ANALYSIS OF A NEW PRODUCT PACKAGE FOR A TRAVEL AGENCY

Sanna Toivonen

TAMPEREEN AMMATTIKORKEAKOULU

Tampere University of Applied Sciences

ABSTRACT

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Customer experience and customer satisfaction are the main factors that make a successful business and a successful product. If the product or service purchased by customers did not satisfy them, and in travel business if the experience did not satisfy the customers, the future of that product or service seems rather short. Therefore it is important for businesses to know their customers, what they want and need as well as to meet them to give their customers the best experience that will make them satisfied.

More recent studies show that mere satisfaction is not enough to keep the business successful, but, in addition to satisfaction, also customer retention and customer loyalty are required. Loyal customers are usually very satisfied customers making multiple repurchases at the company. The loyal customer can make up even 50% of the business' revenue annually.

The aim of this bachelor's thesis was to find out whether the new travel product package created by the Finnish travel agency Ikaalisten Matkatoimisto Oy for the summer 2015 was successful among the customers. The objective of the questionnaire survey conducted was to find out how satisfied customers were with various aspects of the product package and to find out possible negative issues in the package.

The results of the questionnaire survey showed that the new product package was accepted by the customers of the travel agency and it was successful from both the customers' and the travel agency's perspective.

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Key words: customer satisfaction, customer loyalty, customer retention

CONTENTS

1 INTRODUCTION

Customer experience and customer satisfaction are the main factors that make a successful business and a successful product. If the product or service purchased by customers did not satisfy them, and in travel business if the experience did not satisfy the customers, the future of that product or service seems rather short. Thus it is important for businesses to know what their customers want and need as well as to meet them to give their customers the best experience that will make them satisfied.

The aim of this bachelor's thesis was to find out whether the new travel product package created by a Finnish travel agency for the summer 2015 was successful among the customers. First the travel agency and the product package are introduced to get an understanding what kind of a company and a product package is in question. After having gained this understanding, customer satisfaction and how to measure it in theory will be discussed.

Data about customer satisfaction was gathered with a survey questionnaire that was sent to each customer who bought the travel package during summer 2015. After introducing the research methodology and the survey the results based on the data were analysed applying the theoretical framework.

The objective of the survey was to determine if the new product package was satisfying for the travel agency's customers, thus would it be profitable to keep the travel package in the travel agency's selection in the future, as well. The last section of this bachelor's thesis will sum up the findings for this matter.

2   TRAVEL AGENCY AND THE PRODUCT

2.1   Ikaalisten Matkatoimisto Oy

Ikaalisten Matkatoimisto Oy, in English Travel Agency of Ikaalinen, is a Finnish family business, established in 1991 by Airi Talonen in a town of Ikaalinen in Finland. Ikaalisten Matkatoimisto Oy started its business in the home of Airi Talonen, until an office was opened in Ikaalinen's old market town in 1995. The headquarters of the travel agency is still located in the old market town area of Ikaalinen, the premises have only been expanded over the years to upper floors of the building where the office is located. In addition to the headquarters, Ikaalisten Matkatoimisto Oy has offices in Helsinki, opened in 1997, and in Turku, opened in 1996.

In addition to the three offices of Ikaalisten Matkatoimisto Oy, the bus transportation company Kymen Charterline Oy in Kouvola is operating as a retailer for Ikaalisten Matkatoimisto Oy.

In the beginning of 1980s Airi Talonen with her husband Jyrki Talonen were stakeholders for one Finnish travel agency which was sold and few years later stopped its operations as unprofitable. After being at home with their children for seven years, the oldest one about to start school, Airi Talonen came up with a thought to try it out once more. One of the biggest reasons as to why Airi Talonen decided to establish a travel agency was the family's love for traveling. They had been around Europe with their car a lot and enjoyed it. The other biggest reason for establishing Ikaalisten Matkatoimisto Oy was Ikaalisten Auto Oy, which had good buses and great drivers. After putting these two together the decision was easily made and Ikaalisten Matkatoimisto Oy was established. (Talonen 2015.)

Talonen (2015) says they did not plan on making their business as big as it is today and their operations grew forcefully only when the Baltic countries gained their independence and tourism started to bloom in these countries. The forceful growth started with the idea of one-day cruise to Tallinn which meant that Finnish people could travel to Tallinn without gaining a visa which brought down the price of the trip and also made organising the trips easier. (Hämäläinen 2010.)

The business is now operated by the children of Airi and Jyrki Talonen: Karoliina Selin, Esa Matias Talonen (CEO) and Pauliina Talonen (Vice CEO). Airi Talonen is still the chairperson of the board. The administration, marketing, production and a part of the sales and customer service are mainly located at the headquarters of Ikaalisten Matkatoimisto Oy in Ikaalinen. Only the production of Pärnu spa holidays and hotel travels is located in the Helsinki office.

Ikaalisten Matkatoimisto Oy is one of the biggest domestic tour operators in Finland employing 28 people full-time in total, not including the owners. For the summer which is the high peak season for Ikaalisten Matkatoimisto Oy, about ten seasonal workers are hired to help out with the busiest season every year. In the summer 2015 twelve seasonal workers were hired. Additionally Ikaalisten Matkatoimisto Oy has four to five harbour workers. (Selin 2015.)

As tour operator Ikaalisten Matkatoimisto Oy has concentrated on travel in Baltic countries; Estonia, Latvia and Lithuania, and for the past two decades Ikaalisten Matkatoimisto Oy has been the pioneer of travelling in Baltic countries. Besides Baltic countries Ikaalisten Matkatoimisto Oy organizes travels to about 20 European countries in total: Nordic countries and various European countries during the high season. Ikaalisten Matkatoimisto Oy's product selection consists of cruises, city holidays, spa holidays, Europe tours and family holidays. Europe tours and family holidays are mostly available only during the summer season. Table 1 shows the selection of Ikaalisten Matkatoimisto Oy in details.

TABLE 1. Selection of Ikaalisten Matkatoimisto Oy

Travel	Destination	Available
Cruise	Tallinn, Stockholm, St. Petersburg Special events	year-round
City holiday	Estonia – Tallinn, Pärnu, Haapsalu, Saarenmaa, Tartu, Rakvere Latvia - Riga, Jurmala Lithuania – Vilnius Sweden – Stockholm	year-round
Spa holiday	Estonia – Tallinn, Pärnu, Haapsalu, Saarenmaa, Laulasmaa, Viimsi, Pühajärve, (Toila) Seasonal events	year-round
Europe tour	Baltic countries, Norway, Budapest-Venice, Croatia, Alps-Riviera, Italy, Dublin, London-Paris, Normandia, Budapest-Prague	summer
Family holiday	Kolmården, Legoland	summer

Ikaalisten Matkatoimisto Oy plans, packages, markets and sells all their travels by themselves. It is what makes them be more than and different from the traditional travel agencies in Finland. Over the years Ikaalisten Matkatoimisto Oy has gained a vast expertise through organizing everything by themselves without agents or advertising agencies. Everything is done from inside the office. This expertise ensures that their packages are successful and smooth. Ikaalisten Matkatoimisto Oy emphasizes quality to find the best quality-price ratio for all flights, cruise ships and accommodations in their selection. Their revenue is around 17 million euros per year.

The main target group for Ikaalisten Matkatoimisto Oy consists of Finnish people of age 50 and higher. Families with children are an important target group especially during the summer season but also during other holiday seasons e.g. autumn holiday and winter holiday.

Bus transportation in Finland from customer's hometown to the harbour is offered for extra cost to many travels of Ikaalisten Matkatoimisto Oy. The bus transportation system experienced some changes in autumn 2015. There are now some express transportations when the transportation's route is shorter and without any breaks. The amount of

transportations vary depending on whether it is a low season or a high season for the business but the transportation is available daily for and from many ships to various cities and towns in Finland.

The bus transportation is organized with partners like Ikaalisten Auto Oy, A. Lamminmäki Oy, Linjaliikenne Nyholm Oy and Liikalan Liikenne Ky. The transportation is mostly available to Helsinki harbours, mainly the West Terminal and less often it is available to Turku harbour.

Ikaalisten Matkatoimisto Oy has two mottos – one for business customers and one for individual customers. 'Make the trip to a better business' is for business customers and 'The best way to relaxation' is for individual customers.

2.1.1 Acknowledgements and ratings

Ikaalisten Matkatoimisto Oy has gained acknowledgements for its operations both nationally and internationally. The travel agency was chosen as the Provincial Entrepreneur in the Tampere Region (Pirkanmaa) in 2009. Also, the Spa union of Estonia awarded Ikaalisten Matkatoimisto Oy as the Best Partner in Business in 2010.

The international credit rating institute has given Ikaalisten Matkatoimisto Oy the highest credit rating, AAA-rating for 16 consecutive years since 1999. The international credit rating institute investigates the economic situation of companies annually to decide on their credit rating levels. Ikaalisten Matkatoimisto Oy is the only tour operator among the tour operators in Finland organising travels primarily to Baltic countries to be given the AAA-rating consecutively for this many years. For example Matkapojat Oy was given the AAA-rating in 2013.

2.2   Spa holiday package

According to Ikaalisten Matkatoimisto Oy's website, the spa holiday package of Ikaalisten Matkatoimisto Oy is a popular choice among customers of all ages where pampering, culture and traveling in Estonia are combined together. In its selection Ikaalisten

Matkatoimisto Oy has 12 spas in Estonia with half board or full board. Each spa in the selection of Ikaalisten Matkatoimisto Oy is different in order for the customers to find a spa that fits their needs the best. For Ikaalisten Matkatoimisto Oy the spa holidays are the most profitable business (Selin 2015). They are good package deals for the customers but for the travel agency as well.

The Spa holiday package's price includes the crossing of the Gulf of Finland from Helsinki to Tallinn by shuttle ships, the bus transportation from Tallinn harbour to the spa – excluding the spa in Tallinn where transportation from harbour to the spa can be purchased with extra fee − accommodation, certain amount of spa treatments depending on the length of the travel, either half board or full board meals and the usage of the spa's facilities. The choices vary from spa to spa.

The length of the spa holiday package trips is in most spas four, five or eight days. A few spas offer three days, six days or seven days long travels. Four days long spa holidays are from Thursday to Sunday, five days long spa holidays from Sunday to Thursday and eight days long spa holidays either from Thursday to Thursday or from Sunday to Sunday. Each spa has its specialities in treatments.

For an additional price it is possible to get bus transportation in Finland from various towns and cities in Finland to the West Terminal harbour in Helsinki. Picture one shows the bus routes on a map. There are five different bus routes in total and the transportations shown in the picture one are valid every Thursday and Sunday, though the bus transportation from Heinola/Kuusankoski varies: on every odd week the transportation departs from Heinola, on every even week from Kuusankoski.

