelumuotoilusta sekä selvittämään mikä on sosiaalisen median rooli palveluiden kehittämisessä. Näin ollen tutkitaan kuinka sosiaalisesta mediasta saatua informaatiota voidaan hyödyntää palveluiden suunnittelussa. Tutkimus toteutetaan laadullisena tutkimuksena, jossa on mukana kaksi saman alan yritystä.

Palvelumuotoilua tutkiessa käydään läpi palveluiden erikoispiirteitä, joista siirrytään palvelumuotoilun käsitteeseen. Palvelumuotoilu on tapa suunnitella palveluita asiakkaiden kanssa. Täten asiakas on osana arvonluontia. Palvelumuotoiluprosessi on jatkuva prosessi, jota tulee päivittää säännöllisesti. Sosiaalinen media on osana jokaista palvelumuotoiluprosessin vaihetta, mutta keskiöön nousee sosiaalinen media ideointialustana.

Tulokset kertovat, että data tulee kerätä paljon, koska päätösten tueksi tarvitaan laaja otos. Tätä dataa voidaan kerätä myös yrityksen oman sosiaalisen median kanavien ulkopuolelta ja se tulee yhdistää jo olemassa olevaan tietoon kuten markkinatilanteeseen. Prosessi ei ole vain yhden henkilön tehtävä. Palvelumuotoiluun osallistuu useita henkilökunnan jäseniä eri osaamisaloilta.

ABSTARCT

Social media has millions of users and every click or like tells little bit of their needs, hopes and desires. This information is customer knowledge and that can be used to create better services for the customers. How service design can benefit from the world's largest databank alias social media? The objective of this bachelor's thesis is to examine social media as part of service design. The thesis pursues to find social media's role in service design. Hence thesis investigates how social media can be utilized in developing services. The research is conducted as a qualitative research, which includes two companies from the same field of business.

As examining service design, the thesis goes through what are services before moving on to the service design. Service design is a way to design services with the customer. This way customer is a part of value creation. Service design process is ongoing cycle and it needs to be updated regularly. Social media is a part of every phase of service design process, but in the center is social media as ideation platform.

The results show that a lot of data should be collected, because a wide take is needed to support decisions. This data can be also gathered from outside of the company's social media channels. It should be combined with already existing knowledge for example market situation. This process is not a one-man job. Lot of employees from different field of business are taking part in service design.

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1.INTRODUCTION

The tables have turned from company to customer. There is no service without a customer. Companies used to search people to consume their services, now they are looking for consumers to help produce the value (Berthon, Pitt, Plangger, Shapiro 2012). Companies have to understand their customers' true motives, which values guide their choices, what needs and expectations they have. This is customer knowledge and it can help create new service concepts and design services that will distinguish themselves from others. (Tuulaniemi 2011, 71-72) Companies try to create competitive advantage with user-orientation. That is seen as a new source of value creation and as a possibility to produce more with the customer. (Lehto 2011) How companies can use customers as source of information?

Social media has risen into the most popular application type. There are 2.46 billion users worldwide and by 2021 there will be 3.02 billion users (Statista 2017). The potential of this platform hasn't been taken full advantage of. Social media is often referred as user-generated content (Berthon et al. 2012), but it's so much more. It can be used for different purposes such as communication channel, marketing channel and collecting customer data, on their behavior, needs and interests. As it comes to the business value of social media it can be utilized in creating new services or developing new ones. That is what service design is all about. Service business has become the largest business area in Finland. Over two-thirds of GDP is from service business. (Elinkeinoelämän keskusliitto 2017) To continuously improve and create competitive advantage, service businesses have to increase and develop to match customer preferences.

Social media is everyday function for most of consumers and companies should take advantage of it. Social media is providing an enormous platform. It can be used as a marketing channel, way of connecting the customers and information channel etc. In recent years it has brought radical changes to the business world. Social media and service design are changing present marketing culture, which makes it interesting. In today's market companies need to acquire customer knowledge to sell their products

and stand out from the competition. To acquire data needs continues updating and following. Social media provides a free platform for collecting data and it's open for all. This brings us to the object of this study. The purpose of this thesis is to investigate the possibilities of social media to help developing services. The focus is on how to convert existing knowledge to useful for the company.

1.1 Background

Services have been researched from the 1980s. At the time research focus was in different forms of service and it's characteristics. Coming into 1990s service sector grew significantly and services were started to see as holistic. Researchers have become to the conclusion that services can't be designed completely ready or can't be determined in detail. (Tuulaniemi 2011, 61) The use of customers in developing services became some time after it had been used in product development. (Annanperä & Markkula 2010, 414) Service design reached its current state at the beginning of the 1990s but it's still evolving and it pursues to create clearer science form. (Mager 2009)

The amount of smartphones has boomed and in 2014 the cheapest smartphone had more efficient data processor than in 90's computer. Smartphones are used constantly and the demand for services has shifted from company websites to apps. (Filenius 2015, 18-19) These apps are social media apps. To understand customer needs companies have to be where the customers are. Social media encase a massive amount of information about customers' desires and expectations.

Social media is used increasingly and it functions as communications and customer relationship channel for companies. It is among today's key challenges and opportunities that organizations encounter. It is a part of every stage of the customer lifecycle. Social media can be used between customers but also in company's internal communication. Companies use social media for brand visibility, share customer experiences and encourage customers to visit company's other social media channels. (Annanperä & Markkula 2010, 414)

1.2 Research problem, objectives and limitations

The objective of this study is to examine the use of social media in service design. The topic hasn't been researched so this study's goal is to provide more knowledge on the subject. To establish the research problem it is necessary to create a research question. This thesis' main research problem is:

·   How is social media used as part of service design?

In order to explore the main research question, it has been divided into three sub problems. The purpose of these sub-questions' was to achieve the first question. The central point is to elaborate the main issue. The sub-questions were:

·   What is service design?

·   What kind of data is on social media?

·   How to use the information from social media to develop services?

By answering to these sub-questions can be found an answer to the main research issue. The research problem is a starting point for this study. It will point out the way, where to follow.

