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Service design in hotels: A conceptual review

Abstract

Service design is a significant method of increasing service value in hotels. This article aims to review the service design in hotels, drawing from both the service design theory and the various efforts by hotels as antecedents of service design. Despite the relative increase in hotel service quality in recent decades, customer value perception has not increased as expected. One of the main reason of this is ineffective service offerings. At the same time, the new service is a critical competitive issue in hotels, whereas success rate is not much high. Hotels seek rapid, efficient and valuable service offerings, mainly within their available resources. However, in the case of service design, hotels managers' efforts are mostly standalone applications and within the scope of technical service. For better results, hotel managers should focus on the whole service through which the value is created. This study argues that hotels could take advantage of capabilities in which they have a relatively longer history, such as quality, innovation or process analysis, to assist in efforts toward service design development or improvements. Since service design is a developing field, this study primarily addresses the conceptual background, then discusses the underpinnings of service design in hotels.

Key words: hotel service operations; service innovation; service design.

Introduction

In the last thirty years, service-related business have grown to comprise 80 percent of the economy developed countries. While the service sector is gaining such significance, deficiencies in quality are observed in production and delivery of services. Although service quality has improved, problems are still encountered on meeting customer expectations. Even though this situation is primarily connected to poor structuring of services, it can be said that not being able to adapt to changing environmental conditions is also a factor. This paradoxical situation also arises in the hotel sector. Many hotels are known to be quite similar to their competitors. In such a market, offering a unique valuable service for the customer has become a significant issue for hotel managers. Service design is one of the solutions that could be applied rapidly with the available resources while taking customer's view into account. The goal in service design is to reveal the service that meets the customer expectations in conjunction within the service system.

Since the 1980s, service design has gained strategic importance due to the increased competition that has brought innovation and creativity as business priorities. Instead of *de facto* implementations, *design* has become prominent in areas such as product and brand management, total quality management,

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process management and organizational architecture. With the global developments of the 1990s, especially in society, economy and technology, together with the service design, some new design disciplines developed, such as interaction design, ambiance design and web design. At the same time, the *service-dominant logic* view increased, both in service and other industries. Within the service environment, instead of tangible resources such as physical tools, location and raw materials, other resources such as information, skill and technology became more important (Vargo & Lusch, 2004). This fact drew attention to the functional aspects of service such as delivery rather than the technical features. However, in the hotel sector, the efforts put into improving the functional features (e.g. psychological components) of the service are not at the same level as the technical aspects and back-office activities. In spite of this, service design addresses both the functional and technological aspects of service. Thus, it enables more consistent service offerings that increase the value. As Parasuraman (2010) noted, a hotel could offer numerous services (e.g. pillow menu, massage packages in spa) which may not be the exact requirements of customers. However, when the hotel fails to deliver not only those offerings, but also some routine services (such as prompt wake-up calls and delivery of customers' messages, posts, etc.), those offerings would not suffice to satisfy the customers; moreover, they could aggravate them. Such insufficient design efforts are common in hotel sector, and are called "dumb innovations" by Parasuraman. In the few empiric studies, it is revealed that when systematically performed in hotels, design enables better value for both the customer and the firm (e.g. Wind, Green, Shifflet, Scarborough, 1989; Lo, 2010; Paget, Dimanche & Mounet, 2010; Chen, Wang, Luohi Shih & You, 2013; Masoudi, Cudney & Paryani, 2013).

Service design is also important for the firms that aim to grow, and that are depending on the product-based growth as one of the major strategies. Maintaining internal growth can be achieved by increasing quality, increasing product diversity, designing a new service that appeals to different markets, or starting a new product for a new or existent market. Design is used in all of these methods, whereas the most common design implementation is to improve existent services such as accessibility, stability, reliability, etc. However, designing a service that does not yet have a market requires a different process. Design is determining and consistently integrating all the components and features of the service that offers a good experience to users. Similarly, service design is the determination of service components required for offering a good experience, such as processes or physical evidence to customers, delivered concordantly, attractively and efficiently. The focal point of service design is the value to be created. In service design, the service components are considered, both as single parts and also in terms of their role in the value as a whole. Thus, service is analysed in detail in terms of production as well as consumer or marketing aspects. This type of service approach is particularly important in the hotel sector. Hotels formulate various strategies in order to deal with environmental pressures and to create value. Strategy is intrinsically defined in comparison with competitors so that competitive advantage is achieved through value-creating strategies that cannot be easily imitated. The major strategies in service design in hotels and many other service firms are similar: improvement, copying or modification. These are the strategies that have lower risk and cost and are easily applicable (Ottenbacher & Gray, 2004). Through these strategies, services are renewed constantly and gradually. Service design strategy should be consistent with the resources and capabilities of the firm, just as much as it is consistent with its main objectives and strategies. However, there are two basic approaches in service design in terms of design needs. The first is customer expectations-based design, and the second is product/service-based

