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CUSTOMER SATISFACTION

Case: Sweet Vaasa

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Opinnäytetyön tavoite oli määrittää asiakastyytyväisyysaste kahvila Sweet Vaasan asiakkaiden näkökulmasta. Tavoite oli saada selville, kuinka asiakkaat kokevat kakkujen- ja palvelun laadun, tyytyvätkö heidän odotuksensa ja tarpeensa ja kokevatko he saavansa lisäarvoa. Lisäksi, tavoite oli vastaanottaa parannusehdotuksia yritykselle.

Teoreettinen viitekehys keskittyi neljään pääosatekijään, jotka määrittävät asiakastyytyväisyysasteen: asiakkaiden odotukset, asiakkaiden tarpeet, asiakkaiden kokema laatu ja asiakkaiden kokema lisäarvo. Materiaali empiiriseen tutkimukseen kerättiin käyttäen määrällistä tutkimusmenetelmää. Sähköistä haastattelulomaketta käytettiin haastattelussa välineenä. Yhteensä 137 vastausta vastaanotettiin.

Kyselyn tulokset kyselystä paljastavat, että suurin osa asiakkaista on joko tyytyväisiä tai erittäin tyytyväisiä kakkutarjontaan ja palveluun. Lisäksi suurin osa asiakkaista koki, että heidän odotuksensa ja tarpeensa ovat täyttyneet, ja että he saavat lisäarvoa. Tulokset myös osoittivat alueita, jotka vaativat parannusta, pääosin koskien kakkutarjontaa ja palvelua.

ABSTRACT

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The aim of this thesis was to determine the degree of satisfaction perceived by the customers of Sweet Vaasa. The aim at the café was to define how the customers perceive the quality of cakes and service, whether their expectations and needs are fulfilled, and whether they feel that they are receiving additional value. Moreover, the aim was to receive improvement ideas for the company.

The theoretical frame concentrated on four major factors that define the level of satisfaction: customer expectations, customer needs, customer-perceived quality and customer-perceived value. The material for the empirical research was collected by using a quantitative study method. The electronical questionnaire survey was used as an interview tool. In total 137 responses were received.

The results obtained from the survey revealed that most of the customers are either satisfied or very satisfied with the selection of cakes and service. Moreover, most of the customers felt that their expectations and needs are fulfilled, and that they receive additional value. The results also indicated that there are areas requiring improvements, mainly concerning the selection of cakes and service.

Avain sanat asiakastyytyväisyys, asiakasodotukset, asiakastarpeet, laatu, lisäarvo

CONTENTS

Tiivistelmä

ABSTRACT

| | | |
|-------|--|----|
| 1 | INTRODUCTION | 11 |
| 1.1 | The structure of thesis | 12 |
| 1.2 | Research problem..... | 12 |
| 1.3 | Case company | 12 |
| 1.4 | Restrictions of the research | 14 |
| 2 | THEORETICAL FRAMEWORK..... | 16 |
| 2.1 | What is customer satisfaction?..... | 16 |
| 2.2 | Customer expectations | 17 |
| 2.2.1 | What are customer expectations?..... | 17 |
| 2.2.2 | Two levels of expectations..... | 18 |
| 2.2.3 | The zone of tolerance | 19 |
| 2.2.4 | Three zones of tolerance | 20 |
| 2.2.5 | Primary and secondary expectations | 21 |
| 2.2.6 | The dynamic model of expectations | 22 |
| 2.3 | Customer needs | 23 |
| 2.3.1 | The definition | 23 |
| 2.3.2 | Characteristics of customer needs | 24 |
| 2.3.3 | The kano model..... | 25 |
| 2.3.4 | Five basic customer needs..... | 26 |
| 2.4 | Customer-perceived quality | 27 |
| 2.4.1 | The concept of quality..... | 27 |
| 2.4.2 | How customers view service quality..... | 28 |
| 2.4.3 | Consistency and level..... | 29 |
| 2.4.4 | The moments of truth | 29 |
| 2.4.5 | Two service quality dimensions..... | 30 |
| 2.4.6 | Total perceived quality model..... | 31 |