The bus transportation for spa holiday packages includes the luggage transportation service, meaning that the customers who purchase the bus transportation from their home town can have their luggage in the bus all the way to Tallinn harbour, instead of having to carry their bags in the Helsinki terminal to the ship and from the ship to the bus in Tallinn.
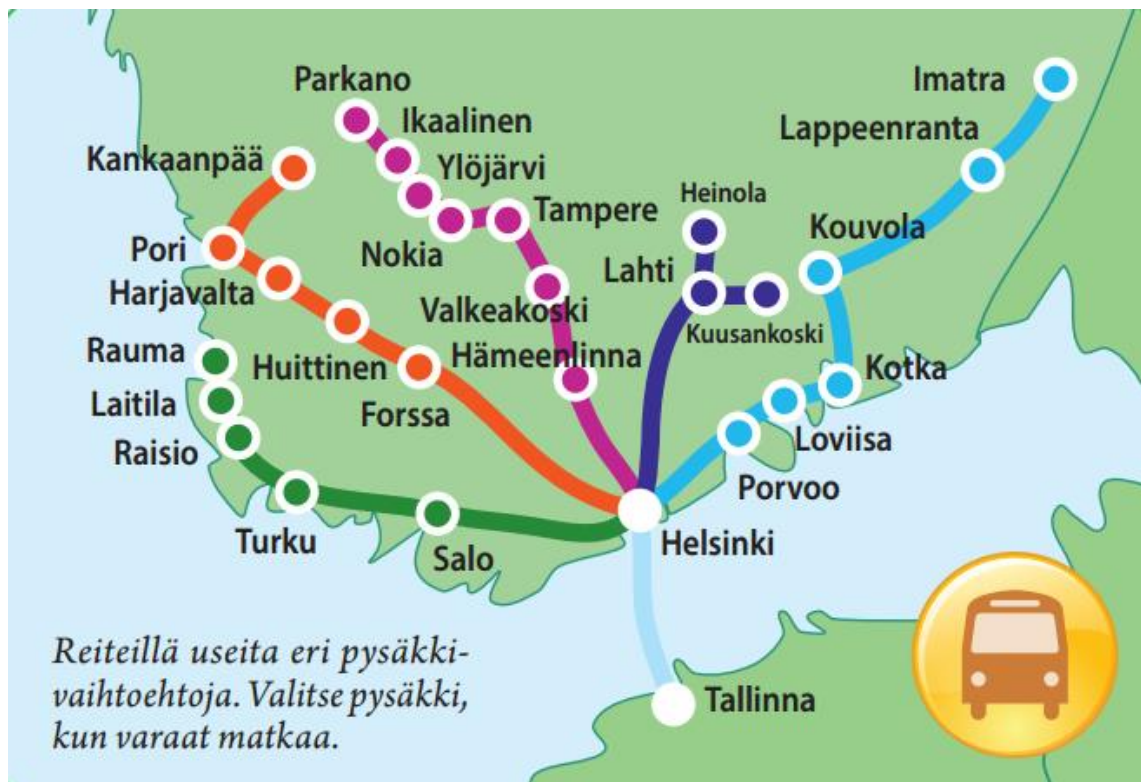
PICTURE 1. Bus transport routes in Finland. (Spa holidays 2015 brochure, Ikaalisten Matkatoimisto Oy)

2.2.1 History of spas

Spas are linked to words like 'health' and 'wellbeing'. Spas have been around at least since Babylonians and ancient Greeks. It is also known that the soldiers of the Roman Empire's legions would relax and treat their wounds at natural hot springs, and many areas have been known for their springs which have healing powers e.g. town of Spa in Belgium and Baden-Baden in Germany.

Social bathing was religiously adhered to as a culture in the ancient Mesopotamian, Egyptian, Minoan, Greek and Roman civilizations. Among the first to use a variety of baths, the Greeks pioneered the concept of laconica (hot water tubs and hot air baths). The Romans adopted and modified it; each succeeding emperor to the Roman throne outdid his forerunner in building more spacious and luxurious baths. Some baths were large enough to hold about 6000 bathers at a time. (Mistry 2015.)

In Homeric times, bathing was primarily used for cleansing and hygienic purposes. By the time of Hippocrates (460-370 BC), bathing was considered more than a simple hy-

gienic measure; it was healthy and beneficial for most diseases (van Tubergen and van der Linden 2002). In Roman times after undressing in the changing room the bather progressed through a series of rooms of graded temperature and humidity. Immersion was only a part of the process, and in the heated rooms sweat and grime were scraped from the skin with metal strigils. Basins with hot and cold water were provided for washing and refreshing, and the final stage normally involved the application of oils and ointments. Roman baths were regarded not only as places for cleansing and social intercourse but also as centres of medical treatment, and though some went there to wash, take exercise, socialize, have a massage or a manicure, or have unwanted hair removed, others went for medical treatment or for advice of dietetics from athletics trainers. (Jackson 1990.)

After the fall of the Roman Empire in 476 the bathing culture fell into disrepute and started to be used again gradually from the 13th century onwards, particularly in southern Europe. But in the 16th century the image of the public baths worsened in many countries – baths were considered to be a source of contagious diseases such as syphilis, plague and leprosy. The gentry still continued to visit the baths, although they preferred to go to baths from natural sources with warm, mineral water instead of public baths. (van Tubergen and van der Linden 2002.)

Around this time Italian doctors started to analyse and study the waters for their mineral components and their effect on the body and slowly a new bathing culture developed in Italy. Seventy eight conditions that might benefit from baths and medicinal water were listed. The treatments consisted of drinking cures, bathing, purging and application of mud. This new bathing culture gradually spread over other parts of Europe. (van Tubergen and van der Linden 2002.)

In the past decades the medical significance of bathing has been acknowledged, especially by many rheumatologists and dermatologists. Bathing is usually combined with many other treatments, such as physical exercises, hydrotherapy, and mud packs. A substantial number of spa resorts direct more attention towards leisure with steam baths, saunas, whirlpools and solariums as standard equipment with the main objective being to relax and strengthen the body and mind and to prevent development of disease. (van Tubergen and van der Linden 2002.)

2.2.2   Toila Spa

Toila is a small Estonian municipality (a village) located in Ida-Viru County. Toila village was first mentioned in Danish Land Book in 1241. Its sights, the Oru Park and the castle, were established in 1897-1901. Nowadays Toila is a popular place for weekend breaks and holidays, especially with Estonians from Ida-Viru County (Visit Estonia). Toila Spa is located close to the Oru Park and just a stone's throw away from the seashore.

Toila Spa was built in 1990 and renovated in 2005. The spa has 9 floors and 140 rooms. Toila Spa offers classic treatments among other things for neurological problems, arthritis and for heart, blood circulation and respiratory tracts problems. Toila Spa has its own diagnostics centre where almost all blood tests can be analysed. Cold therapy is Toila Spa's speciality. In cold therapy the customer is treated with -140°C coldness short amounts at a time. This treatment is very good for muscle inflammations, rheumatic pains and the pain and swelling caused by a trauma. (Spa holidays 2015 brochure.)

Toila Spa is known for its delicious food and warmth in the atmosphere. It is also a clean spa, though the rooms are simple. The standard rooms have a shower/WC, a TV and a morning gown. In addition to standard rooms, there are allergy rooms and suites which have a more extensive build-up. The spa's facilities include internet-spot, free Wi-Fi in the lobby, renting of bicycles and Nordic walking poles, basketball field, tennis court, playroom for children, beauty salon, hair dresser, a store, conference rooms and safety deposit boxes in reception. The pool and sauna section has infrared sauna, aroma sauna, salt sauna, Finnish sauna, 25m pool, rest and water massage pool and hot tubs. (Spa holidays 2015 brochure.)

2.2.3   Spa holiday package to Toila Spa by Ikaalisten Matkatoimisto Oy

Ikaalisten Matkatoimisto Oy organised its first travels to Toila Spa in summer 2015. Ikaalisten Matkatoimisto Oy organized four days long travels, five days long travels and eight days long travels to Toila Spa from 31.5.2015 until 27.9.2015. All these options included the crossing of Gulf of Finland from Helsinki to Tallinn by shuttle ship, bus

transportation from Tallinn harbour to Toila Spa organized by the spa itself, accommodation at Toila, full board meals starting from the dinner of the arrival day and ending to the breakfast of the departure day, morning sauna from 6am to 8am, free usage of the gym, the swimming pool and sauna centre, aroma relaxation room and the usage of bathrobe. In addition to the four day long stay, the package includes one three-hour long usage of wellness-centre, water aerobics on Friday and Saturday and two treatments from a selection of treatments. The five and eight day long stays include consultation with a doctor and three treatments a day, apart from the day of arrival, the day of departure and Sundays.

The selection of treatments is different for the customers staying at Toila Spa for four days and for customers who stay for five or eight days. The spa holidays 2015 brochure by Ikaalisten Matkatoimisto Oy listed the selections for these different lengths of travels:

The selection of treatments for four day long stay:
- lymph drainage (compressed air massage pants) 30 min + solarium 5 min
- energy capsule 30 min
- Vichy shower 15 min + massage couch 15 min
- relaxing bath 15 min (Dead sea salt, wine-, milk- or seaweed extract, aroma oil) + massage couch 15 min
- salt chamber 30 min, herbal tea+ massage couch 15 min
- cryosauna (temperature to -140º C) + massage couch 15 min
- massage 40 min (classic, aroma-, honey-, cup massage)
- massage 20 min + heat therapy 20 min (seasonal treatments)

The two chosen treatments are advised to be booked beforehand directly with the spa by contacting them via e-mail or by calling them.

For the five and eight days long travels the treatments are decided together with the doctor and thus the treatments cannot be booked beforehand. The treatments will be decided from the following list: herb whirlpool bath, carbon dioxide bath, bath for hands or feet with varying temperatures, sitting shower, circular shower, magnesium chloride foot bath, UVK (tubular-quartz), light-therapy, electrophoresis, high-frequency currents, infrared radiation, ultraviolet radiation, diadynamics, magnet therapy, amplipulse, ultra-

sound d'arsonvalization, inhalations, cryotherapy or cold therapy (applications), para-fango: rapeseeds, mud (2 localizations), hand massage 20 min (localization), massaging platform (20 min), pool group movement therapy (10-15 persons), individual movement therapy in the gym, group movement therapy in the gym (10-15 persons), salt chamber.

In addition to the spa treatments, Toila Spa organizes some trips to nearby destinations and there are some evening programs from Thursday to Saturday. The customers of Ikaalisten Matkatoimisto Oy can join these. The trips are organized if there are enough participants.

3 CUSTOMER SATISFACTION

In this section the theoretical framework for customer satisfaction and its measurement will be described.

3.1 Definition of customer satisfaction

Customers are the key to success in business for all companies. It is important for the companies to gain customers and not to lose them to their competitors. This is where the term customer satisfaction becomes an important term.

Collins English Dictionary (2015) defines customer satisfaction as a feeling of satisfaction felt by a customer with a product or service obtained from a business. But the truth is that the meaning of customer satisfaction has more depth. A consensual definition of customer satisfaction is yet to be developed although it has been researched, theorized, hypothesized and investigated in ever growing amount for the past some decades. Its importance seems to be still growing concurrently in research world and business world, its importance having been realized by organisations of all types and sizes. Customer satisfaction has become a key operational goal for many organisations. (Hill and Alexander 2006, 1.)

Hill and Alexander (2006) suggest that customer satisfaction is a measure of how the organisation's total product performs in relation to a set of customer requirements. In other words, customer satisfaction measures company's performance as a supplier from the customer's perception.

According to Oliver (2010), satisfaction is the consumer's fulfilment response. It is the customer's judgement that a product/service feature, or the product or service itself, provided (or is providing) a pleasurable level of consumption-related fulfilment, including levels of under- or over-fulfilment. (Oliver 2010, 8.) In this definition over-fulfilment signifies a product or service which provides some additional and unexpected pleasure, whereas under-fulfilment signifies a product or service that gives more pleasure than first anticipated/expected.