design, such as technology, law and regulations, or strategic decisions. It is hard to say that there is only one right way in service design. However, design decisions should be made in accordance with internal and external factors, purpose of the design, resources, and customer expectations. In fact, in hotels, these activities are addressed at different organizational levels within service/process improvement, change, re-engineering, quality function deployment, training and personnel empowerment. Historically, hotels have some proficiencies in those efforts that could be a basis for service design. This conceptual study aims to review service design together with that of its antecedents in hotels. Such conceptual studies are rare in tourism, despite the fact that they could help answer important, holistic questions that are not amenable to empirical analysis and provide holistic understanding (Xin, Tribe & Chambers, 2012). In this study, the conceptual background of service design is addressed first in terms of main business and design approaches, while the design is discussed in the hotel context.

Conceptual background

Service design is addressed among the strategic activities of businesses, while it continues to develop as a discipline (Larsen, Tonge & Lewis, 2007; Zehrer, 2009). As seen in the hotel sector, even though service quality is increasing gradually, some decreases could be observed in the quality perception of the customers, due to reasons that include poor structuring of services and the inability to fully meet customer expectations (Zeithaml & Bitner, 2003). Strategies like low price are not as effective as they were in the past for customers who have achieved a level of satisfaction with certain hotel services. Therefore, the view that the differentiation factor in hotels is the service itself is increasing (Moutinho, 2000; Frehse, 2005).

New service is one of the main solutions to strengthen the competitive position of service businesses (Cooper & Edget, 1999; Menor, Tatikonda & Sampson, 2002; Stevens & Dimitriadis, 2005; Smith, Fiscbacher & Wilson, 2007; Weissenberger-Eibl & Koch, 2007). Customers perceive hotel services as mostly similar to, and substitutable with, each other (Victorino, Verma, Plaschka & Dev, 2005). However, according to Kandampully (2004) such similarity is related more to the technical quality of the service and, thus, the differentiation required by the hotels depends on “how” the service is delivered or its functional quality. Gummesson (1994) argues that the deficiencies in service design would constantly cause problems, especially in service delivery. Despite the fact that service firms pay significant attention to the concepts such as innovation, new service or service design, the failure of about 50% of the new services introduced is relatively high (Cooper & Edgett, 1999). The hotels taking advantage of service design and implementing it systematically (Ottenbacher & Gray, 2004) are mostly the chain hotels (Ottenbacher, Shaw & Lockwood, 2005). The main reasons for unsuccessful efforts are not handling the design systematically, and lack of service design knowledge and skills (Zehrer, 2009).

The design of intangibles in the service industry is relatively new. Service design is a developing field, in spite of the fact that the history of design in commerce, i.e. product design, goes back to 1850s. The aim of contemporary design is creating best value for its users (Holmlid, 2007). The underlying issue in design theory is that creative skills specific to certain individuals are not required for design, as design is a learnable and improvable process. Design is the realization of ideas through various techniques and tools. Continuous use of design develops the design culture of the firms and so enables

effective and efficient use of resources (Alam & Perry, 2002). The firms that do not use service design and implement *de facto* approaches could have some disadvantages such as tendencies of high service failure rate, high cost, waste of resources, and unsuccessful service delivery that does not meet customer needs or business objectives (ITIL, 2007).