Social media is connected with service design process but social media's assembly with production is left outside to make sure that thesis doesn't escalate too much. Service design process also involves launching and marketing and from that standpoint can be written its own thesis. This research is also limited to Finnish welfare services, which are focused on sport business. As from the field of business can be concluded both companies operate in service sector. The study is conducted from a company perspective and focuses on business-to-customers. The results of the empirical part are made by comparing two separate companies. Both companies are from Helsinki metropolitan area, which will make it a slightly different than it would be when comparing companies from other countries or outside of the metropolitan area. Also, the industry makes it diverse, because the start product is unlike. But the main points of service design process are same for different service types. This is why welfare and sports are only used in empirical part of this study. But to keep in the same field of business the examples are sport related. When using word data, it is referred in this thesis to data collected from social media.

1.3 Literature review and central concepts

Service design been researched from the 1990s. It doesn't have a specific definition. The basics of service design are introduced by Stefan Moritz (2005). Who is considered to be the father of service design. Stickdorn's research is used to define service design characteristics. Tuulaniemi and Miettinen are Finnish service designers. Their work has gotten influence from Moritz and they have taken the theory step forward. With these references are used articles mainly found from Lut Finna.

Social media is seen as information data bank. The literature around it, is used to answer how can companies use social media to find information. This thesis combines marketing knowledge about social media and analyzing metrics. Berton et. al. (2012) argues that customers are nowadays consumers and producers of the information which will make them a key factor in service design. The service design process is relatively new, and it is portrayed through an existing material in this thesis.

The theory is gathered from literature and old case studies but there weren't any studies on the same exact subject. This means that phenomenon is relatively new. Service design came in 1990's and social media's rapid growth has started from 2010. Less than in 15 years social media has become one of the most powerful platforms but there is a limited amount of research on service design and social media's data hasn't been researched in the context of service design. This is why consultative literature has gotten attention.

Service design is designing the whole service experience from start to finish. It starts with understanding customer needs, dreams and hopes (Hämäläinen et al. 2011, 61). In thesis service design utilizes social media, which means communication channels in the Web, which are meant for communication between users. (Kaplan & Haenlein 2010). Social media is outcome of Web 2.0. It refers to World Wide Web websites that underline user-generated content for end users. It is a phenomenon, which emphasizes the Web as a platform and exploits its strenghts. (Berthon et. al 2012) To acquire information from social media customer engagement is needed. Customer

engagement is communication between customer and organzation through various channels.

1.4 Theoretical framework

This study's theoretical framework starts with services and service design. After this it proceeds to service design process. Service design process is an ongoing cycle. It never stops. It keeps on going. The service is never entirely ready and there is always room for improvement. In this study service design uses social media to collect information about customers. This brings us to the fact that social media is useful in developing services.

The framework is demonstrated in Figure 1. All of the phases are introduced, In this thesis, social media is used as a fountain of information. In the theoretical part service design is widely defined. Tuulaniemi (2011, 132) divides the service design process into five phases: defying, research, planning, production and valuation. In the theoretical framework, this study discusses with service design process. After exploring service design this study proceeds to social media and its indicators.

There has been a plenty of separate talk about service design and social media separate from each other, but not together. There isn't a research on the subject. Social media is one of the largest databases and the potential of it is still behind the horizon.
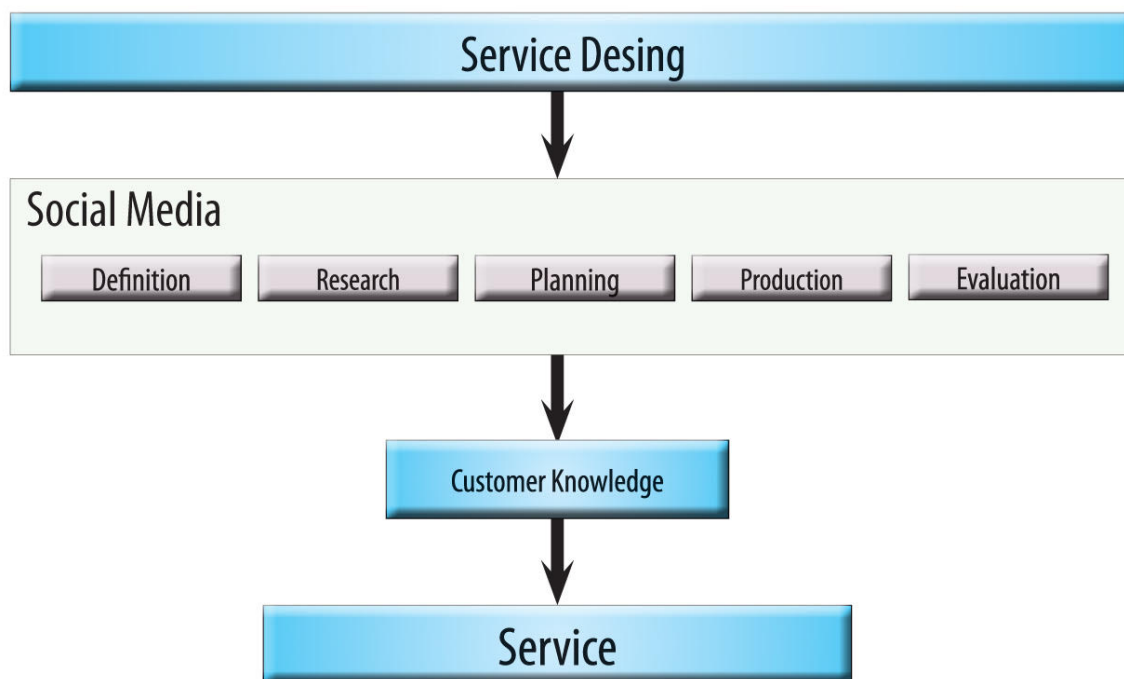
Figure 1. Theoretical framework

1.5 Research methodology

The empirical part of this study is conducted by qualitative research. Compared to quantitative research instead requiring a large take the purpose is to describe the phenomenon verbally (Alasuutari 2011, 31-39). The aim of qualitative research is to find or reveal the facts (Hirsjärvi, Remes & Sajavaara 2008, 156-157). Qualitative research is analyzing data as an ensemble. Argumentation can't be based on a single observation. Qualitative research consists of two phases, plain observation and solving a riddle. Due to this, it is important to analyze from one perspective. (Alasuutari 2011, 38-39) The most common research methods are interview, inquiry, observation and knowledge based on various documents. They can be used alternatively, side-by-side or assembly according to the resources. (Tuomi & Sarajärvi 2009, 71)

In this thesis the method of qualitative research is an interview. The advantage of it is flexibility. The interviewer has a chance to correct misunderstandings, clarify questions and opportunity to have an authentic conversation with the interviewee (Tuomi & Sarajärvi 2009, 73). Interviews are executed as semi-structured, where the chosen experts of the field answered with their own words. A semi-structured interview follows

certain themes and fixed questions give a chance to specify (Tuomi & Sarajärvi 2009, 75). The interviews took place in November 2017. The interviewed companies are both in the welfare business and located in the same area.