Satisfaction…
With the Complete Consumption Experience

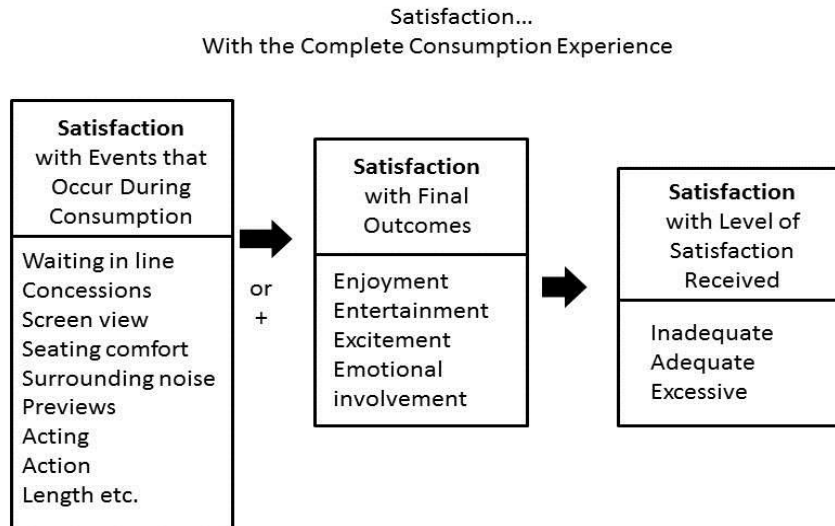| Satisfaction with Events that Occur During Consumption		Satisfaction with Final Outcomes	Satisfaction with Level of Satisfaction Received
Waiting in line Concessions Screen view Seating comfort Surrounding noise Previews Acting Action Length etc.	or +	Enjoyment Entertainment Excitement Emotional involvement	Inadequate Adequate Excessive

FIGURE 1. Satisfaction with movie experience (Oliver 2010, 7)

Figure 1 shows how provisional and final stages of cinema experience consumption are evaluated by the consumer. The whole experience is broken down into various 'events' which are individually judged one by one, until the end of the experience when the overall impressions of entertainment, excitement etc. can be evaluated for their potentiality of satisfaction. The result of this process can be evaluated again on the basis of how satisfying the satisfaction was, based on the consumer's prior expectations of the experience.

Yi (1991) defined customer satisfaction in two ways: either as an outcome or as a process, based on the previous research on the matter:

o Outcome: "The summary psychological state resulting when the emotion surrounding disconfirmed expectations is coupled with the consumer's prior feelings about the consumption experience." (Oliver 1981, 27)

o Process: An evaluation rendered that the consumption experience was at least as good as it was supposed to be. (Hunt 1977, 459)

The outcome view construes customer satisfaction as an outcome resulting from the experience of customer consuming the product, whereas the process view suggests that customer satisfaction is formed over time through evaluation process from the span of the entire consumption experience. The latter view seems more useful due to the complexity of customer satisfaction and what affects individual's satisfaction on a product or service.

Reading through various definitions of customer satisfaction they seem vary mostly in how specific the definition is. Figure 2 shows one basic satisfaction model which takes into consideration factors which affect customers' expectations. It is divided into three sections: inputs (or antecedents), the variables affecting customers' expectations on the product or service; the confirmation/disconfirmation process, which combines the customers' expectations and the performance of the product/service; and outputs, in other words the satisfaction (or dissatisfaction). The model can be enlarged by expanding it to include other constructs e.g. customer loyalty, or by adding the evaluation of how satisfying the satisfaction was.
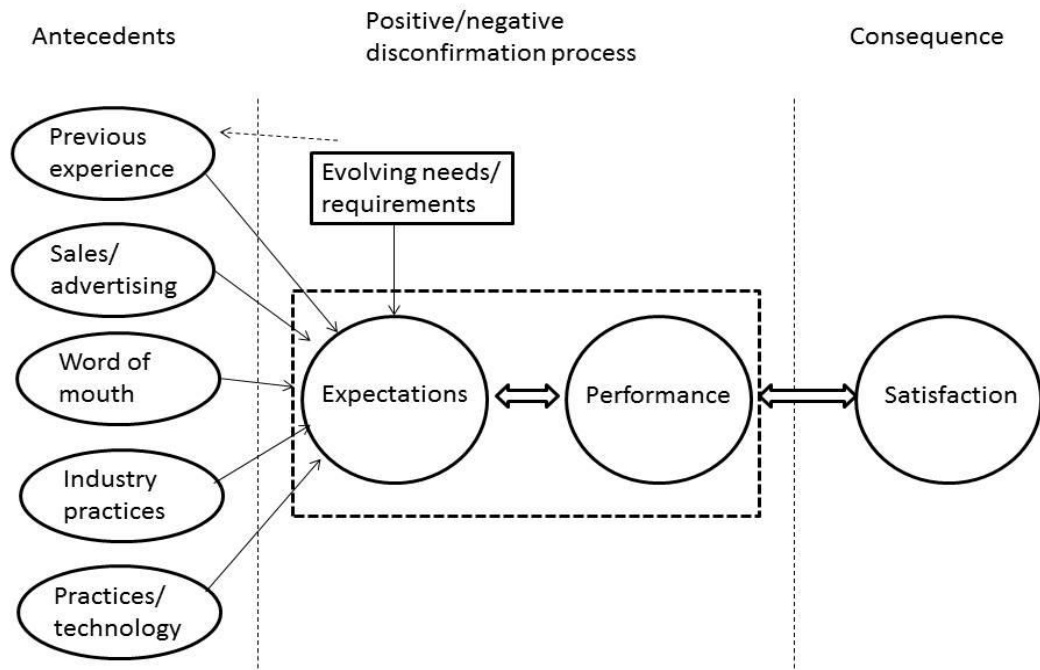
FIGURE 2. A "generic" satisfaction-dissatisfaction model (Vavra 2002, 25)

In this thesis the definition of customer satisfaction being a process will mainly be adapted as it takes into consideration the entire consumption experience. Customer satisfaction is viewed as a complexity with variables and attributes affecting each individual's process of evaluation on whether the experience with the product or service was satisfactory or dissatisfactory. The variables and attributes affecting this process of customer satisfaction will be further discussed later in this thesis.

3.1.1 Importance of customer satisfaction

Recently the importance of customer satisfaction and the importance of satisfying customers cannot be denied, as it can be seen everywhere. A survey conducted in 1994 by the Juran Institute detected that 90 per cent or more than 200 of United States of America's largest companies' top managers agreed with the statement "Maximizing customer satisfaction will maximize profitability and market share." About 90 per cent of these companies were taking actions for systematically tracking and improving customer satisfaction scores. (Fay 1994; cited by Vavra 2002, 6.)

Dedications to customer satisfaction can also be seen everywhere. Many companies' websites consist of introductions where the company declares customer satisfaction as its main goal in business (e.g. Discovery resource's website; Northrop Grumman's website). In addition, there are numerous prizes a company can win which are based on customers' satisfaction with the company e.g. Customer Choice Award.

Grigoroudis and Siskos (2010) claimed customer satisfaction's importance through its measurement processes. They claimed that customer satisfaction measurement is now considered as the most reliable feedback, taking into account that it provides in an effective, direct, meaningful and objective way the customer's preferences and expectations. The results of customer satisfaction measurement may provide the employees of a company with a sense of accomplishment. This might motivate people to perform and achieve higher levels of productivity. (Hill and Alexander 2006, 10.)

Operations Manager Salah Al-Ghamdi (2015) writes in his LinkedIn article about reasons to customer satisfaction's importance that customer satisfaction is a leading indicator of consumer repurchase intentions and loyalty. This idea is supported by many studies which have found that customer satisfaction influences purchase intentions as well as post-purchase attitude (Bearden and Teel 1983, 26; LaBarbera and Mazursky 1983, 401; Oliver and Linda 1981; and Oliver and Swan 1989, 34: in Yi 1991, 104). These results imply that customer satisfaction has a positive effect on repeat purchase behaviour and brand loyalty, and reduces brand switching.

On the other hand, the Technical Assistance Research Programs ([TARP] 1979) found that dissatisfied customers who made a complaint about their dissatisfaction reported

higher repurchase intentions than those who did not complain, even if their complaints were not satisfactorily handled (Yi 1991, 104–105). This indicates that even those customers who experienced dissatisfaction with the product or service can have repurchase intentions and loyalty towards a brand, implying that if dissatisfied customer does not have a way of voicing out the dissatisfaction, he or she might change the brand.

Also, Jones and Sasser (1995) found in their research that a customer's satisfaction with a product or service has virtually no bearing on his or her likelihood to return to buy from that company again – unless the customer is totally satisfied (Customer Satisfaction Strategy 2012).

To sum up, it can be said that customer satisfaction indeed is important to the companies but it is not a simple subject and measuring it and making conclusions from the results is not easy due to many variables that affect each individual differently. But customer satisfaction can help companies stay profitable in harsh competition.

3.1.2   Customer retention

The focus of most marketing activities was on gaining new customers still in the 1990s. Now customer retention has become more important, even a necessity as many companies are now in saturated markets and the difference in quality and service among the companies on the same field of business is not that big. Therefore keeping the existing customers has become more important than getting new ones.

NGData (2015) wrote a definition for customer retention. Customer retention refers to the activities and actions companies and organisations take to reduce the number of customer defections. The goal of customer retention programs is to help companies retain as many customers as possible, often through customer loyalty and brand loyalty initiatives. It is important to remember that customer retention begins with the first contact customer has with the company and continues throughout the entire lifetime of the relationship.

Gruber (2009) collected the major benefits of customer retention (Gruber 2009, 3):
- o   Increase of repurchasing behaviour

- o Increase of cross selling behaviour
- o Increase of the value of a customer
- o Declined price sensitiveness
- o Positive word of mouth recommendations
- o Declined migration rates
- o Declined costs for the acquisition of new customers
- o Strengthening of the unique selling proposition

It seems that customers who are loyal to a company are more likely to accept a price increase due to the fact that they are less sensitive about price or cost factors. Also, it has been researched that acquiring a new customer costs 4 to 10 times more than keeping an existing customer (The Chartered Institute of Marketing 2010). Thus it should only be natural for all companies to want to keep their existing customers.

3.2 Variables influencing customer satisfaction

Numerous studies have been conducted to find the variables that affect customer satisfaction. Some of these studies have been more fruitful than others and received more support from other researchers. The studies, the results of which did not gain much support from others, were the results from studies suggesting that demographic or socio-psychological characteristics of consumers e.g. age or level of education (Pickle and Bruce 1972), race (Pfaff 1972) or marital status (Mason and Himes 1973) would be affecting customer satisfaction. The reason for these results not gaining much support was at least to some extent because other studies failed to get the same results. For example the relationship between age (Mason and Himes 1973) and education (Gronhaug 1977) and customer satisfaction were not found in other studies.

Yi (1991) reviewed various studies in his paper and concluded that the key variables that have been found to affect customer satisfaction include expectations, disconfirmation, perceived performance and prior attitudes.

The studies that focused on post-purchase evaluation of a product and its performance as a cognitive process resulting in confirmation or disconfirmation of expectations (e.g. Cardozo 1965; Deighton 1984; Oliver 1976, 1977) found expectations (or some other

comparison standard) and confirmation/disconfirmation as key variables affecting the evaluation of product performance (Yi 1991, 78).

Perceived performance is the way a customer understands the product or service and its performance. Furthermore, product or service may be perceived differently by each individual due to the expectations they had on the product or service received. Customers' expectations on a product or service are built on the knowledge customers have on the product based on e.g. advertisement or product info, what they have heard from others (word-of-mouth) and prior experience they have with the brand or company (e.g. if they are loyal customers and repeat customers of the brand/company).

All of these key variables can be difficult to investigate as it seems each variable can have direct or indirect effect on other variables. Disconfirmation is the discrepancy between the perceived performance and expectations, meaning that if the expectations are high, the customer is more likely to be disconfirmed (Yi 1991). Bearden and Teel (1983) hypothesized disconfirmation affects satisfaction directly by itself and directly through an interactive relationship with expectations, though the results of studies on this topic are yet inconclusive.

Tse and Wilton (1988) found in their examinations that perceived performance had direct effect on customer satisfaction, but also an indirect effect through perceived performance's effects on disconfirmation.

3.2.1 Customer expectations

Customer expectations have been mentioned already earlier in this thesis but in this part customer expectations will be further explained. Most customers have some sort of expectations on the product or service they buy and thus it is important for companies to understand what their customers are expecting. Before companies can understand the expectations it is important to know who the customers are and what they want and/or need from the product the company is selling.

Customers can be current, past, potential, internal or external customers. The purchaser of the product and the one actually using the product can be different, which can make

recognizing the real customers challenging (Grigoroudis and Siskos 2010, 8). Nevertheless, it is important for the company to recognize and understand who their customers are and what they want and need.