Alongside the developments in service business, the service quality and improvement efforts in the 1980s directly affected the service design. During the 1980s, it was seen that the manufacturing paradigm was not enough for the service momentum, and thus service management has developed as a separate discipline (Johnston, 2005). Thus the business and management topics in services began to be held in service context itself. When compared to the product development based on mainly the marketing point of view, the service design is distinguished by being human oriented and addressing also the organizational aspects of service/product and processes (Mager, 2010). In this context, a “service blueprinting” technique developed by Shostack (1984) in order to examine production and delivery processes of service as a whole, is accepted as the first systematic approach in service design (Fließ & Kleinaltenkamp, 2002; Slack, Chambers & Johnston, 2004). The study of Shostack is significant in terms of highlighting the customer interactive structure of service production and delivery. Although the first step was taken by service blueprinting, the service design concept started to be more widely used after the 1990s.

The definition of service design is broad; many different views can be found. Goldstein, Johnston, Duffy & Rao (2002) point out that the main reason of various definitions is primarily related to insufficient understanding of the service concept itself. But also, different service design definitions are based on various aspects of service such as process, innovation, customer interactions and/or service results. Service is not only a product defined by certain service features, but also a process. Details on both the product and the process (production and delivery) are addressed jointly (Goldstein *et al.*, 2002; Grönroos, 2007). Grönroos (2007) states the two main problems in service design as “what will be done” and “how will it be done.” The former relates to the technical side, and the latter about functional quality. The need to design product and process together is a challenging aspect of service design. In the most general sense, service design can be defined as a combination of all the tangible and intangible service components required for a better customer experience. In service design, details regarding the service environment, process and employee are determined and integrated effectively for a positive customer experience (Koskinen, 2009). The purpose of service design is to offer a valuable service experience to customers beyond the product itself. Experience is the underlying aspect of service design requiring attention to customer behaviour, expectations and perceptions (Teixeira, Patricio, Nunes, Nobrega, Fisk & Constantine, 2012). Since, the customer is a critical consideration in service design, customer experience and expectations are the most held topics in current studies (e.g. Kimita, Shimomura & Arai, 2009; Teixeira *et al.*, 2012,). However, customer experience is not the only focal point in service design. In service design, the service must be intended to be useful, accessible and demandable in terms of customers, as well as it is desired to be effective, efficient and different from the competitors (Mager, 2010).

In service design, service is handled with all operational components, including, but not limited to, marketing. In this context, service design is a multidisciplinary activity including related business functions, customer aspect and design theory, as well as special areas related to the subject of design.

Accordingly, four levels of service design could be identified. First is the design of product features, such as the features of a hotel room. Second is the design of customer experiences: the experience the customer would have psychologically, sensually or similar. Third is the design of processes; for example, front and back offices and the service system in general. Fourth is the design of service business approach, strategy and policy (Moritz, 2005). Together, these four levels of service design demonstrate that design is not a simple process of defining some service features, but consistently relating them from the strategic to the operational level.

Since constant innovation is an important advantage, service managers are also required to be service designers. Service managers are more familiar with internal factors of service operations such as technical features or efficiency (Fließ & Kleinaltenkamp, 2004) as well as with their design. However, today, service managers should focus on the service process created with the customer in mind, or, in other words, the service value rather than internal activities. The value is the basis of the service orientation view (Kandampully, 2004; Vargo & Lusch, 2004). Service-oriented businesses constantly seek more superior quality by monitoring changes in the environment, primarily the customer expectations. This renders service design strategically important (Larsen, Tonge & Lewis, 2006). As one of the few studies on this subject, Edvardsson, Ng, Min, Firth and Yi (2011) compared the service orientation view of Vargo and Lusch (2004) with the traditional production approach in bus travel service through an empirical study based on customer perception. Accordingly, the performance of the service system designed with a service orientation view was much higher than the other. In another study, Edvardsson, Ng, Choo and Firth (2013) drew attention to the reasons for the better performance of service orientation view: abstract components of service, operant resources (knowledge, skill, etc.) and a balanced, fast and versatile symmetrical information system. These are also the critical aspects of service-oriented design. As a result of the service orientation view, the importance of service design in hotels has gradually increased. Since the service is based on experience, it requires constant development and innovation (Zolfagharian & Paswan, 2008). Fache (2000) suggests that the improvement in traditional quality management should be handled with innovation. Experienced managers can successfully resolve some operational problems such as efficiency. However, when innovation is involved, the short- and long-term effects of external factors gain significance (Hjalager & Nordin, 2011). In this case, instead of internal processes such as experience and intuition, systematic approaches such as design become more of an issue.