1.6 Structure of the study

This thesis consists of three main chapters in addition to introduction and conclusions. First is introduced the theme of this study and background of the phenomenon. After that introduction chapter continues to present research questions and the used method. To round up the first chapter is literature review and structure of the study. The second chapter handles service design, starting from services, defining service design and explaining service design process. The third chapter moves on to social media. First is introduced what kind of data is available, how it can be gathered and how to analyze it. Then the chapter continues to combine service design and social media.

After the theoretical part of the study, the thesis continues to the empirical part. That is the fourth chapter. The chapter aims to open the interviews and present results. The last chapter of this thesis gathers conclusions made based on this thesis. After conclusions are the list of references after which can be found the appendix.

2. SERVICE DESIGN

This chapter aims to define service design and the process of it. To explore service design, it is needed to designate what is even service. After exploring what is service design, it is essential to excavate deeper into service design. Afterwards this chapter continues to elaborate important parts of service design like touchpoints and customer knowledge. All of this is followed by service design process review.

2.1 What is service design?

Business and marketing are based on trade. Successful product in the market is the key factor for company's existence. A product can be a good or a service. (Puusa, Reijonen, Juuti, Laukkanen 2012, 102) Service is created in an interaction between a service provider and the customer (Tuulaniemi 2011, 67). It is a process, which consists of intangible functions (Puusa et al. 2012, 129). Service is a final result, which is offered for consumers. Service can be divided into three levels: core, additional and augmented service. Core service is a response to customers' essential demand. For example gym's core service is to exercise, which satisfies the need to burn calories. But because other gyms offer the same core service, company needs to make its gym to stand out from others. For company to separate itself from others it needs additional service. Additional services are brand, quality and design etc. they make the service substantial. They separate the company from others. Augmented services are for example customer service after the purchase. (Puusa et. al. 2012, 103)

According to Parry, Newnes & Huang (2011) services have four features: intangible, heterogeneous, inseparable and perishable. These features can be also referred as "IHIP" characteristics and they make service different than goods. (Parry et. al 2011) Services are intangible thus patents can't protect them like they protect items. Even though they are intangible, physical products are still a part of service (Grönroos 2000, 81-82). Spinning classes can't be guided without spinning bikes.

Service is heterogeneous because it happens in an interaction between employees and a customer. There are several influence factors to service quality and interaction. Customers have different desires, culture, regions and social characteristics, which influence the service. Thus they are unique every time. Services are produced and consumed at the same time thus they are inseparable. (Parry et al. 2011) One of the characteristics of services is that they are used not owned. Services don't leave trace or value behind, which makes it perishability. Services can't be restored, saved, sold forward or returned. If it isn't used in the certain moment and place it loses its benefit. (Grönroos 2000, 83-84) For example if there are empty spots in a dance class, the spots can't be saved for a busier day.

Service design can affect all of service layers but mainly it affects to additional and augmented services. By understanding that services are experiences services can be designed to be variable for each customer. Service design brings customers along with the design process of the service. Customers are the other half of the co-production. They are resources that can create an added value. (Cameron, Gill, White 2011, 153) Service design combines different science fields, tools and methods. It is combining old methods in an unused way. (Tuulaniemi 2011, 12) Service design has accomplished a new style of designing services.

There isn't one true definition of service design, which might create challenges to understand service design. This can be a cause of that service design combines different branch of businesses and its impact is worldwide. While this might sound confusing that it can be seen as strength. A too restrictive definition might limit the development of service design. (Stickdorn 2011, 29) Service design will help organizations to detect strategic possibilities, innovate new services and develop already existing services. (Tuulaniemi 2011, 24) Service design offers a holistic framework to plan services. Typically it is a visual and creative orientation, which outlines new innovative solutions rather than considering things as given (Mager & Sung 2011).

Service design is designing the whole service experience from start to finish. It starts with understanding customer needs, dreams and hopes (Hämäläinen et al. 2011, 61). Service design is customer knowledge, organization & market, developing ideas and

translating them into solutions. It is an ongoing lifecycle of services and continuous evolution. It evolves every day, which makes it contemporary. It helps to discover opportunities, creates ideas and solves problems. Service design can contribute additional value and help stand out from competitors (Moritz 2005, 38-40). While planning services it is important to understand the value of the service and stakeholders position (Stickdorn & Schneider 2011, 51).

The goal is to design a service, which is practical, useful, and attempting for the customer, but at the same time it's usable, efficient and unique service for the provider. Services are designed with the end user, the customer. From customers can be asked with directly or use non-direct methods about user experience (Moritz 2005, 49) Customers' interests are a priority. Value of the service is created in the actual moment. When customer is placed in the center of the organization it creates a dialogue, which can be used to receive information. (Cameron et al. 2011) Customer feedback can be used for developing existing services or customer ideas can be converted into new innovation. (Moritz 2005, 49)

Service design gives knowledge of market demands by taking customers along into designing process. The customer can't be certain of the value or satisfaction of the service before the consumption. Thus customers have to have faith in brand promises. In services customers can usually evaluate the service value immediately after consuming it. (Moritz 2005, 58) Service is co-created (Stickdorn 2011) so the situation can be used to collect information on the spot.

According to Palmu (2017) there are three goals in service design: better business, popular services and customer-oriented culture. These highlight customer experience as a competitive advantage. Satisfied customer purchases more and is more likely to recommend the service to others.

Service design assists to use resources by allocating them to processes that require them the most. Customers benefit from shorter waiting time and a better service experience and it gives a higher value. For example self-cashiers speeds up the paying process, but it also abbreviates waiting lines and workforce can be decreased. Those things lead to higher effectiveness by saving in development costs, shortens the time

for developing and marketability. (Moritz 2005, 58, 61) It also has an effect on organizational culture. To provide successful services the organization's employees have to work together. Service design enables employees from different department to develop the service. This way possible problems can be detected. (Moritz 2005, 59)

Service design assures that newly designed services will take into consideration customer needs, market, economic and ecological factors. Service design continues after the service delivery. It will help adapt to market changes and support future success. (Moritz 2005, 59) Service design tries to find mistakes as quickly as possible so that those can be turned into positive factors (Stickdorn, 2011, 130).