Companies can divide all the customers entering their stores into five groups according to Mark Hunter's (2015) online article:

1. Loyal customers

Loyal customers represent no more than 20 per cent of a company's customer base but they make up for more than 50 per cent of the sales. This is the group of customers companies should focus on the most. Nothing will make loyal customers feel better than soliciting their input and showing them how much the company values it. Many times, the more a company does for them, the more the loyal customers will recommend the company to others.

2. Discount customers

Discount customers are people who shop in the company's stores frequently, but make their decisions based on the size of the store's markdowns. Thus they ensure the company's inventory is turning over, contributing to cash flow, but they can also cause costs as discount customers are more inclined to return a product.

3. Impulse customers

Impulse customers do not have a particular item they would need to buy and they enter the store on a whim. They will purchase what seems good at the time. This type of customer is rather easy to influence by recommendations. Companies should target their displays towards this group because impulse customers will provide the company with a significant amount of customer insight and knowledge.

4. Need-based customers

Need-based customers are people who have a specific need or intention to buy a particular type of item. These customers might be difficult to please as their reasons for the

need to buy a certain item can have a variety of different reasons e.g. special occasion, a specific need or an absolute price point. Need-based customers have the potential of becoming loyal customers if they are well taken care of.

5. Wandering customers

Wandering customers do not have a specific need or desire in mind when they enter a store. Rather, they just want a sense of experience and/or community. Indeed, they make up the smallest percentage of sales, and they are often driven more by the store's location than anything else. It is good to keep in mind, though, that wandering customers are very likely to communicate to others the experience they had in the store.

After understanding the types of customers the company is dealing with, it is time to look a little bit more into expectations they might have.

Customer's needs, desires, value systems and value creation processes affect the development of customer's expectations. The expectations are also affected by external factors e.g. hearing the opinions of family or business partners might greatly affect the development of one's expectations on the product. Also, marketing communications methods like direct sales and advertisement campaigns affect expectations, as do the brand and image of the company. (Grönroos 2009, 421–422.)

According to Rope and Pöllänen (1994) expectations are formed by previous experiences, word of mouth, articles about the company and e.g. marketing communications. Based on how expectations are formed they conclude that customer satisfaction is relative and always subjective personal view. (Rope and Pöllänen 1994, 58–59.)

Berry and Zeithaml (1991) researched customer expectations with 16 focus group participants and discovered:
- o Customers expect service basis – for example customers will expect to receive more the more they pay for the product or service.
- o The service process is the key to exceeding expectations – this discovery speaks about the surprise effect that personnel can create for a customer with an uncommon swiftness, face, courtesy, competence, commitment or understanding.

- o Customer expectations are duel-levelled – the discovery was that customer's expectations had two levels: the desired level the customer hopes to get and the sufficient level the customer finds acceptable.

- o Customers want relationships – what customers want is an ongoing, personalized relationship with the same representative of the company and that they do not always have to initiate the contact.

- o Manage promises – promises which the company cannot keep will only raise customer's expectations, which is why to manage customer's expectations, the companies can first start from managing their promises they are making to the customers.

The best way to really learn the customers' needs, desires and expectations is to ask them. By understanding customer expectations and knowing how to set and meet them, it is possible to go a long way to achieving high customer satisfaction (Beard 2013). Once the company knows its customers and what the customers expect, it can concentrate on exceeding the expectations to give the best service package and eventually keep customers returning to it.

3.2.2 Service gaps

One of the newer theories on the topic of customer satisfaction is the theory of service gaps (Hill and Alexander 2006, 6). This theory is also called SERVQUAL and it was developed mid 1980s by Zeithaml, Parasuraman and Berry based on their study concerning service quality components and how customers evaluate the quality of service (Grönroos 2009, 114). The service gaps theory discusses the 'gap' between customers' expectations of a product or service and their perceptions of the actual service delivered by an organisation to find out what causes the dissatisfaction a customer may come to experience. In other words, the main point in this theory is customer's perception while trying to understand the difference between expectations and experience.

Gap 1 **The Promotional gap** What is said about the service differs from the standards actually delivered	Gap 2 **The Understanding gap** Manager's perceptions of customers' expectations are inaccurate	Gap 3 **The Procedural gap** Customers' expectaions are not translated into appropriate operating procedure/systems	Gap 4 **The Behavioural gap** The service that is delivered is different from the specification for the service	Gap 5 **The Perception gap** The level of service perceived by customers differs from the service actually provided

The Service Quality Gap
The difference between customers' expectations of a service and their perceptions of the actual service delivered by an organisation
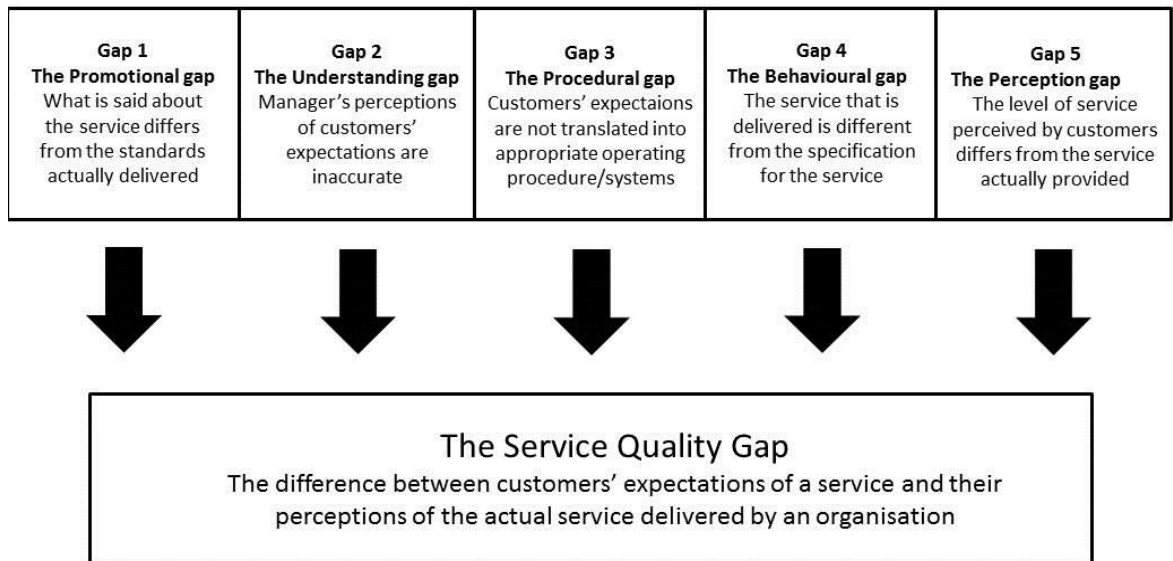
FIGURE 3. Service gaps (Hill and Alexander 2006, 6)

Gap 1: The promotional gap

The origin of the problem can often be traced back to the company's marketing communications. In their eagerness to win customers by selling the benefits of their product or service companies can very easily create expectations in the minds of customers that will be difficult to fulfil.

Various studies have found that raising customer's expectations on the product performance leads to higher product evaluation, in other words, higher expectations lead to more favourable ratings (e.g. Olhavsky and Miller 1972; Cardozo 1965). However, the overstatements of product performances should be kept within the range customers can still accept.

Gap 2: The understanding gap

The next possible problem area is that the managers of the organisation do not have an accurate understanding of customers' needs and priorities. If they do not really know what is important to customers it is extremely unlikely that the organisation will 'do best what matters most to customers' however much emphasis is placed on quality and service. Many organisations seeking to measure customer satisfaction perpetuate this

problem by failing to include in the survey a section which clarifies what is important to the customer.

Gap 3: The procedural gap

Assuming that the organisation does have a full understanding of what matters most to the customers it will still fail to deliver customer satisfaction if it has not translated customers' expectations into appropriate operating procedures and systems.

Gap 4: The behavioural gap

Sometimes organisations have clear procedures which are well matched to customers' needs and priorities but do not achieve a consistently high level of customer satisfaction because staff are insufficiently trained or disciplined to follow the procedures to the letter at all times.

Gap 5: The perception gap

It is possible that gaps 1–4 do not exist but the customer survey still shows an unacceptable level of dissatisfaction. This is because customers' perception of the performance of the organisation may differ from reality. A customer who was upset by off-hand, unhelpful service sometimes in the past will form an attitude that the organisation is uncaring and it may take some considerable time and much experience of good personal service before that perception is modified.

The service gaps theory includes all the previously mentioned key variables affecting customer satisfaction: expectations, disconfirmation, perceived performance and prior attitudes. It is rather useful as it is able to bring understanding upon the perception differences between customers concerning service quality.

3.2.3 Customer loyalty

Customer loyalty initiatives have become many companies' solution to customer retention, which is why this is an important topic to cover in this thesis. It could be said that

customer satisfaction is important to companies because very satisfied customers see value in the product or service and will create loyal customers making most of companies' profits annually.

The dictionary definition for the word 'loyal' is "firm and not changing in your friendship or support for a person or an organisation, or in your belief in your principles." In other words it means that one stays faithful to someone or something, like an organisation. So why should anybody be loyal to an organisation? One could argue that these days loyalty goes the other way around: the companies and organisations should stay loyal to their customers.

Oliver (2010) defines customer loyalty as "a deeply held commitment to rebuy or repatronize a preferred product or service consistently in the future, despite situational influences and marketing efforts having the potential to cause switching behaviour…" Organisations should earn their customers' loyalty for the organisations' own sake as loyal customers are the group of customers who bring in most of the profits. The question how can they do that brings us back to companies having to meet their customers' needs, desires and expectations, and in addition, the organisation has to meet those needs better than any of the alternative suppliers. (Oliver 2010, 434.)

Grönroos (2009) implies that loyalty and trust have a close relationship and that companies should serve their customers in a way which makes the customers believe they can trust the company with anything at any time. The desirable norm should not be 'no mistakes' but 'no lack of confidence'. Customers' faith in an organisation should never be failed by giving them a negative or mediocre customer service, nor by giving them wrong, lacking or missing information, or by giving them a badly functioning product – not even once. (Grönroos 2009, 178–179.)

Hart and Johnson (1995) found in their study that customer satisfaction and repurchase behaviour are strongly related to each other, however the relation is not linear. Only 'very satisfied' customers make plenty repurchases and spread a positive word-of-mouth communication about the company. These very satisfied customers with repurchase behaviour are the company's loyal customers, or the customers who have the possibility of becoming the company's loyal customers.

Griffin (1995) distinguished four types of loyalty (figure 4) as disclosed by Grigoroudis and Siskos (2010, 86–87):

- o No loyalty: For several reasons some customers do not develop loyalty to certain products or services, since both repeat purchase and relative attachment are low. Some marketers suggest that businesses should avoid targeting these buyers, while others believe that it is possible for these types of customers to increase their relative attachment and switch to another loyalty segment.

- o Inertia loyalty: A low level of attachment coupled with high repeat purchase produces inertia loyalty, which means that customers usually buy out of habit or out of convenience. These customers feel some degree of satisfaction, or at least no real dissatisfaction. These customers can be turned into a higher form of loyalty by courting the customer and increasing the product or service differentiation.

- o Latent loyalty: A high relative attachment combined with low repeat purchase signifies latent loyalty. In this case situational effects rather than attitudinal influences determine repeat purchase (e.g. inconvenient store locations, out-of-stock situations, influence of other people).

- o Premium loyalty: Premium loyalty is produced when high level of attachment and repeat purchase coexist. It is the preferred type of loyalty for all customers and any business. Premium loyalty is achieved when the company has developed and communicated a proposition that clearly has long-term benefits for the customer, and when the customer modified his/her behaviour to remain loyal over time.