Although innovation is a significant value in service, service design is not about creating completely new (radical) innovations (Bitner & Brown, 2008). All solutions created as the result of design, which are valuable in terms of customer and feasible in terms of the firm, are considered as new service regardless whether they are radical changes or simple improvements. All kinds of change in service requiring different skills in the current system are considered new service (Menor, Tatikonda & Sampson, 2002). Similarly, the change recognized by the customer is new service (Cooper & Edgett, 1999). Thus, there are various forms of innovations ranging from small improvements to radical innovations, and the relevant risks and benefits also vary (Fitzimmons & Fitzimmons, 2004). In the service sector, small continuous improvements are frequently preferred by hotels due to their lower cost and risk (Ottenbacher & Gray, 2004).

Service design approaches

The focus on service design is increasing the value offered to customers, which means that materials high in quality, low prices or a wide variety of services are in and of themselves, enough to drive value. Hotel customers usually perceive service as a whole even though they attach particular importance to different service components. Therefore, in the design process, service components should be handled in terms of their roles in the service value chain. For a good service design, basic characteristics of the service and structure of the service production and delivery should be analysed. Hence, through an efficient and effective structured service system, the intended service value could be offered. The basis of the modern design concept is user orientation (Holmlid, 2007). Customers, as the ultimate users of the service, have a significant role in design. Factors such as their desires and needs, characteristics, experiences, attitudes and behaviours are major factors into the design process. In addition, experiences of the employee can provide useful insight, since these people have a significant role in the service system, particularly in customer interaction (Martin Jr. & Horne, 1994). Although the main purpose in design is to satisfy the customer's expectations, different factors should also be considered. Internal and external environmental conditions of the enterprise, such as the sector in which the enterprise is included, competitors, technology, social and cultural aspects, operating assets, and price policy, also affect the design (Tonchia, 2008). Hjalager and Nordin (2014) acknowledge the importance of customer feedback and participation. They argue that although customer-oriented innovation is widespread as indicated by recent tourism literature, there is not sufficient validation that it brings the desired outcomes. Indeed, customer expectations are useful in daily management practices; nevertheless, it may be risky when this is the sole input for innovation. For example, customer expectations may not always be realizable/feasible (DeSouza, Awazu, Jha, Dombrowski, Papagari, Baloh & Kim, 2008), or customers may not clearly express their expectations. However, the service value is based on co-creation of the customer and the service provider, as views of both sides should be handled together (Tung & Yuan, 2008). In this context, the correct analysis and interpretation of customer expectations becomes crucial.

With regard to the above discussion, two fundamental approaches to the service design can be identified. First is the customer expectation-based approach, in which the demographic characteristics, opinions, complaints, requests or needs of the customer are the basic design input; the second is the product/service-based approach, in which technology used in service production or delivery, laws and regulations, materials, the firm's core strategies or politics are the basic design input. In both approaches, ideas on new service needs are put forth at the first step; those ideas are then transformed into service features that meet customer expectations. Since the service design is a developing field, a wide range of suggestions have been introduced. Timmerman (2010) remarks that the major organizational factors affecting the service design are the business approach, employee qualifications and the organization's culture. Besides, factors such as intended goals of the service design, scope of the service design and resources available may lead to adoption of different approaches in the design process.

Implementation of service design

Service design consists of planned and iterative stages. In terms of design theory, design is not a one-off project but a continuous activity (Tussyadiah, 2014). Design is actually a solution offered for a defined

problem. The aim of service design is to achieve an optimum solution by balancing the available resources between the goals throughout the service system. In the service design, the value to be provided to the customer is designed (Ramirez & Mannervik 2008). Accordingly, in the broad sense, service design is determining the value to be offered in terms of service needs by customer expectations and/or product/service-based approach, then transforming them into service qualities. Value design requires more than a simple product description. As generally accepted, services are provided and consumed within a process. In other words, production, delivery and consumption processes are intertwined due to the simultaneity of the service. For this reason, both the production and delivery processes are designed together in the service design. This requires first answering the two basic questions of service design, which are “what to be provided” (product) and “how to be provided” (production and delivery), and secondly, ensuring the consistency of product and delivery (Goldstein *et al.*, 2002; Davis & Heineke, 2005; Grönroos, 2007). However, it is also questionable whether the service design can be made with zero error just like physical product design (Şahin, 2008).