Developing services is either creating a totally new or improving existing service. By understanding customer needs can be created new services (Moritz 2005, 59). This can give an edge over competitors. Creating an entirely new service is when there isn't planned service in the market or service provider doesn't have it in their selection but often developing services is about existing service. They can be improved by increasing the quality and value to the customer. Because of service characteristics, the planning and developing them is complicated. (Grönroos 2000) For example usually services can't be planned advanced because the service is produced in interaction, which makes it changeable by customer needs and hopes. That is why it can be said that designing a service is never completely finished. As was stated before service design combines the needs of the company and customers. To do so service design needs information to constantly develop these services. Information that are acquired are customer knowledge and touchpoints.

2.2.1 Customer knowledge

Customer knowledge is knowing your customers. Customers are forced to see as more than a just number. It is understanding what customer needs, wants, hates or loves. Nowadays companies can't sell with out any customer knowledge. It is crucial element to develop services (You, Xia, Liu & Liu 2012). Customer knowledge is rapidly changing therefore it goes out of date quickly (Rollins, Bellenger, Johnston 2012). It needs constant monitoring and updating. Customer knowledge can be gathered with qualitative and quantitative methods (Tuulaniemi 2011, 136). Many methods to

assemble customer knowledge are familiar from other fields of business and are utilized in service design as well (Moritz 2005, 147). Different ways to acquire customer knowledge are interviews, observation, tailing and target group involvement. In connection with service design is used design ethnography, which is data acquisition method suited for design. It targets user information at the beginning of service design process. (Miettinen 2011) In this paper social media is used as a method to inquire customer knowledge. It is a way to collect data quickly.

2.2.2 Touchpoints

Every time when a person interacts with the company they have a service encounter. Those encounters are touchpoints. They are points that connect customers and service provider. Those points do add something to the relationship between the customer and the company. Touchpoints are aspects of the service design, which will help to implement innovations. (Clatworthy 2011)

Saffer (2007, 176) divides touchpoints into four: environment, objects, processes and people. For example in welfare services by people is meant instructors, objects are the weights, environment is and processes are gym rules. People are producers and consumers of the service. Also other customers are seen as touchpoints. Other customers' experiences influence to other customers' decisions. Producers are the employees especially customer service personnel. (Koivisto 2011, 53) The producers pursue to anticipate and guide customer moves by designing service path and touchpoints (Tuulaniemi 2011, 81-82). Objects are items that customer is using or needs taking part in the services. (Koivisto 2011, 54) Processes are operating models and manners. These manners can shape into permanent. (Tuulaniemi 2011, 81-82)

Environments can be physical or digital places. The environment is described as places of interaction with the brand. Some of them are points, which happen before the actual service. Those points are critical to getting customers to consider the service. (Koivisto 2011, 53) It is the first impression. It can lead to declining the service. The company can define these touchpoints, but they can't have an influence on all. Some of them might be changeable and mean different things to others. Companies

can predict these touchpoints and try to influence them. (Tuulaniemi 2011, 83) Social media is classified as an environment touchpoints. In social media customers have customer experiences before and after the service.

Touchpoints are part of the design and they also need constant updating (Koivisto 2011). Customer satisfaction is important in all touchpoints. Satisfied customers are more likely to purchase more and return. Feedback is gathered from all touchpoints and used constantly to improve the service. It is crucial to recognize the problem and solve it. Being able to give opinions and see them develop into ideas make customers feel connected to the company. (Moritz 2005, 61) Because touchpoints are the connection between customer and service provider they are crucial in creating a customer experience.

2.3 Service design process

Service design process is iterative ergo; it proceeds in small steps and requires several replays. It is an ongoing life cycle, but in real life process phases don't happen one by one. Phases can happen simultaneously and steps can be taken backwards. For example planning is constant. (Miettinen 2011,34) To understand the process, the phases are described in a directional framework. There are several ways to divide the process into stages. Alam (2002) divides service development into ten stages. He highlights that three stages are more important than others. These three phases are idea generation, service system design and service pilot run. Moritz (2005,123) separates phases to six phases: understand, ponder, develop, sieve, explain and execute. According to Miettinen (2011, 37) the process consists of four phases, which are customer knowledge, service concept, pilot run and launching and last maintenance. Tuulaniemi (2011,128) gathers these into five main phases: definition, research, planning, production & evaluation. These five stages include sub-phases where he includes Alam's ten stages. The phases what have been chosen to this thesis are seen in figure 2. The process needs to be designed for each project separately. Developing services is usually done by touchpoints. The whole service is divided into smaller sections so that development would be more detailed. (Arantola & Simonen 2009, 4-5)
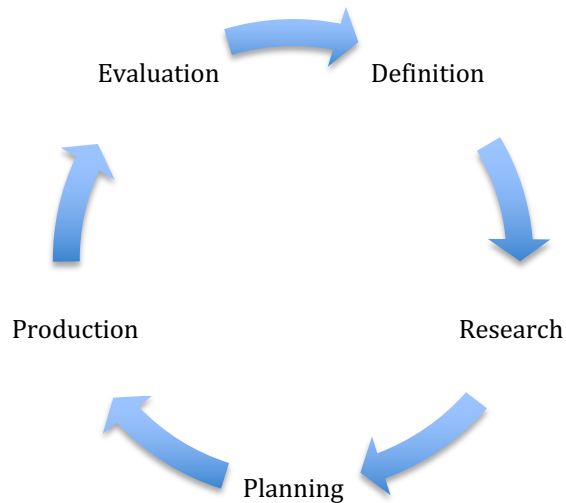
Figure 2 (adapting Tuulaniemi 2011, 128)

2.3.1 Definition

This phase starts with a proposed plan to develop service. While considering creating new or develop old, company objectives and mission should be checked that is creating on the same line as them. (Alam 2002) Phase one definition includes describing company needs, goals and budget. It is crucial to define resources so that impossible ideas can be declined quickly. Pre-research uses initial data such as market situation, organizational values, future plans, benchmarking and legislation. (Tuulaniemi 2011, 132)

2.3.2 Research

Research begins with understanding. Even though the aim of the second phase is to gather information about customers' needs, the purpose is to investigate service provider's business goals and strategy. (Moritz 2005, 125) Phase two, research, is client knowledge and strategic planning. It includes growing comprehension of customers' values, motives and goals. Strategic planning is defining organizational goals. This phase is about gathering information and analyzing it. It is common that end-users participate especially in this phase. (Tuulaniemi 2011, 142)

Before customer oriented developing, companies have to gather information. Information can be collected from several sources (Arantola & Simonen 2009,7) Idea generation stage is searching for ideas. This concerns customer needs, choice of criteria, likes and competitive service ratings. In this stage company attempts to identify a possible gap in the market. (Alam 2002) This is also the phase were weak concepts are eliminated and requiring patents if necessary.