FIGURE 4. Types of loyalty (Grigoroudis and Siskos 2010, 87)

Hill and Alexander (2006) found similar types of loyalty with some differences (table 2) but the types of loyalty follow the framework of Griffin's work and combine the different types of repurchase patterns with customer's attitude toward the company or brand (Grigoroudis and Siskos 2010, 87–88).

Monopoly loyalty is a situation where customers have little or no choice thus their 'loyalty' is far from devoted. Incentivised loyalty has possibly been the most over-hyped marketing strategy in recent years, though customers see loyalty points as something they may as well take when it meets their wider needs to use that supplier and their degree of allegiance is low to medium. Habitual buyers may be the most common form of repeat purchase. Businesses with many customers with habitual loyalty may feel a misleading sense of security but these types of customers might disappear if a new business offering similar products or services is opened nearby as their loyalty toward the businesses is low.

Hill and Alexander (2006) named their final type of loyalty as 'committed loyalty' comparing it to a football club. Football club members' loyalty toward their own club is high and they were most likely brought up to believe that their team is the greatest. To gain this kind of loyalty businesses must continually earn their customers' retention by delivering that total value package which meets their customers' requirements at every customer encounter.

TABLE 2. Alternative types of loyalty (Hill and Alexander 2006, 15)

	Example	Degree of Allegiance
Monopoly loyalty	Rail commuters	Low
Cost of change loyalty	Financial software	Medium
Incentivised loyalty	Frequent business flyers	Low to Medium
Habitual loyalty	Petrol stations	Low
Committed loyalty	Football club	High

Although all types of customers are important to businesses, they should aim to increase the amount of premium loyalty, or committed loyalty customers due to their positive effects on business' profits. According to Reichheld (1996), customer loyalty and its

effect on economics results from cost of acquisition, growth in revenue, cost savings, referrals and price premium.

However, whatever the type and the customer-supplier relationship, there will be different degrees of customer loyalty, which is not a constant or one-dimensional concept. Rather, it could be said that customer loyalty is a dynamic process which has different stages and is evolving over time. These different stages – or levels of loyalty have been investigated by Griffin (1995) and Hill and Alexander (2006) and summed up together by Grigoroudis and Siskos (2010, 88) in the following way:

- o **Suspects** include everyone who may buy the examined product or service. Suspects are either unaware of the offering or they have no inclination to buy it.
- o **Prospects** are people who have the need for the examined product or service, as well as the ability to buy it. Prospects are potential customers who have some attraction toward the company, but they have not taken the step of purchase yet.
- o **First-time customers** are the customers who have purchased the products or services offered (usually once, although the category may include some repeat buyers). First-time customers have no real feeling of affinity toward the company.
- o **Repeat customers** are people who have purchased the examined product or service two or more times. They have positive feeling of attachment toward the organisation, but their support is passive, rather than active, apart from making purchases.
- o **Clients** buy regularly all the products or services offered by a business organisation, if they have the need for them. Usually, there is a strong relation between the organisation and a client, positively affecting his or her switching behaviour.
- o **Advocates** are clients who additionally support the organisation by talking about it and/or recommending it to others.
- o **Partners** have the strongest form of customer-supplier relationship, which is sustained because both parties see the partnership as mutually beneficial.

FIGURE 5. The loyalty levels pyramid (Hill and Alexander 2006, 16)

Based on these loyalty levels it can be concluded that loyalty toward a company means a lot more than just buying products and/or services from that company. It is the positive commitment which makes a truly loyal customer. The degree of customer's commitment can be used in customer satisfaction measurement to segment the customer base. Each one of the customer loyalty segments will most likely have different needs and priorities and perceptions of performance, and the companies will have to make distinct strategies for each segment.

3.3 Measurement of customer satisfaction

Based on the theories discussed it can be said that customer satisfaction is a complex matter but still important for a business and its success. When measuring customer satisfaction it is important to consider how it will be measured, where, when, how often, why, what exactly must be measured and who will measure it (Gerson 1993). It is important to specify the objectives to the measurement and the key performance criteria to be used and otherwise plan the whole measurement process before starting it. In this section the most important aspects of customer satisfaction measurement will be discussed.

3.3.1 Methods of measurement

Direct survey methods are most widely used means of measuring customer satisfaction. Their primary advantage is directness; the purpose is clear, the responses straightforward and the corresponding rules between consumer satisfaction and measures are unequivocal. (Yi 1991, 70.) Direct surveys also have their disadvantages: the responses could be influenced by the act of measurement, and there are also problems with selection bias, interviewer bias and nonresponse bias. All these are threats to the validity of the survey data collected.

The other methods for measuring customer satisfaction are indirect methods, including collecting data on consumer complaints and repeat purchases. These methods' importance lies in complaints and repeat purchase behaviours being relevant with satisfaction. In addition, Yi (1991) denotes that indirect methods are important to both companies and customers and are relatively unobtrusive, resulting in reduced reactivity. It should be noted, though, that customers who are not satisfied with a product might repurchase it because other brands are not available or because there are special promotions for the product, in other words repurchase behaviour is affected by customer satisfaction, but also by promotional activities, brand availability and brand loyalty.

According to Rope and Pöllänen (1994), both direct and indirect methods are essential elements for customer satisfaction measurement but neither is sufficient on its own. Thus both methods should be used to get comprehensive results for the level of customer satisfaction. (Rope and Pöllänen 1994, 57.)

Hill and Alexander (2006) divide the different survey methods into four categories: personal interviews, telephone interviews, self-complete questionnaires and electronic surveys (Hill and Alexander 2006, 102–104).

Personal interviews are face-to-face interviews on a street, customer's home or in the premises of the company. It depends on the situation how long this kind of interviews can be e.g. if the interview is conducted on a street the interview can usually be no more than 15 minutes long with mainly quantitative questions, while an interview which is conducted in the premises of the company can last longer, typically 30–45 minutes giv-

ing time for more thorough examination of customer's attitudes and perceptions. Table three shows more of the advantages and disadvantages of personal interviews.

TABLE 3. Summary of advantages and disadvantages of personal interviews (Hill and Alexander 2006, 102)

Personal interviews	
Advantages	**Disadvantages**
Should achieve total respondent understanding	High cost especially in business markets
Visual prompts possible	Well trained interviewers required
Complex questions possible	Personal/sensitive questions difficult
Random samples possible for home/office interviews	Street/point-of-sale interviews need good planning and control if an accurate quota sample is to be achieved

Telephone interviews, as conducted on phone, need to be shorter than on-site personal interviews due to the difficulty of maintaining the respondent's interest and concentration if the interviewer has to wade through long lists of similar performance attributes. Telephone interviews eliminate additional costs associated with a geographically diverse customer base and are very suitable e.g. for business-to-business markets. Table four shows the summary of advantages and disadvantages of telephone interviews.

TABLE 4. Summary of advantages and disadvantages of telephone interviews (Hill and Alexander 2006, 104)

Telephone interviews	
Advantages	**Disadvantages**
Quick	Short interviews
Low cost	Simple, straight-forward questions
Two-way communication allows explanations and prompts	Visual aids are impractical though not impossible
Total control over sampling	Good interviews required to maintain respondents' interest and concentration
Distance no problem	

Self-completion questionnaires (table 5) have many advantages and they erase the problems associated with untrained interviewers and interviewer-induced bias and asking sensitive or embarrassing questions is easier due to the anonymity. Though, disadvantages of self-completion questionnaires can be serious. These questionnaires should be kept short and questions simple as the questions will most likely be misinterpreted by some respondents. If the questionnaire is long the respondent might hurriedly answer it just to be done with it leaving replies without much thought.

TABLE 5. Summary of advantages and disadvantages of self-completion questionnaires (Hill and Alexander 2006, 105)

Self-completion questionnaires	
Advantages	**Disadvantages**
Low cost	Slow response rate (apart from electronic surveys)
No interviewer bias	Low response rate
Unintrusive and anonymous	Short questionnaires
Distance no problem	Simple questions
Wide choice of distribution methods	Hurried, possible unreliable responses
Point-of-sale surveys for immediacy	Unrepresentative samples

Electronic surveys come in two forms: web surveys and email surveys. Email surveys are usually in the form of a file attachment sent to customers' email. Customers open the file attachment in their own time, complete the questionnaire and return it to the sender. Web surveys are completed online on internet where customers log in or follow a link to. Due to sample controlling customers are most usually invited to complete a web survey by sending them an email with a clickable URL.

Some web surveys are password protected and the customer who wants to complete the survey should enter the given password before being able to access the survey. Table six summarizes the advantages and disadvantages of electronic surveys but it could be said that electronic surveys illustrate the best and worst aspects of self-completion questionnaires. They are extremely quick and easy but it is likely that there will be a low response rate and non-response bias.

TABLE 6. Summary of advantages and disadvantages of electronic surveys (Hill and Alexander 2006, 104)

Electronic surveys	
Advantages	**Disadvantages**
Low cost	Representative samples impossible in most consumer markets
Quick response	Access to email more widespread than web access for B2B respondents
Zero cost data and comment capture	Low response rates and non-response bias caused by huge volume of junk emails
Good for routing	Short questionnaires
Modern image	Hurried, possible unreliable responses

3.3.2 Issues of measuring customer satisfaction

There are few possible issues which might arise in questionnaire questions. Therefore, it is important to judge the questions carefully beforehand to avoid unwanted and unreliable results from the customer satisfaction measurement.

The first possible problem is whether the respondent has the essential information or knowledge to answer the questions. People are likely to give some kind of an opinion about e.g. Malaysia Airlines having never actually flown with the airline themselves. This problem of essential information can be minimized by selecting the respondents carefully based on their experiences with the product/service measured. That is if the purpose is to get responses only from those who have personal experience of the product or service.

The second possible issue is whether the respondent will understand the question. There are many common words which can have a different meaning to one person and another meaning to someone else. Such words (e.g. regularly and soon) should be avoided in the questions to ensure the questions are understood similarly by each respondent. Other problems with understanding are double questions and long questions with a definition or just otherwise with a lot of text.

Double questions are the kind of questions which include two very similar adjectives which might confuse the respondent when trying to answer the question, or a question which discusses more than one subject; one question could be broken down into two different questions making answering less challenging. Long questions in self-completion questionnaires or in a telephone interview are problematic as the respondent might not even try to figure out what it means and either skips the question or randomly picks an answer from the fixed options.

The third problem lies with giving a true answer to the questions. It is often difficult for people to formulate their thoughts and ideas into words when it concerns their attitude about something. Long thinking pauses can be very difficult especially in telephone interviews. Other problem with true answers is the respondent's defective memories about how he or she perceived the product, service or company. If the interviewer is going to ask about past events it would be recommendable to notify the respondents of the topics beforehand, giving them more time to think about the events before the interview takes place.

The last problem with true answers is people's eagerness to please and the tendency to give socially acceptable answers to avoid giving an impression of the respondent being unprofessional or irrational. This problem is rather difficult to identify and negotiate, but there is no evidence that respondents would deliberately try to mislead researchers in these interviews and surveys.

The fourth and last problem is with the questions and how they are formed – whether the question will create response bias. This means a situation where the question leads the respondent's answer towards a certain answer with the words used. The question 'How satisfied were you with the cleanliness of your room?' contains an element of bias towards satisfaction. To avoid any bias a better way to form this question would be 'How satisfied or dissatisfied were you with the cleanliness of your room?'

Piloting the survey questions before conducting the survey for real should reveal if any of these issues are present in the created survey. There will be more about piloting later in this thesis.

3.3.3   Rating scales

There are several various types of rating scales developed by market researchers to measure how strong people's attitudes are. Hill and Alexander (2006, 124–135) discussed the scales most relevant to customer satisfaction measurement in the following way.

Likert scales measure the degrees of agreement with a statement. The fixed answer options include 'disagree strongly', 'disagree slightly', 'agree slightly' and 'agree strongly'. Some use a fifth fixed option 'neither agree nor disagree' when using Likert scale in their customer satisfaction surveys.