Another dimension, which has equal importance to the process in the service design, is the human factor (Evanson, 2008). Since the customer and employee exist together in service production, human factors in design should be addressed in terms of both individual roles and interactions. In the past, human factor in design was addressed on the basis of assumptions; e.g., “what consumers may want,” “how might the employee act...” The contemporary design approach requires the participation of the people affected by the design in the design process (Moritz, 2005). In reality, design of experience-intensive services such as hospitality is challenging. According to results found by Voss and Zomerdijk (2008), the firms that conduct service design in the context of customer experience consider the following factors: the physical environment, service employee, service delivery process, other consumers and back-office support. In the same context, the authors also point out that in the experience-based service design, the prediction of financial outputs is not easy.

Depending on the idiosyncratic characteristics of service, service design implementations that are not deliberate and systematic can cause confusion and failure risk. The literature offers different views on the best way to conduct service design. In service design, service is analysed in relation to product and delivery. For this reason, just defining the service package in terms of product attributes is not sufficient. The service package should be defined with its production and delivery qualities (Şahin, 2008). After the conceptual analysis of service, it should be analysed in terms of the provider and the customer view. The consistent value offering requires the service to be evaluated in terms of actual quality standards. If needed, those standards could be updated or renewed. As the service is a process, the production and the delivery processes should be evaluated in terms of the value perspective. While the service design generally requires changes in service processes, this situation may also require changes to the service organization by revealing new knowledge, skill or location needs of the employee (Davis & Heineke, 2005). In summary, considering the design theory and the service context, the following stages could be carried out in service design: idea generation, gathering the views of the customers and managers, defining the service package, defining the quality features, reviewing/creating the standards, selecting designers and other specialists, launching new activity processes and monitoring the new service (Slack, Chambers & Johnston, 2005; Raturi & Evans, 2005, Stevenson, 2007, Young 2008). Thus, the service is analysed in terms of all the major aspects of the service system. In order to effectively implement this process, techniques such as quality function deployment, six sigma design or service blueprinting can

be employed. These techniques also facilitate evaluation of different alternatives in carrying out the service design (Zomerdijk & Voss, 2010). It is also suggested to use visual tools for facilitating issues such as monitoring different processes, ideas, etc. (Mager & Sung, 2011) to efficiently deal with the complex nature of design. It is possible to conduct the service design stages consequently or simultaneously. Since it may block creativity and delay the new service launching, rigorous design process is not suggested (Voss & Zomerdijk, 2008). In order to facilitate rapid implementations of innovations, flexible service processes to some extent in the service system could be advantageous.

Service design efforts in hotels

Even though service design is a recent concept in the hotel sector, the innovation efforts are not new. This stems from the nature of hotel service and also, according to Frehse (2000), the customers' being relatively more dominant than the producers. In their study, Victorino *et al.* (2005) found that innovation is among the most important factors that influence the hotel choice of customers. They state that, even though the service innovation is more important for leisure, it is also important to business travellers, and that hotel managers should attach more importance to this service design. Instead of low price searching as in the past (Claver, Tari & Pereira, 2006), customers seek the options that provide the best value (Victorino *et al.*, 2005). This means that the price strategies are no more an attractive method for service differentiation than the provided service itself (Moutinho, 2000). According to Ottenbacher *et al.* (2005), service design is the major way for hotels to achieve their main objectives. Changes in the environment, customer profile and expectations in particular require hotels to constantly improve their service production (Zehrer, 2009). However, as Ramaswamy (1996) argues, the efforts related to new services that are generally based on trials, personal judgments or past experiences are prevalent in the hotel sector as well. All those efforts are evolutionary in nature and benefits are short term (ITIL, 2007; Frehse, 2005), especially when considered with the common aim of copying the competitors' services in the hotel sector.