User data can be described as a silent knowledge. Research methods to gather user data can be divided into traditional, ethnographic and innovative. Traditional methods are questionnaires, market research and interview. These methods produce measurable and quantitative material. Ethnographic methods are observation. It is descriptive and interpretive. Innovative methods include gathering information through creative methods such as workshops. They are based on participation. (Hämäläinen et al. 2011, 63-64) Data isn't enough. It has to be classified hence the big picture can't be reconstructed from single observations. (Moritz 2005, 68)

2.3.3 Planning

Phase three is planning constructs of ideation and building a prototype. In this phase company develops alternative solutions and test the concept with the target group. Also identifying critical service phases belongs to the planning phase. A prototype will test does the service function, is it attractive to the customer and is it practical. (Tuulaniemi 2011, 182-183)

It is important to take rest of the personnel aboard. In this phase suitable ideas are developed further and are connected to different concepts. The aim is to make sure that these ideas are feasible. Service experience is designed including types of equipment and space that are necessary. (Moritz 2005, 133) To continue this is reviewed all of the previous stages and develop blueprints of them. Suggest improvements and combine customer wishes to company's demands. (Alam 2002)

2.3.4 Production

The fourth phase brings a pilot version to the market so that it can be polished according to the feedback. If service is ready for the market it is launched, which includes training the staff, documentation and specifying service indicators. (Tuulaniemi 2011, 232-233) This stage includes the pilot run. The pilot run is done in a real-life situation and feedback can be gathered. (Alam 2002) In order to get the best results it is essential to include different stakeholders to the pilot run Therefore can be created a holistic view of the service. Change management is needed when implementing a new service. The employees have to understand the concept to support it. This is easier when employees are incorporated into the service design process from the beginning. (Stickdorn 2011, 131-134) As was stated earlier service is never ready. This means that it can be developed and improved after the launch to the market.

2.3.5 Evaluation

The last phase is valuation. Evaluation is done after launching the service but also it is done in the background of the other phases. Service design process is ongoing and it never stops. Continuous improvement is in order all the time. Customers want more and service can be improved. Service design can be outsourced but phases one and five have to execute either way. (Tuulaniemi 2011, 245) This is a stage that Alam doesn't have.

3. SOCIAL MEDIA

Social media can be used in all of the phases. This thesis will concentrate social media as part of the research phase. As it was mentioned earlier social media can be used to find new ideas and improve existing services. There are different ways to be on social media. Participation can be active or passive. A company can follow users passively and observe or actively guide the conversation to wanted direction. (Berthon et al. 2012)

3.1 Why companies need social media?

Social media is an absolute must nowadays if organization desires to boost their activity, improve revenue or require new clients. Company can benefit from social media in their innovation process and creating customer knowledge. With social media can be get past the shallow information to deeper into customers thoughts. Kärkkäinen, Jussila and Janhonen (2010) called this a direct voice-of-customer. Customers are equal in social media. Everybody's opinion matters as much. Every company needs to pick a suitable channel(s). Facebook isn't a general solution to every problem. Thus companies can use several platforms from which company can choose. Visual communication trend is strong and people are more interested in pictures and short videos than text posts. (Kortesuo 2014, 31) This is why Instagram has gotten more attention.

Social media includes massive number of platforms. Use of several platforms is recommended, but they have to be chosen wisely. Every company needs to pick a suitable channel(s). Facebook isn't a general solution to every problem. Visual communication trend is strong and people are more interested in pictures and short videos. (Kortesuo 2014, 31) This is why Instagram has gotten more attention. When choosing a platform company has to take into consideration the target group. What kind of channels are they using? Usage of social media doesn't only mean producing content in company channels. It is also perception as in own channels, but also in competitions and trend topics. (Annanperä & Markkula 2010, 414) Social media should be utilized in company's functions. To get most information out of social media

Social media can be used to generate ideas. A user can create ideas or they can be asked to. To generate ideas company can create inquiries or competitions, but from those users might expect rewards. Rewards can be for example a coffee ticket to the cafeteria. Therefore companies have to get users to participate. Companies can engage people to spend more time on social media by games, questionnaires and prizes that can be won by contributing. (Annanperä & Markkula 2010, 414) The company can create a discussion of topics to receive information. The utilization of social media demands creativity and commitment in the long-term. Successful use of social media achieves cost savings and better customer knowledge.

Due to smartphones and the number of users of social media news travel fast, but customer anticipate more from companies. Companies need to be available 24/7 and post content regularly. Information can also be guided as well to certain direction, such as asking about colors of the locker room. This will lead to customer satisfaction and therefore have an effect on sales. (Wyrwoll 2014, 27) Social media can facilitate companies to accomplish three strategic goals: building brand awareness, increasing loyalty and boosting sales. Customer engagement reinforces customer value by taking customers to the value-adding process. With customer engagement company can create better customer experience. (Kim & Wang 2017)

Jönsson and Örnebring (2011) pondered if the increase of user opportunities to create content is making them producers. Berthon et al. (2012) also recognized that value creation has shifted from company to customers. User-generated content can strengthen customer loyalty and pound with the company with emotional connections. They see that user-generated content is becoming mandatory for all companies in the future.