Verbal scales are similar with Likert scales, measuring the degree of the attitude being measured. When measuring customer satisfaction with verbal scales the fixed answer options' concept is either the importance (very unimportant – very important) or the satisfaction (very dissatisfied – very satisfied).

Likert scales and verbal scales are not that precise measurements but they are easy to understand and they are the most respondent-friendly rating scales. Especially the measurement of attitudes at the positive end of the scales and e.g. restaurant's food performance are not covered well with these two scales. Due to the competitive markets more detailed rating scales are needed to distinguish the very best performance from just good performance. If a company has to choose between these two scales, however, the verbal scales are more appropriate because of their more neutral wording.

Semantic differential scales measure the attitude with two opposing words such as 'very slow – very quick', 'difficult – easy' without giving names to the in-between options. Typically there are more answer options (tick box form) than in Likert scales, e.g. seven options in total. When using semantic differential scales the respondent should define the strength of his or her attitude by selecting the proximity to the appropriate adjective.

The problem of being able to separate very best performance competitors is also present with semantic differential scales. In addition, the lack of qualifying scales seems to make semantic differential scale less user-friendly.

Ungraded scales are similar to semantic differential scales but instead of tick boxes the ungraded scales use an ungraded continuum between opposing words e.g. accessibility is of 'no importance – extremely important'.

The problem of separating high performance competitors seems to worsen with ungraded scales. The total absence of the scoring guidance in ungraded scales make the scales be disliked by the respondents and also causes the problem of being able to separate the best from the good.

Ordinal rating scales require the respondent to indicate the relative strength of his or her attitude to the different criteria by ranking them in order of importance, preference etc. (Hill and Alexander 2006). In other words the respondent is asked to rank five attributes in the order of importance.

Although ordinal scales are excellent for clarifying the priorities of respondents and for highlighting what company does the best (there can be no equal marks awarded to more attributes), there are problems with using these scales. Respondents find the ordinal scales difficult to complete which is why they might lose patience and rush to complete the questionnaire without thinking about their answers. Other problem with ordinal scales is how to quantify the responses since the only way to do it would be to e.g. assign a score of 10 to the attribute ranked first and thus the attribute ranked the last would get a score 1.

SIMALTO scales measure the respondent's priorities and expectations e.g. from ideal to unacceptable levels of service. SIMALTO scales are not just useful in measuring supplier's performance, but also the respondent's perceptions of competitor's performance. SIMALTO stands for Simultaneous Multi Attribute Level Trade Off.

SIMALTO scales are the most precise scales with most information. They allow accurate comparisons with future updates; they are flexible and give the easiest platform for measuring the tolerance (ideal, expected and unacceptable level of service) of respondents. However, SIMALTO scales are rather difficult to fill in and usually require the use of a professional research agency to check the design and to pilot the questionnaire, still if the SIMALTO scales are used in a self-completion questionnaire there is a high risk the respondent will misunderstand or lose patience with the questions.

Numerical rating scales make the respondents to grade, or give a mark to indicate the strength of their attitude. Scales can be decided by the user and can be for example from one to five, one to ten or from zero to hundred.

Numerical scales are, in Hill and Alexander's (2006) opinion, the best rating scale option – they are respondent-friendly, can be used for any type of an interview or survey and it is easy to get statistical analysis and visual communication of the results. The numerical scales can easily be monitored and compared with when updating with more answers.

3.3.4 Maximizing response rates

Hill and Alexander (2006) write that the more committed an organisation's customers are and the more interested they are in the product or service the higher will be the response rate achieved by self-completion surveys. The level of involvement included in the purchasing process has an effect on how likely the customer is to fill in the questionnaire sent by mail.

To get more responses to a postal satisfaction survey the customers should be approached more seriously like the survey was a very important subject – importance can be highlighted with the introductory letter sent along with the questionnaire being signed by some very senior, preferably the chief executive. In addition, the respondent should be treated as an individual and not just as one of many customers e.g. by addressing the letter by a name. (Hill and Alexander 2006, 108.) Vavra (2002) suggests writing the letter in form that gives the customer a feeling it is for him or her specifically: 'Your answer to this questionnaire will help us improve the products and services we offer and deliver for you' (Vavra 2002, 109).

User-friendliness is the key to good response rates in self-completion questionnaires. The questionnaire should be short, about four pages long, with good layout and easy to fill. For user-friendliness a reply-paid envelope is essential as it makes returning the questionnaire simple for the respondents. Hill and Alexander (2006) also suggest send-

ing reminders to non-responders and say that sending total of two reminders after every 10 days significantly boosts response rates. (Hill and Alexander 2006, 108–109.)

Many writers discuss improving response rates by sending out a prior notification (e.g. Hill and Alexander 2006; Wyse 2011; and Mitchell, Hewitt, Lenaghan, Platt, Shepstone and Torgerson 2012) and offering incentives (e.g. Yu and Cooper 1983; Hill and Alexander 2006; Mersdorf 2010; and Wyse 2011). The idea of prior notifications is to make the respondents aware of the importance of the survey and draw their attention to the purpose and potential benefits of it. Many trials have indicated that sending a prior notification does increase response rates (Mitchell, Hewitt, Lenaghan, Platt, Shepstone and Torgerson 2012).

Incentives and their effect on response rates have also been studied. Yu and Cooper (1983, 39–40) discussed in their review that both monetary and nonmonetary incentives increased response rates and that the amount of the paid incentive had a strong, positive linear relation to response rate. Mersdorf (2010) writes that small offers are very effective and that the incentive can be a discount on the next order or an entrance into a drawing for a bigger prize. Wyse (2011) reminds that the prize should match the interests of the target population for the survey.

Prior notifications and incentives are something a company should think of when planning to do a survey but they are not required to gain the results they are looking for. In worst case the cost of larger monetary incentive conditions might outweigh the value of the additional information gained.

3.3.5 Effective customer satisfaction measurement

Whether customer satisfaction is measured with a questionnaire or an interview there are at least three items of information that should be collected for the measurement to be effective according to Vavra (2002, 128–131):
- o Customer identification information – it is important to be able to trace every rating collected back to a specific customer as the customer's identity links the rating to a specific product or group of products and a specific field staff and it

allows the company an opportunity to offer fixes to those customers who require them.

o Overall criteria ratings – it is the set of questions that will give the company data telling about the overall performance of the company. Vavra (2002) suggests to ask seven overall criterion questions which will cover the following:

1. Overall satisfaction with the product
2. Likelihood to repurchase from the company in the future
3. Willingness to recommend the product and company to others
4. Perception of the product as representing good value
5. Overall satisfaction with the services the company has provided
6. How accessible the company makes itself to the customer
7. How responsive the company is to those customers who initiate contact

o Specific performance variables – to supplement the overall evaluation ratings the company will want to collect the customers' evaluations of specific functionalities of the product. These specific issues normally relate to the requirements or needs the customers have and how well the product meets each of those needs.

For a questionnaire to be effective the questions asked should be carefully planned and structured. The questions can be either closed questions (respondents are given a fixed selection of answers to choose from) or open questions (respondents can freely write the answer without any given options). Both question types can be used for different purposes, usually to find out about respondents' behaviour, to understand their attitudes or to gather details about them for classification purposes. (Hill and Alexander 2006, 123.)

Behavioural questions ask about what the respondent's does or has done before e.g. asking when the respondent last ate out in a restaurant would be a behavioural question. These types of questions are rather easy to answer as they are tangible and factual which is why they tend to be at the beginning of a questionnaire.

Attitudinal questions usually require more thinking and pondering and thus should rather be placed after behavioural questions to give the respondent some time to think about the issues involved. Attitudinal questions cover topics like attitude towards buying the product, the performance of the product and supplier and about the image of the

supplier. Important factor is to measure how strongly the attitude is held, in other words 'how satisfied the customer is?' instead of 'is the customer satisfied?'

Classification questions are for segmentation and include questions about the respondent's gender, age, marital status, occupation etc. In interviews it could be a better idea to leave the classification questions to the end since they may include some details some people might regard as sensitive.

From all these topics discussed it can be concluded that measuring customer satisfaction is not as simple as some might think. There are many small issues which can have a huge impact on the response rates of the survey. Companies should carefully think through what they expect from the customer satisfaction survey and build the whole package with careful thought based on the expectations taking into consideration question types, method, respondents, layout of the questionnaire and questions, and interviewer's skills.

Also, since customer satisfaction measurement is a form of marketing research, the same criteria for functionality that are applicable to marketing research are also applicable to customer satisfaction measurement. The criteria include for example validity and reliability, which will be discussed further in the next section.

4   RESEARCH METHODOLOGY

In this chapter the research approach will be introduced in detail and validity and reliability will be discussed.

4.1   Research methods

The aim of this thesis study was to find out how the customers of Ikaalisten Matkatoimisto Oy liked the new product package – Spa holiday to Toila Spa. In this study theoretical study was applied for the quantitative research method – a customer satisfaction survey with mostly numerical rating questions but also a few open questions providing some verbal data.

Quantitative and qualitative research methods

If people's opinions, feelings, experiences or behaviour is being researched, one of two distinct paths will be followed regardless of the field of study: quantitative research or qualitative research. The first one owes its identity to the scientific tradition; the second is reflective or experiential in nature. Both use some of the same research skills although not always in the same order and both deliver useful and informative results when they are well done, but each serves a rather different purpose. (Davies 2007, 9.)

Qualitative research according to Wyse (2011) is primarily exploratory research used to gain an understanding of underlying reasons, opinions and motives. It is also used to uncover trends in thought and opinions and to dive deeper into problems. Qualitative research provides insights into the problem or helps to develop ideas or hypotheses for potential quantitative research. This means that qualitative researchers study things in their natural setting, attempting to make sense of, or to interpret, phenomena in terms of the meanings people give to them. (Denzin and Lincoln 2003, 4.)

Methods for collecting qualitative data include focus groups (group discussions), field notes, photographs, recordings, individual interviews and participation or observations.

Quantitative research according to Wyse (2011) is used to quantify the problem by way of generating numerical data or data that can be transformed into useable statistics. It is used to quantify attitudes, opinions, behaviours and other defined variables collected from a larger group of respondents. Quantitative research creates facts and uncovers patterns from measurable data. (Wyse 2011.)

The collection method for quantitative data is much more structured than when collecting qualitative data. The data is collected from various surveys e.g. online surveys, paper surveys, mobile surveys and kiosk surveys, face-to-face interviews, telephone interviews, online polls and systematic observations for example.

The questionnaire used for this study had mostly questions where respondents had to give a grade between 1 and 10 based on how they viewed different aspects of the travel package but the respondents were also given a chance to comment on the grade – why they graded it in the way they did. Because the questionnaire survey was a postal survey it was impossible to control that respondents would reply all the questions and give some comments on why they graded some aspects higher than others.

Data collection method

The main purpose and objective of this study was to find out how successful taking Toila Spa into selection of Ikaalisten Matkatoimisto Oy was. In this matter the customer's opinion is what matters the most as if the customers are not satisfied with the package they will not buy the package again, nor will they recommend any of their friends or family to buy the package.

Hence, a customer satisfaction survey in form of a self-compilation questionnaire was designed in an extended form, based on the weekly survey of Ikaalisten Matkatoimisto Oy. The survey was approved by the contact person for this thesis from Ikaalisten Matkatoimisto Oy, the human resource manager. Further details about the structure of this questionnaire, and the types of questions used, are included in the next section of this thesis.

Data analysis

The questionnaire was sent by mail to all customers who visited Toila Spa with Ikaalis-ten Matkatoimisto Oy during the summer 2015. A reply-paid envelope was sent along with the questionnaire. To make the analysis of the results easier, an electronic form of the questionnaire was created online and the answers from the respondents were entered to the system manually by the author.

SurveyMonkey and Microsoft Excel 2010 were used to analyse the results which are presented in this thesis with diagrams, pie charts and tables for the results to be more visual and easier to understand for the readers, as well.