The basic antecedent of service design is innovation. Innovative hotels are more successful than their non-innovative competitors (Grissmann, Pikkemaat & Weger, 2013). In the context of service innovation, there have been some efforts as the background for service design. For example, product development as a marketing effort has been significant at the level of destination or individual companies. At the same time, hotels have certain experience in quality implementations. In conjunction with quality, the idea of service improvement has widely adopted. However, improvement has been implemented only within the scope of certain aspects of service, such as efficiency and physical evidences, and/or efforts related to cost and price cutting. For example, Willbourn (1986) lists some front- and back-office areas that could be improved in hotels. In this context, between the 1980s and 2000s, many studies conducted on quality, process, efficiency, change management and re-engineering in hotels can be found. Studies such as process analysis (Akođlan Kozak, 2001), materials management (Gül, 2005), re-engineering (Nebel, Rutherford & Schaffer, 1994; Aytemiz Seymen, 2000) and productivity (Sigala, Jones, Lockwood & Airey, 2005) have contributed to the improvement of the technical service system. Another case encountered after the 1980s showed service design dealing with improving physical evidences. Physical evidences like materials, tools, equipment, space and atmosphere in service delivery enable the abstract hotel service to become touchable/sensible/visible (Kozak, 2008).

In this vein, the number of studies on atmosphere/ambience design in hotels is increasing (e.g. Heide, Leardal & Gronhaug, 2007; Strannegard & Strannegard, 2012). Although the physical evidences in hotels are extremely important for the customer's perception of quality, they should be analysed in terms of their role in the whole service delivery.

Apart from the above, there are only a few studies concerning the emotional/psychological service design. As stated before, those aspects are essentially related to functional quality (Grönroos, 2007) and play a crucial role in hotel service (Kandampully, 2006). In other words, the experience as the "the core" of the service product (Tussyadiah, 2014) has not been sufficiently studied. Similarly, when studies related to service design and innovation in general are examined, the focus is more on technical aspects of service such as aesthetics, technology, productivity or duration, while the concepts such as customer expectations or experiences are rarely considered. Such a narrow approach leads to a different understanding of service design. In fact, service design in some firms is considered as a tool for facilitating the customer interaction only (Young, 2008). Especially, as a common tendency on-going from the past, hotel managers intensively focus on the technical service aspects and internal activities. Instead, they should focus directly on the service on both the product and process basis (Kandampully, 2006).

Service design has become a significant concept within service-oriented management. Service design is a relatively structured activity in large-size hotels. In terms of chain hotels, Lee (2011) discusses design and hotels from the destination point of view, and suggests that "the same service all around the world" theme is increasingly turning into a disadvantage, and local features should be taken into account. When compared to large-size hotels, design efforts are less present in small- and medium-size hotels, which constitute a significant portion, approximately 90%, of the sector. To compete both with similar and large scale hotels, small and medium sized hotels, they should attach importance to service design and adapt design implementations to match their size. Small and medium-size hotels have some advantages to design, and it is relatively easy to examine their services extensively and take centralized decisions on issues such as resources, processes and similar (Zehrer, 2009).

The service design continues to develop, although there are few studies (Drejer, 2004; Paget *et al.*, 2010; Teixeira *et al.*, 2012). With regard to the new service and value approaches, such as service-dominant logic and co-creation, there is the need for more studies on the effectiveness of various approaches to hotel service design (Edvardsson *et al.*, 2013; Chathoth, Altunay, Harrington, Okumuş, F. & Chan, 2013). Most of the studies are explorative, and only few of them are empiric, mainly case studies. They generally focus on how to conduct service design (e.g. Goldstein *et al.*, 2002; Tussyadiah, 2014). While design is increasingly gaining importance for hotels, this issue is neglected by researchers (Ottenbacher & Gnoth, 2005; Hassanien & Eid, 2006). The service design is mainly addressed within studies related to innovation (Victorino *et al.*, 2005), service quality and improvement (Jones & Dent, 1994).