3.2 Data in social media

Core data is the content. It can be text, pictures, videos, audio files or a mix of them. It is further information of the content for example the date of publication. (Wyrwoll 2014, 47) Social media is widely used, open to all and most of the users know how to use it. Customers tend to rely on information what they get from other users. Comments can't be controlled, but conversation can be guided to certain direction. Companies have to

prepare for comments that aren't pleasant. Social media is an easy and inexpensive channel to connect with customers. It is a channel between company and customer but also between other customers. (Annanperä & Markkula 2010, 415)

Social media is the world's most comprehensive database. Data can be used to create a marketing strategy, in decision-making and to create services. In order it to be useful it has to be used correctly. In social media there are likes, shares, hashtags and comments. Instantly it can be seen how many likes a post achieved. Comments can be read by opening the file. For example Facebook is providing data for companies, such as how many persons have the post reached. (Facebook 2017) That data can be combined with traditional customer data such as buying behavior. Google trends also provide data from search words to geographic areas. Also it shows connected terms.

Social media is for content sharing, but also it's for information gathering. Many social media platforms do have their own tags, which reforms content to same space and it can be analyzed. (Annanperä & Markkula 2010,416) Social media has created tags to help users to find information, recommend and discuss. On Instagram and Twitter they are hashtags. By following the hashtag user will find more similar photos or videos. (Antikainen, Bäck & Näkki 2008, 8) Companies can use hashtags to find out what else users have tagged into their photo, video or post.

Social media has been described as series of hardware and software innovations that help users' interaction, influence and content creation. It generates higher response rates and larger customer engagement than traditional marketing channels. It has changed the role of consumers to activate participates. (Kim & Wang 2017) There are three types of information: content, primary and secondary information. Content information is information evolving from the content. Primary information is directly connected to user-generated content. Secondary information already exists information. (Wyrwoll 2014, 73-74)

Customer engagement is important in social media. Customers should take part in producing information. Customer likes can be followed but company gets more information out of social media if customers participate in the conversation. For companies to increase customer engagement they can create polls, competitions. This

way technology has transformed a consumer into a source of talent. (Berthon et al. 2012)

Web 2.0 has created a dynamic environment to collect data. It provides a richer context for consumers than traditional media. It's easier to produce content and take part in the conversation. There are no time limits it's open 24/7 and in all time zones constantly. This has also provided a concept that anyone can help to create services around the world. Consumers are now creators and consumers of information. Web 2.0 has also let creative consumers flourish. (Berthon et al. 2012) Berthon et al. (2012) see that creative consumer has become involved with designing services.

There are positive and negative comments in social media. It is important to go through good and bad comments. Comprehensive CRM-system scours online chats and recognizes tones of the conversations. CRM-system is customer relationship management system, which is for controlling customer relationships. For example "product B is bad" the system will recognize it as a bad comment. The feedback can be pulled to graphics and showed as a trend: When are we talked about? Where are we talked about? What is talked about? People don't complain to customer service anymore, they express themselves in social media. (Kortesuo 2014, 248-250)

3.2.1 Social media indicators

Indicators are data and statistics, which show how you have succeeded in business. Customer satisfaction is the most followed indicator. Following only it isn't enough. It tells only a single result from a certain time. Customer satisfaction doesn't tell why it affects customer experience or reasons for it. There are more indicators for example likes, shares and clicks. (Lovlie, Downs, Reason 2008) Some of the indicators are universal, but there are characteristics for each platform. For example Facebook offers company pages and produces data for that company. It shows likes, accessibility and visit times. New likes indicate how many likes did you get in last seven days compared to the last timeline. Coverage tells how many persons have seen what is published. Commitment tells how many have clicked, liked, commented or shared your post. (Ideadigi 2017) Different indicators tell different things for example how many times videos have been watched, blogs have been read or amount of likes on a post can be

conclude clientele's needs. Then company can react by molding services. (Cutler & Sterne 2000)

Instead of expensive research, the most valuable information is available in social media for free. Eley & Tilley (2009) say that there are four steps to follow in social media: listening, association, participation and creation. Listening is the important part. Consumers might often mention the company or comment about a service. (Eley & Tilley 2009, 85-86) This is extremely important even though the company would even take part in the competition. This way company might get inside knowledge about target group.

3.3 How to gather data from social media?

Social media offers a vast amount of data. Next question is how to use it? With data becomes decisions, should it be used tactically or strategically. In service design the data is used for improvement or innovation. Data can be updated in real-time, near-time or batched. Analytics are optimized when gathered from several touchpoints. In this thesis social media is one of the touchpoints. (Miles 2014,141)

Miles (2014) proposes that decisions should be done based on numbers. Frisk and Bannister (2017) agree with the idea that data is creating a revolution in decisions making, but that requires a change in decision-making culture. This is a western world problem where usually the focus of decision-making is on the shoulder of the manager. Data can be diced into smaller parts to get the insight of customers' habits (Miles 2014). Analytics and data can be used to market predictions, customer segments, need and opportunity-focused analytics and customer value analytics. It's also argued that metrics can be separate from financial and non-financial metrics. In this thesis in question is non-financial metrics, but metrics that create value.

Different platforms give users the freedom to contribute a different kind of data. To get further insights the data needs to be gathered from several platforms and analyzed. Platforms can be categorized and then choose a number of representatives per category. (Wyrwoll 2014, 47) Consumers take part in contributing the data and most of the data is accessible. This leads to that customers might know more than the company. (Filenius 2015, 17-18) Human recommendations are extremely useful

information for other customers as well as for companies (Wyrwoll 2014, 53). What kinds of services are recommended and what characteristics are most appreciated? For example dance classes recommended in other platforms, which company doesn't have in their selection can be added. After gathering the data a modeling concept can be created by similarities and differences.

Not all companies have resources to gather data by themselves and analyze it. It takes time to control comments especially if the company has a lot of followers. Third party to the rescue. There are different companies who provide their services to others for example Google Analytics. With Google Analytics social media's impact on results can be measured as well as get actual updated information of how users use channels. Google Analytics follows likes, shares and which social media are users utilizing. It gathers data into one location, which makes it easier for a smaller company. (Google Analytics 2017)

3.4 Analyzing data

Usually enough deep information cannot be gathered by asking directly from users. Steve Jobs said that you couldn't ask customers what they want and then try to execute it. By that time the product hits the market people want already something else. (Tuulaniemi 2011, 73-74) That's why it is important to observe people's functions. Information can gathered from social media activities.

There are text-parsing algorithms and metrics, which recognizes what words are used the most. This information is used to determine needs and preferences. (Van Horn & Kemper 2015, 66) As in the first part of the theory, these are the key ingredients in service design. Trends can be detected and patterns be noticed in aggregated data. After collecting data it can be divided into categories. Choosing categories depends on the goal. You, Xia, Liu and Liu (2012) divide feedback to positive and negative feedback, which they resort to structured reviews and determinants of satisfaction.