4.2 Reliability and validity of the research

In this section reliability and validity and their relationship will be explained in further details. The information will be used in the next sections to investigate the reliability and validity of the conducted customer satisfaction questionnaire survey for Ikaalisten Matkatoimisto Oy.

Reliability

When put simply, it could be said that reliability describes the repeatability and consistency of a study. Therefore, a reliable study can be repeated many times and the results are similar between all the studies conducted.

Hayes (2008) defines reliability as the extent to which measurements are free from random error variance. Random error decreases the reliability of the measurement. If one wants to feel confident that scores on the questionnaire reliably reflect the underlying dimension, the researcher wants the questionnaire to demonstrate high reliability. A scale with high reliability distinguishes between varying levels of satisfaction better than a scale with low reliability and it makes it more likely that a researcher will find significant relationship between variables that are truly related to each other.

Hayes (2008) recognizes three general types of reliability, while Phelan and Wren (2005-06) recognize four types of reliability:

Test-retest reliability measures the reliability associated with time sampling. When using test-retest reliability the exact same test is conducted twice over a period of time to a same group of individuals. The results of these two tests are then correlated in order to evaluate the test for stability over time. This type of reliability estimate is not often used in customer satisfaction studies as it is difficult to design a survey process that allows for the same customer group to be surveyed twice.

The possible problem with test-retest reliability is that if the time interval between the two conducted tests is too short, the respondent will remember his or her previous answers and simply duplicates them, thus the results of those respondents is not due to the stability of the attribute (e.g. customer satisfaction) being measured. If the time interval between the two conducted tests is too long many variables could have intervened and influenced customers' satisfaction scores.

Parallel forms reliability measures the reliability associated with item sampling. When parallel forms reliability is used the same group of individuals is sent a slightly different survey by its set of questions to fill in. This form of reliability tests whether the scores of the survey can be generalized beyond the specific items used in the survey to the domain of all possible items. If the two surveys and their questions, in other words the item selection process, do not have many errors associated, the results of them should be highly correlated with each other.

Internal consistency reliability measures the degree to which the items in the survey are measuring the same thing. There are two different estimates of internal consistency:
- o *Average inter-item correlation* is obtained by taking all of the items on a test that probe the same construct (e.g. service quality), determining the correlation coefficient for each pair of items and finally taking the average of all of those correlation coefficients.
- o *Split-half reliability* starts with dividing the scale into halves (odd versus even items or first half versus last half) to form two sets of items. The entire survey is administered to a group of individuals, the total score for each set is computed and finally the split-half reliability is obtained by determining the correlation

between the two total set scores. The formula created by Spearman and Brown, the Spearman-Brown prophesy formula, is a simple way to calculate the reliability of the whole survey or other measurement method. (Metsämuuronen 2002, 48.)

o *Cronbach's alpha estimate* also tells how highly the items in the questionnaire are interrelated. For questionnaires with many items statistical packages are usually used for calculating the Cronbach's alpha, according to Hayes (2008). However, Zaiontz (2013–2015) writes that the Cronbach's alpha depends on many things and e.g. as the number of items increases, Cronbach's alpha tends to increase too even without any increase in internal consistency.

Inter-rater reliability measures the degree to which different judges or raters agree in their assessment decisions. It is useful because human observers will not necessarily interpret answers the same way. The raters may disagree as to how well certain responses or material demonstrate knowledge of the construct.

When a researcher is measuring customer perceptions or attitude, it is wanted that the score for that particular scale is highly reliable. High reliability will give confidence that observed scores derived from the measure reflect the true levels of customer's attitudes and that the measure will be able to distinguish between respondents who have a positive attitude and those who have a negative attitude. Therefore, reliability of a survey is crucial but it alone is not sufficient. For the test to be reliable, it also needs to be valid.

Validity

Validity refers to the degree to which evidence supports the inferences made from scores derived from measures, or the degree to which the scale measures what it is designed to measure (Hayes 2008, 53). The questionnaire used may have high reliability results for its continuum but it should be questioned and ensured that it is the correct continuum (e.g. customer satisfaction). There is not any mathematical formula that would provide an overall index of the validity but there are several ways (strategies) to obtain evidence to support it.

Creswell (2008, 169) defines validity meaning that the individual's scores from an instrument make sense, are meaningful and enable the researcher to draw good conclusions from the sample.

Content-related strategy concerns the degree to which the items on the survey match the pre-set goal of the survey, for example in customer satisfaction the satisfaction with the service provided. If the results of this example would include a statement that a customer is happy with the price he or she paid for the product it would not be valid as it does not tell about the pre-set goal, satisfaction with the service provided.

Content-related evidence has been got to some extent from the judgement of people who are familiar with the purpose of the questionnaire. These people will determine the correspondence of the pre-set goal and the items of the measure.

Criterion-related strategy is used in predicting the future or the current performance, or as Hayes (2008) puts it examining the systematic relationship between scores on a given scale and other scores it should predict. When thinking about customer satisfaction the researcher of the issue could be interested in how well the perception of various dimensions of quality predicts the extent to which people will recommend the product to others (word-of-mouth). Quality and recommendation as concepts are different: quality focuses on the customers' perceptions on quality characteristics of the product whereas recommendation focuses on the behaviour that might be caused by the level of their satisfaction and the prediction of that behaviour.

Main expectation is to find some dimensions of quality (as perceived by the customer) that can be related to recommendation behaviour with the product. According to Hayes (2008, 54) the higher the quality is, the more frequent the recommendation behaviour.

Construct-related strategy ensures that the measure is actually measuring what it is intended to measure (convergent validity) and not some other variables (discriminant validity) (Phelan and Wren 2005-06). Construct-related evidence is derived from both content and criterion validity strategies. When using customer satisfaction as an example, the perception of quality and customer satisfaction should be embedded into the theoretical framework of customer satisfaction (Hayes 2008). This means that the meas-

ure of perceived quality should be related to the measure of customer satisfaction, that the perceived quality will lead to customer satisfaction.

The relationship of reliability and validity

Reliability and validity are bound together in complex ways. These two terms sometimes overlap and at other times are mutually exclusive (Creswell 2008, 169).

Trochim (2006) writes about the relationship between reliability and validity, he even gives a metaphor to the relationship of the two, a target (figure 6). The centre of the target is the concept measured in the study or research and each shot towards the target is a respondent partaking in the research.
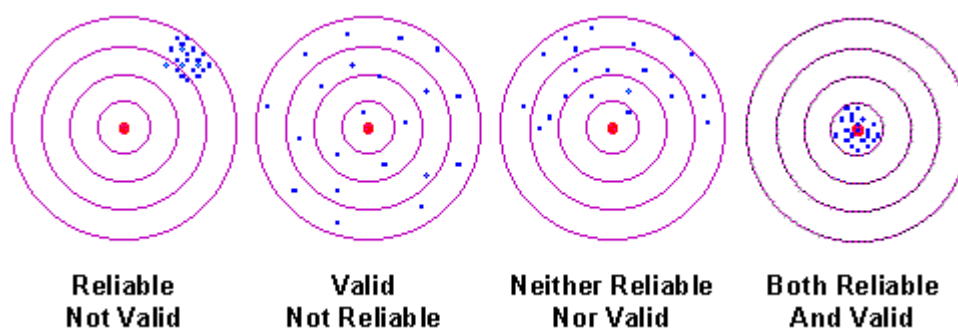
FIGURE 6. Relationship of reliability and validity (Trochim 2006)

This figure gives four possible scenarios for the relationship of reliability and validity. Trochim describes all four of the scenarios:

In the first one, the target is being hit consistently, but the centre of the target is missed every single time. In other words, the study is consistently and systematically measuring the wrong value for all respondents. This measure is reliable (consistent), but not valid.

The second one shows how the hits are randomly spread across the target but the centre of the target is rarely hit. In this scenario, on average, the right answer is achieved for the group but not that well for individuals. Thus, valid group estimate it gathered, but the results are inconsistent. This is the part where it can be seen that reliability is directly related to the variability of the measure.

The third one of the targets in the figure 6 shows a situation where the hits are spread across the target and the centre is consistently missed. In this case the results are neither reliable nor valid. And in the last scenario the centre of the target is consistently hit which indicates that the study is both reliable and valid.

5 CUSTOMER SATISFACTION SURVEY QUESTIONNAIRE

A customer satisfaction survey questionnaire was developed and sent out to all the customers who visited the new destination during the time period of June 2015 to September 2015. The questionnaire was anonymous and consisted of 37 questions concerning the whole package, main concentration being on the new destination, Toila Spa. The customers were asked to grade various aspects of their travel giving the possibility to comment on the grade given on each part. In addition, the questionnaire had two yes or no questions and three open questions (appendix 1).

The questionnaire was based on the weekly survey Ikaalisten Matkatoimisto Oy is inviting its customers to fill out online. All customers who have given their email contact information to Ikaalisten Matkatoimisto Oy receive the invitation. For this study an extended paper version was created, as after investigating who are traveling to Toila Spa it was discovered that most of them had not given their email contact information: either they do not have an email account or they did not share the information with Ikaalisten Matkatoimisto Oy.

The questions about the bus transportation and shuttle ship were almost identical with the weekly questionnaire. The questions considering the spa were extended to include more detailed information about different facilities and services of the spa. The last questions about recommendations and the open questions were almost similar to with the weekly questionnaire. Many questions included in the weekly questionnaire were dropped out from this extended version due to their unimportance for this study.

Most of the customers who travelled to this new destination were elderly people aged 60 or over. Most of the customers either do not have an e-mail or they had not shared it with Ikaalisten Matkatoimisto Oy which is why the questionnaire was sent by mail to all the customers. The first seven questionnaires were sent on 15th of June 2015 to customers who had returned home from their trip by that date. The last six questionnaires were sent on 24th of September 2015 and the last response received was on 12th of October 2015. In total 112 questionnaires were sent out and 82 received. This equals to 73.21% response rate.

The questionnaire was sent together with a cover letter from the author explaining the purpose of the customer satisfaction questionnaire survey and asking for the customers' help as it is important for this study. No prior notices or reminders were sent to the customers, and no incentives were offered, which is why the amount of answers was a positive surprise for the author and for Ikaalisten Matkatoimisto Oy.

The weekly questionnaire by Ikaalisten Matkatoimisto Oy was sent throughout the summer once a week to all customers who had given their email information. These customers included some of the Toila Spa customers but because most of the Toila Spa customers did not have email or they did not share it with Ikaalisten Matkatoimisto Oy, 10 answers were received that way. The author knows that at least one of the respondents did not fill in the questionnaire sent by the author as the respondent had already filled in the weekly survey by Ikaalisten Matkatoimisto Oy. Due to the small amount of answers, though, the survey by Ikaalisten Matkatoimisto Oy cannot be used on its own as valuable information concerning the package.

5.1   Background of the customers

Toila Spa had in total 112 customers from Ikaalisten Matkatoimisto Oy in summer 2015. 71 of all the customers who travelled to Toila with Ikaalisten Matkatoimisto Oy were female, 40 were male and one person was a 7-year-old child traveling together with her parents.