For example, Ottenbacher and Gray (2004) analysed the relation between service design and firm success on a sample of 185 hotels. They found that the hotels which carry out market-oriented and formal processes are more successful. They pay more attention to customer expectations, competitors' strategies and opinions of the service employee. In another study, Ottenbacher *et al.* (2005) investigated the service design aims in chain and independent hotels. It was found that chain hotels prefer to include all the customers in their markets to the design implementations and use structured processes in the service design. To the contrary, independent hotels do not use structured processes and seek mainly

the opinions of current customers. The importance of personnel empowerment in service design is also emphasized.

In terms of crucial components of service, there are few studies of the ambience in hotels. Heide, Laerdal and Gronhaug (2005) examined the ambience of seven hotels as created by hotel managers and design specialists. They found out that hotel ambience has two critical features—uniqueness and feel of reality (i.e. do not feel like imitation or fake). Customers generally need a certain duration of time to reveal their perception of the ambience. Although experts are used in ambience design, the view of customers and personnel could be helpful as well. Another remarkable result of that research is that there is a significant difference between the opinions of the managers and the design specialists. However, both the groups agree that the hotel ambience is related to “the total perception.” Emotional design in hotels was also addressed. For example, Lo (2010) seeks the satisfied/unsatisfied/expected experiences of customers and offers a design approach based on psychological service components. There are also few studies on technological developments’ reflection on design. Orfila-Sintes, Crespi-Cladera and Ros (2004) researched the technological innovations in the hotels located on Balearic Islands and revealed that 3, 4 and 5-star hotels have put more efforts toward technological innovation than lower quality hotels. Technology is also an effective tool in service design process. For instance, Stickdorn and Zehrer (2009) discuss a mobile phone application in the service design based on customer expectations.

The studies on service design are commonly held in developed countries. However, in Turkey, service design has been addressed mostly during the last ten years. One of the first studies, conducted by Aygen (2006), refers to service design in her study of innovation management in hotels in Antalya/Turkey. In the scope of service design, Aygen discovered that the hotel managers’ core strategies that should be used in the service design are innovation, customer value, service differentiation and promotion/advertisement. However, price leadership is the least preferred strategy. At the same time, hotel managers’ views on the main obstacles to service design are high costs, inappropriate organizational structure and deficiencies in shared vision, availability of skilled and creative employees, technological infrastructure and customer demand. Since the customer expectation is a significant factor to design, customer participation is suggested in design process (Alam, 2002). The participatory service design was thoroughly examined in the example of a hotel in Turkey by Acar Gürel (2010). In this study, an implication was held in a hotel to offer a new service package based on customer expectations. In another study, Kapucugil İkiz and Masoudi (2008) suggest a combination of Quality Function Deployment and SERVQUAL model for service design in hotels.

As discussed so far, physical evidences and their design in hotels are the most known design implementations, and that which is addressed in most of the studies. However, it is seen that some of these studies are carried out from an architectural point of view. For example, Tunalı (2009) examined bedroom designs of hotels selected from five different chains in terms of architecture. She points out that the design in these chain hotels do not reflect a common brand language. Hassanien (2006) examined the physical innovation (renovation) of nine luxury hotels in Egypt and found out that the hotels were being renovated with input from customers and employees. He suggests the factors required for the successful renovation are a clearly defined goal, positive relations between management and the subsidiary firm, sufficient resources and participation of customers. Chen *et al.* (2013) examined whether satisfaction of the package tour customers in the senior tourist group demographic increase

when their expectations of the hotel room are satisfied. For this purpose, some of the room features (e.g. easy-use telephone, holders in bathroom) suitable for the senior tourists were included. It was found that senior tourists' satisfaction significantly increased with the inclusion of these features. Park (2010) examined the lighting design within the context of North American and South Korean cultures. There are significant differences between lighting preferences. North Americans prefer low intensity, dim and warm colour lighting, South Koreans prefer high intensity, bright and warm colour lighting. In another study, Masoudi *et al.* (2013) suggest a comprehensive customer-based landscaping design using Quality Function Deployment in a hotel case together with architectural, aesthetic features and action plans. In the physical design context in hotels, it is also seen that interest on the issues such as sustainable/environment-friendly design increases. For example, Benson (2013) addresses the environmentally friendly design in the technical infrastructure features of the hotel such as heating, decoration and materials. The physical design is crucial in the hotel sector. However, in terms of the service design perspective, it is interrelated with the service concept, and thus it is suggested to address it within the service concept.