How to sort out customer reviews from experts' ones becomes a challenge. Social media faces challenges as well. This comes around when more than one person is responsible for it. Challenges are lack of IT communication skills. In a survey (2009) 74% of surveyed said that damaging company's reputation is easy in social media. (Deloitte 2009)

3.5 Social media as part of service design

The amount of information is growing rapidly and faster than it can be analyzed. Data without analyzing is just more data. Data becomes useful in the context that why it's important to plan the strategy ahead (Britt 2005). The data collected from social media is used to determine customer needs and preferences. This information is the center of service development. (Van Horn & Kemper 2015) Likes and shares tell how much interest there is there. Demand can be then measured by questionnaires. With the vast amount of demand, fitness classes can be added. From information from social media can be created customer profiles. In profiles combines operating model and business motives. With profiles can be found hidden desires. Customer profiles summaries the information found in data analysis. (Tuulaniemi 2011, 154-155) For example athlete, active hobbyist, morning person and beginner. These profiles are used to design services offered in the gym or in creating a schedule for fitness classes. These can be used to create content for a fitness class or adding new equipment to the gym. These kinds of profiles were used in case RUCOLA (Raulo & Rönnholm 2011) in which the method of collecting data was interviews instead of social media. Profiles offer a valuable tool for the company. it can be used to look features, touchpoints and service experience in a different light. (Tuulaniemi 2011, 156)

Social media can be used to find a lack of selection for example is there a service gap in variety and what kind of service is missing. After it company has to research that is there high enough demand for the new service. If people are interested from the service company can start planning the new service. This can be done by using the comments from customers. Feedback can be used in the production to improve the service before launching it in pilot runs. After the launch of the service social media can be used to follow the reactions and interest towards the service. The evaluation can upraise a new improvement idea, which will start the service design process from

beginning. This time company is developing already existing service. Keep in mind that the data doesn't have to be collected from company customers. It can be created from trends or other social media accounts. Companies can be become trailblazers and set trends, but new services are usually founded outside of the company. Most common is that the concept is required elsewhere and adapted to company's business portfolio.

4. THE RESULTS OF THE EMPIRICAL STUDY

The aim of this chapter is to analyze and discuss the result of the empirical study. The empirical part of this study was done by interviewing four persons from two different companies. These persons work with marketing and communications and are closely involved with utilizing social media in their company. Interviews were the research method in this study. Interviews were conducted face to face at their company's facilities, so the interview situation was as neutral as possible. Interviews were semi-structured and recorded. Some clarifications were made after the interview by email.

The main aspect of the interviews was social media. The significance was to find out how companies use social media, what they are using as an advantage to create or improve their services. Both of the companies are in the same field of business in the same area, but they have slightly different target groups.

4.1 The background of the companies

Both firms are on the same field of business and they have similar services to develop. All of the services are welfare. Sports are the biggest service area in both companies. Both of them offer gym, fitness workout classes, personal training, fitness tests, court rents and massages. There are differences like the other has work health and swimming the other has sports lessons. Companies have a big difference in fitness class selection, which will impact on target groups. The other company's biggest target group is swimmers and the other company's is students. Swimmers can be in ages, but they are mostly kids and elderly who aren't on Facebook or the visitors are one-timers and don't follow companies social media. The other company's target group is students who are already on social media, but the challenge is to get them to follow company social media channels.

4.2 The role of social media in the companies

Social media offers a lot of channels and diverse usage would be waste of time. That's why using all platforms isn't recommended. First in the interviews was asked what social media platforms companies use. Both of the companies use Facebook and Instagram. Facebook's customer base has changed. Users are older than on Instagram. All of them recognize that it isn't helpful to be on all of the social media platforms. Every social media platform has its own user base. The platform needs to be selected by according to the target group. Where are the customers? Where is the best place to reach the customer? Both of the companies still see Facebook as the most effective channel.

It's important to be present on social media. Interviewees observed that the conversations on social media can't be controlled, but they can be guided. If there is a negative comment it indicates a bad brand image for the company. Both companies said that they have been very fortunate because they haven't had a lot of negative comments. One of the interviewed stated that it could be seen as an opportunity as well. How to convert a negative comment to something positive? Firstly it can be turned into positive experience. This way the customer is more satisfied. Secondly this comment can be used to improve the service. Of course it depends on a comment. Interviewed stated that it should be used to improve rather than remove entirely. One of the interviewees raised an issue that sometimes other users are defending the company. That way the comment changes to positive.

Social media channels can and should be used differently. Platforms offer a different variety of data. Facebook is according to interviews seen more as a social calendar, where you can participate events and get more information about them. Thus Facebook is more a communication channel between company and customer. In the interviews occurred that Instagram is more about emotions and it should be explored separately. On Instagram customers are posting more photos and videos, which will get more likes.

As was told earlier social media is absolute must nowadays. It holds a vast amount of data. It has to be placed in the context to benefit from it. Both of the companies said that social media is a part of their strategy but they don't have a specific separate strategy for it. But recognize that would be good to have. Social media is still a minor part of the company's functions but it's getting more and more important. Neither of the companies have a designated person for social media. The responsibility is divided. Companies being similar, the deviation is quite similar as well. Social media is distributed to persons that have most customer interface.

In service design the information of customer needs and preferences can be gotten also outside of the company's social media accounts and platforms. Even though the company doesn't have a channel on Twitter the trends can be followed. The world is global and some preferences might arrive Finland lot later. Bloggers are enormous trendsetters and following them might give inside information about target group. In interviewed companies the employees follow blogs, news channels and welfare channels. One of the interviewed told that their employees are following their field of channels. For example a dance teacher dance videos and personal trainers gym programs. This shows that employees work as a second step from social media. They are also consumers of it and with their expertise and passion great new ideas can be explored. Other channels can be used to follow competitors and discover new ideas. Interviewees mentioned following their partner's social media as well.

4.3 What indicators to follow

It is demanding to follow all indicators. Different platforms have expanded their service selection by offering data collections. Both of the interviewed companies use Facebook, which produces data on its own and makes it a lot easier to use for a smaller firm with minor resources. Facebook is a secondary source of information. As stated before there are also third-party services. Google Analytics is one of them. Both of the companies use Google Analytics but stated that the usage of it isn't on the top of its potential. The easiest to follow are likes, shares and availability. Likes tell about interest towards the post. Both of the companies follow the activity level, which tells more of the content operability. These are things that marketing uses. Social media is hard to measure but indicator about company side is sales. Interviewees stated that clicks

from posts to company websites are extremely important. Those clicks might lead to sales, but above all demonstrate demand.