Most of the customers (~61%) were couples in their late 50s, 60s, 70s and early 80s, referred to as older couples in figure 7. Younger couples were in their early 50s or younger. There were mostly just women traveling alone, although there was one man traveling alone (staying in a single room) but he was part of a bigger group traveling together. All who were traveling with friends were women. In this figure 'family' is considered as those related to each other.
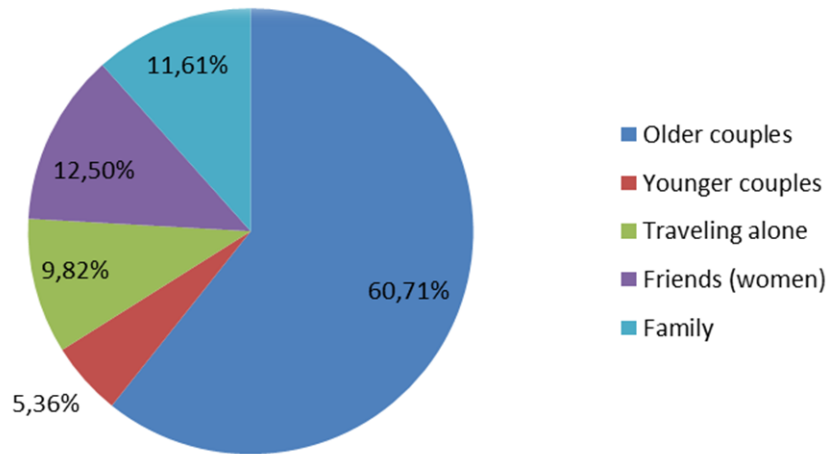
FIGURE 7. Customer groups

Knowing that the target group of Ikaalisten Matkatoimisto Oy is people in their 50s and older, the age distribution of Toila Spa is no surprise. 90.18% of the customers who visited Toila Spa in the summer of 2015 were 50 years old or older as can be seen in figure 8. People in their 60s and 70s were clearly the largest groups in age distribution. Each of these age groups formed over 30% of the whole customer base to Toila Spa.
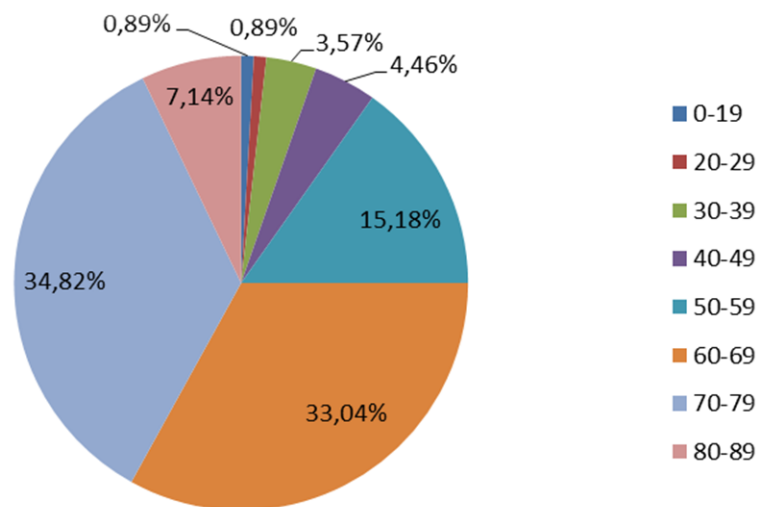

FIGURE 8. Age distribution

Bus transportation to Helsinki harbour and back to their hometowns was used by total of 73 customers, about 65% of Toila Spa customers. Four customers went to Toila Spa with their own cars and there was one customer who only purchased bus transportation one-way. The rest 34 customers came to the Helsinki harbour on their own, most of them living in the capital area.

76 of the customers visiting Toila Spa in the summer of 2015 were already repeat customers who have been traveling with Ikaalisten Matkatoimisto Oy at least three to four times. There were 21 first-time customers and the rest were customers who had been buying travel packages from Ikaalisten Matkatoimisto Oy before: seven of them had purchased a travel package once or twice in 2008-2009 and six of them had purchased once or twice in 2010-2014. Two customers had bought their first travel package in 2015, Toila Spa being the second package they bought.

5.2 Reliability of the questionnaire

Proving or estimating the reliability of the questionnaire used in this study is rather difficult. Test-retest reliability estimation is not usually used in customer satisfaction surveys thus it was not used in this customer satisfaction survey, either.

Parallel form reliability would probably be the best way to prove the reliability of this survey but as it requires the same set of questions being asked from different groups of people it would require waiting for next year when the next set of customers would go to Toila Spa from Ikaalisten Matkatoimisto Oy. Therefore it was impossible to use this form of reliability estimation for this particular paper.

The split-half reliability was calculated on the questions which had numerical scale 1–10. Because the first half of the questionnaire had questions about a bus transportation not used by total of 34 customers, splitting the questionnaire into two halves would give unstable results due to the other side having a lot less answers than the other. Therefore odd–even splitting was adapted. According to Metsämuuronen (2002) odd–even split–half reliability gives the maximum limit for reliability. The correlation coefficient for odd–even reliability calculations was 0.889575. The whole questionnaire's reliability was calculated with the Spearman-Brown prophesy formula and the final result was 0.941569 (see appendix 2).

There were two answer sheets the answers of which could not be used in the split-half reliability due to the respondents having left too many questions in the questionnaire without a numerical grading.

Cronbach's alpha was also calculated on the whole questionnaire and the result was 1.013728 (appendix 2) which is a very high reliability. Commonly alpha of 0.7 or 0.6 indicate acceptable reliability and 0.8 or higher indicates a good reliability (Zaiontz 2013-2015). A high reliability as this is not really desirable as it can indicate that the items are redundant. Although, it is good to remember that Cronbach's alpha depends on many things and e.g. as the number of items increases, Cronbach's alpha tends to increase too even without any increase in internal consistency.

6   RESULTS

In this part the results of the questionnaire survey were analysed in detail question by question. The first part where date was asked was filled in beforehand by the author to indicate the time the customers spent at Toila Spa. This ensured that the dates would be correct making it easier for the author to keep track on who had answered and returned the questionnaire. The data about dates were added on these results but every other question was analysed and answers shown with figures.

The analysis of the data can be found in appendix 2.

7   DISCUSSION

The questionnaire turned out to have some problems that appeared during the collection period. Some of the questions in the survey were misunderstood by the respondents which provided some unreliability in the data. Some respondents also answered one thing but commented the opposite, and some of the questions in the questionnaire could be understood in two different ways making analysing the results challenging. The commenting possibility on each question helped a little bit with those answers where the respondent had left a comment.

It seems it would be better to place the recommendation related questions separately to different sections so that respondents do not confuse the question about two different things together like it happened in this study. The destination and the travel agency were linked together as one item instead of two separate items. As it was seen from the replies some respondents gave a low grade to the recommendation of travel agency based on the fact that they would recommend Ikaalisten Matkatoimisto Oy but not Toila Spa.

The issue with the question if the travel was long enough was understood differently by different respondents. The question was meant to ask whether the amount of days spent at Toila Spa was enough but some understood the question meaning the length of the trip from Tallinn to Toila Spa. Some correction to the phrasing of this question is necessary to receive reliable and valid data.

There were also a few questions which could have been broken into two different questions instead of keeping them as one question. Grading those two questions was difficult for some of the respondents because they viewed the level of those two things different.

Customer satisfaction is still an arguable term and researchers try to prove which variables and attributes affect it for each individual customer. However, customer satisfaction along with customer retention and customer loyalty is highly important for businesses to keep the business running for a longer time period in a profitable way. To gain these, businesses should meet their customers' expectations and give something more the customers might not have even dreamt of. This pleasant surprise effect will lead to a very satisfied customer who is more likely to recommend the business to friends and relatives and to become a loyal customer making multiple repurchases.

It is possible to get information about customers' satisfaction, loyalty and retention in one survey by dedicating a few questions for each topic. Recommendation behaviour, for example, can be linked with loyalty as loyal customers are more likely to recommend the company than non-loyal customers. Additionally, loyal customers are usually also customers who make multiple repurchases in the company and to keep these customers companies should satisfy their needs and expectations and aim to go further by giving the customers something extra.

Because the researchers have not yet found which all attributes and variables affect customers' satisfaction each customer satisfaction study conducted is interesting to study to try to find out which things and thoughts affected the respondents' satisfaction on the product or service. For some respondents even the smallest thing like the sales clerk not smiling at them can ruin the whole experience concerning a store or a company while to others it has to be something major like total lack of functioning with the product before the experience is considered dissatisfactory.

In case of this study conducted the author made observation of previous experiences with spas in Estonia affecting the experience a lot. Customers who were used to something based on their previous experiences at other spas were somewhat disappointed when it was not on the same level at the new destination even though they otherwise liked Toila Spa.

From the results it can be concluded that this new travel product package to Toila Spa was successful for both Ikaalisten Matkatoimisto Oy and the customers. Ikaalisten Matkatoimisto Oy was pleased with the sales of the summer 2015 and there were only a few respondents who said they were not pleased and would not travel to Toila Spa again but many more said they cannot wait to visit Toila Spa again. Thus it can be concluded that this new product package was accepted well by the customers of Ikaalisten Matkatoimisto Oy.

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APPENDICES

Appendix 1. Customer satisfaction questionnaire (in Finnish)

ASIAKASTYYTYVÄISYYSKYSELY – TOILA SPA

Päivämäärä: _____

Yrityksen nimi: Ikaalisten Matkatoimisto Oy   **Asiakkaan ikä:** _____

Pyydämme teitä arvioimaan matkan eri kohtia seuraavan asteikon mukaan.
9 - 10 Erinomainen
7 - 8 Hyvä
5 - 6 Tyydyttävä
3 - 4 Kohtalainen/Välttävä
1 - 2 Huono

Arvosana 1-10   Kommentteja

1. Minkä kokonaisarvosanan
   antaisitte matkalle?

2. Minkä arvosanan antaisitte saamallenne
   asiakaspalvelulle varatessa matkaa
   Ikaalisten Matkatoimistosta?

Bussimatka (jos käytitte Suomen puolella bussikuljetusta satamaan)

3. Bussin laatutaso

4. Kuljettajan asiakaspalvelu

5. Kuljettajan ammattitaito

6. Bussimatkan sujuvuus

7. Bussimatkan kokonaisarvosana

Laivamatkat

8. Laivan asiakaspalvelu

9. Ateriat laivalla

Arvosana 1-10   Kommentteja

10. Laivan kokonaisarvosana

Toila SPA

11. Vastaanotto kylpylässä (ystävällisyys ym.)

12. Sisäänkirjautuminen kylpylään (nopeus, helppous ym.)

13. Kylpylän siisteys

14. Huoneen siisteys

15. Huoneen siivous

16. Huoneen taso

17. Ruoka

18. Ruokasalin viihtyvyys

19. Kylpyläosaston taso

20. Kylpyläosaston viihtyvyys ja siisteys

21. Kylpylähoitojen taso ja monipuolisuus

Arvosana 1-10   Kommentteja

22. Kylpylän hoitajien asiakaspalvelu
    (ystävällisyys, asiakkaan ymmärrys ym.)

23. Kylpylän hoitajien taso
    (ammattimaisuus ym.)

24. Sauna- ja allasosaston taso

25. Kylpylän viihdetarjonta/iltaohjelma

26. Tunnelma kylpylässä

27. Kylpylän sijainti

28. Kylpylän palveluiden sijainti rakennuk-
    sessa (liikkuminen kylpylässä)

29. Kylpylän pihapiirin viihtyvyys

30. Vastasiko kylpylä Ikaalisten
    Matkatoimiston kuvausta

31. Kokonaisarvosana kylpylästä

Kysymyksiä koko matkaan liittyen

32. Matkan pituus (oliko sopivan pitkä)   Kyllä / Ei

Kommentteja:

33. Suosittelisitteko tuttavallenne matkaa/kohdetta?   Kyllä / Ei

Kommentteja:

34. Kuinka todennäköistä on, että suosittelisitte Ikaalisten Matkatoimistoa tuttavallenne? (1-10)

Kommentteja:_____

_____

Avoimia kysymyksiä

35. Mikä oli parasta matkallanne?

_____

_____

_____

_____

_____

_____

_____

_____

_____

36. Mikä oli huonointa matkallanne?

_____

_____

_____

_____

_____

_____

_____

37. Toiveet ja parannusehdotukset matkaan liittyen:

_____

_____

_____

_____

_____

Kiitos, että täytit tämän kyselylomakkeen ja autat minua opinnäytetyössäni.

Appendix 2. Results of the questionnaire survey

Results of the questionnaire survey are in a separate file.