Discussion and evaluation

Service design has become a significant part of value-increasing efforts of hotels. The concepts, which could be addressed among the antecedents of the service design, such as quality, improvement, innovation, consumer expectations, have been important for hotels, especially since the 1980s. However, over the past fifteen years, in spite of the progress in hotel service quality, customer satisfaction did not increase at the desired rate, and hotels have become similar to each other in terms of physical features, service types and delivery. The low price strategy is not as attractive as before, especially when the options for hotel customers are growing. Today, the hotel customer primarily seeks service that exactly meets his/her needs (Frehse, 2005). This stresses the importance of service experience and, consequently, the importance of service operations. Whereas service production is not sufficiently researched by academics and other professionals, various authors point to its significance from different aspects (Gummesson, 1994; Kandampully, 2004; Johnston, 2005; Grönroos, 2007). In hotels, this primarily requires service managers' efforts to be focused on service operations. The service-oriented approach as suggested by Vargo and Lusch (2004) is based on "the service co-created with the customer" instead of "the service provided to the customer." Service design is a critical issue in service operations management (Evanson, 2008) and, as such, this new skill is required from the service managers (Johnston, 2005).

The goal of service design is to meet the service needs in accordance with customer and business requirements. In service design, the production and delivery characteristics should be addressed in a way that is valuable in the view of the customer, effective and efficient for the enterprise, and differentiated from the competitors (Mager, 2010). Since the service is based on experience and environmental factors that are variable, design needs in service are continuous. In the context of hotel management, despite the importance of subjects such as innovation, quality and customer perceptions, the relative knowledge and skills on those issues are limited. Studies regarding the service in hotels as well as in the above-mentioned fields are predominantly conducted from the marketing perspective. From the marketing view, in the widely applied product development approach, the service is handled primarily by product

and commercial analyses (Bowie & Buttle, 2007). This is mainly the answer of “what will be done?” as Grönroos (2007) stated; while the answer to “how will it be done” is relatively ignored. In addition, the customer view is also handled more often by marketing, it’s also critical in service operations. It becomes harder to ensure the value promised to the customer is actually delivered, in other words, to ensure the consistency in service operations. As it is emphasized by Gummesson (1994), a main reason for the problems encountered in service delivery is inadequacy in the service design. Although the hotel managers place high importance on innovation and increased value, insufficient skill and knowledge of service design fundamentals cause incorrect design approaches and unsuccessful results. In relation to this, the hotel sector is handling the service design mostly in terms of tangible service components like physical evidences, instead of addressing it within the service system.

Despite the above criticisms, the hotel sector has some advantages in service design. The efforts toward quality, productivity, process analysis and innovation are rising in importance and being addressed by the hotel management, and this could be beneficial in terms of development of design skills. For this purpose, it is suggested to consider those past proficiencies and experiences systematically and continuously from the service design perspective. Suggestions for conducting those efforts within the service design emerge; for instance, Sila and Ebrahimpour (2008) recommend addressing quality improvement within service design. When efforts for quality or innovation are examined, another remarkable point is that these are mostly related to the internal processes, or the back-office, of service. Addressing service processes mostly in terms of back-offices stems from challenging service characteristics such as simultaneity. When depending on simultaneity as well as intangibility, performing excellent service design is challenging. The service characteristics require multidimensional evaluation of service, such as psychology and interaction perspectives. In addition, physical service environment, information technology, touch points, and other factors specific to service all demonstrate the interdisciplinary components of service design.

In summary, as reviewed in this study, service design is not new, but it is of critical importance in the hotel sector. When service design becomes a core competency for hotel managers, they can and should ensure that the related design proficiencies, organizational arrangements, coordination, and resources required for service design are supplied. In order to rapidly design and launch new services, service design should be conducted as a continuous activity. While units such as R&D are rare in the hotel sector, it is expected that such a unit may be formulated as part of the efforts to increase service value. Service design is not an activity that can be carried out alone, as it is an issue that affects every component, from daily operations to the strategic level. Since design and change are interrelated (Moritz, 2005), it would be useful to address service design together with learning and change culture. In this regard, studies such as change management and organizational learning can be useful in terms of supporting the cognitive levels of input required in the design.

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