4.4 Analyzing social media data

Analyzing is based on results. Results are responses, divisions, likes and comments. In the interviews appeared the meaning of organic and paid advertising. From differences between these two can give a lot of information. According to the interviewee, Facebook offers more precise reports from paid advertising. Also it was mentioned that if the similar comments have become from a small group of people that it impacts on the numbers. Because that distorts the perspective of the real need for change. For example small group has hoped for a new fitness class, but there aren't enough customers to participate that it would be profitable.

Likes are analyzed by age, gender, location, activity and response, but also analytics are measured from the company perceptive. Is the channel useful for the company? Does it benefit the company? Both of the companies are collecting data quite randomly. Most of the collecting is organized through Google Analytics. One of the interviewed said that they use a lot of Facebook's metrics.

4.5 How companies develop services?

The new services come usually from outside of the companies. The concept is required elsewhere and adapted to company's business portfolio. This is also what both of the companies do, but usually the idea comes from inside of company's feedback. They use internal and external expertise to find new ideas. Although other company emphasized that internal is strongly highlighted. Information is used to design campaigns and analyze the success of campaigns.

The most important one in developing services for the companies is customer feedback. Feedback is a more traditional way of developing services but works with social media. Nowadays customers give their feedback on social media instead of by email or suggestion box. The other company had changed gym class because of

customer feedback. Other company brought up questionnaires, which they had used for opening times. It was noted that some changes are quicker to change than others. Creating a totally new service requires time. Even developing old ones might take time. It depends from what kind of feedback is received. Some feedback is more direct than others. Both companies use a lot of information to develop marketing. That is the traditional way of utilizing social media. But it's important because marketing generates sales and sales produce income.

Even though company gets a wonderful idea from social media, it has to be reviewed from company side. Does the company have resources to create this kind of service? In the interviews was mentioned that company couldn't create services without resources. For example they have to think do they have an instructor for the requested fitness class or can somebody be trained for it. Such things mentioned in the interviews were equipment and space. Even if the company doesn't have resources to complete the development it is good to save the idea. In the future company might have resources for it. Though the idea might be an impossible it's still should be saved or it can be used to create something else. For example in the near future technology can enable it.

4.6 Who are involved with service design?

Service design uses different fields of business and to develop services. It involves employees from different departments. According to one of the interviewee, the amount of people involved with service development varies quite a bit. They recognize that it depends on the service they are developing. They offer services from side to side. But often it involves marketing, customer service, sports expert and sports manager. That way services can be design as suitable to hall size and visitor count. Some cases even the CEO might be involved. Several people are using social media and companies assume that company employees know how to use social media, but do they know how to harvest information. Modification would be welcomed. Companies could ponder on having a meeting for joint rules for social media.

Based on this thesis companies should collect data to a joint databank because then everybody would have the access to already gathered information. Some of the

employees are closer to the customer surface than others. Both of the firms have operating points around Helsinki metropolitan area and that might have multiple employees in charge of social media. So, with a joint databank all operating points would have access to knowledge that has be gathered from other side of the city. The office would work as an umbrella over the locations and without joint databank, some of the information doesn't end up with a person who has resources to take the next step.

Differences between these two companies are in target groups and service selection. The differences occur also in social media strategy. The other company has a precise strategy for social media and the other one doesn't. Common for both of these companies is that they have multiple social media users and several accounts. Major similarity among these companies is the main purpose of social media which is collecting feedback.

5. SUMMARY AND CONCLUSIONS

There has been a power shift from company to the customer. Customers are the source of talent and producers of the service value. Everything starts with a service and a customer. Service is produced as co-created and the value is produced at the same time. Service design is innovating, developing and designing. It designs the service experience to be user-oriented. This study examined the research problem with in theoretical and empirical part. Service design combines a various field of businesses together and creates additional value. Additional value sorts the service from competitors.

Service process is divided into five phases, which are definition, research, design, production and evaluation. Process starts with defining company resources and then it moves on to collecting ideas. The design combines ideas and concepts from which the chosen are produced, which includes training the staff. Last in this lifecycle is evaluation, which is following feedback. The process never stops, the phase order might change, the process can go backwards and be repeated multiple times. Every single time it is a unique process and sometimes it will produce a new service.

Social media becomes more important every day. The user amount is growing rapidly as does the amount of data. Social media content is text, photos, videos or a mix of them. The content can't be controlled, but it can be guided. It is important for the companies to gather right information from the large data pool. Social media offers a platform to find new ideas, get feedback to develop and evaluating services. Users have become consumers and producers of the information. The information can be gathered by observation, questionnaires and polls. Because there is a lot of information it should be gathered in one place where it can be saved for later or proceed in the service design process.

Not all of the data can be used to create new services and develop existing ones. It's important to gather lots of data but even more important to recognize key factors. The purpose of collecting data is to grow customer knowledge and create additional value. Data should be categorized so that the results can be used in creating customer

profiles, which can be used in discovering who are the customers. The designer can go back to profiles to get a different aspect of touchpoints and customer knowledge. Services can be developed for example by offering more supply for certain classes and widen opening hours.

This thesis is done as qualitative research and from the company perspective. In the empirical part of the study appeared that companies use social media the most to collect feedback. Feedback was used mainly for improving existing services. Feedback rose to be the most important data collection. With feedback can be improve services or add service or identify service gaps. According to the research there wasn't a big difference between these companies but that can be explained by their similarity in business field.

The purpose was to bring awareness of the possibilities that social media creates. The subject will be researched more while the meaning of it rises. There is already researched customer knowledge, which is a big part of service design. It would be interesting to do this research as quantitative. When companies start to track their customers more closely, it will raise questions about security and privacy which could be another thesis topic.

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APPENDIX

Appendix 1: The interview questions

What social media platforms do you use?

Do you follow other social media channels?

What kind of social media strategy you have?

How is social media responsibility shared between employees?

How do you analyze social media?

What are the indicators of social media?

How would you react to a negative comment?

How are you collecting data?

How would you describe your company's services?

How do you develop services?

What kind of information is used in service development?

Who takes part in service design?