| | | |
|--------|--|----|
| 2.4.7 | Drivers of customer satisfaction | 32 |
| 2.4.8 | Albrecht & Zemke – Four factors of good perceived service quality | 33 |
| 2.4.9 | SERVQUAL –Dimensions of service quality..... | 34 |
| 2.4.10 | The six criteria of good perceived service quality | 34 |
| 2.5 | Customer-perceived value | 35 |
| 2.5.1 | The definition | 35 |
| 2.5.2 | Characteristics of value | 36 |
| 2.5.3 | Payback from customer value creation | 36 |
| 3 | RESEARCH METHODOLOGY | 38 |
| 3.1 | Quantitative and qualitative research..... | 38 |
| 3.2 | Quantitative method: Questionnaire-based survey | 38 |
| 3.3 | Research process | 39 |
| 4 | RESULTS | 41 |
| 4.1 | Background information | 41 |
| 4.1.1 | Gender of the respondents..... | 41 |
| 4.1.2 | Age of the respondents..... | 41 |
| 4.1.3 | Living area of the respondents | 42 |
| 4.2 | The quality of cakes | 44 |
| 4.2.1 | Are you satisfied with the selection of cakes? | 44 |
| 4.2.2 | Do you feel that the selection of cakes is versatile enough?..... | 45 |
| 4.2.3 | Comments and improvement ideas regarding the first two questions | 45 |
| 4.2.4 | Do you feel that the selection of cakes is updated regularly enough? | 46 |
| 4.2.5 | Comments and improvements ideas..... | 46 |
| 4.2.6 | Do you feel that the special dietary needs/allergies are taken into consideration enough? | 47 |
| 4.2.7 | Comments and improvement ideas | 47 |
| 4.2.8 | On a scale of 1-5, please evaluate: the flavour of cakes, the quality of cakes and the appearance of cakes | 48 |

| | | |
|--------|---|----|
| 4.2.9 | Do you feel that the quality of cakes remains consistent? (the quality is on the same level each time) | 51 |
| 4.2.10 | From your point of view, do you feel that the price vs quality level is: reasonable, not reasonable, partially reasonable, not sure/don't know | 51 |
| 4.2.11 | Comments and improvement ideas | 52 |
| 4.2.12 | Additional comments and improvement ideas regarding the quality of cakes | 52 |
| 4.3 | The quality of service..... | 52 |
| 4.3.1 | On a scale of 1-5, please evaluate the service process (the service experience from entering the Sweet Vaasa until the end of the visit) | 53 |
| 4.3.2 | Comments and improvement ideas | 54 |
| 4.3.3 | Do you feel that the service is easily accessible to the customers? (location, premises and operating hours are well-designed and function well) | 55 |
| 4.3.4 | Comments and improvement ideas | 55 |
| 4.3.5 | Do you feel that the quality of the service is consistent? (the ability of the personnel to serve customers in the same way each time) | 56 |
| 4.3.6 | Comments and improvement ideas | 56 |
| 4.3.7 | Do you feel that you are being treated well by the personnel? (the personnel takes the individual needs into consideration, helps to solve problems and serves customers in a professional and friendly way)..... | 57 |
| 4.3.8 | Comments and improvement ideas | 57 |
| 4.3.9 | On a scale of 1-5, please evaluate the customer service skills and the professionalism of the personnel..... | 58 |
| 4.3.10 | Do you feel that the personnel is dressed in an appropriate way? | 59 |
| 4.3.11 | Comments and improvement ideas | 59 |
| 4.3.12 | On a scale of 1-5, please evaluate how satisfied you are with the interior decoration of Sweet Vaasa | 60 |
| 4.3.13 | Comments and improvement ideas | 60 |

| | | |
|--------|---|----|
| 4.3.14 | On a scale of 1-5, please evaluate how well the external communication to the customers functions in your opinion (information about the products and the company's current news to the customers) .. | 60 |
| 4.3.15 | Comments and improvement ideas | 62 |
| 4.3.16 | Regarding your experiences about the customer service, what kind of image do you have about Sweet Vaasa?..... | 62 |
| 4.3.17 | Comments and improvement ideas | 63 |
| 4.4 | Customer expectations and needs | 63 |
| 4.4.1 | What are your current expectations towards Sweet Vaasa regarding the quality of the products and the service? | 63 |
| 4.4.2 | Are your expectations/needs fulfilled?..... | 64 |
| 4.4.3 | Comments and improvement ideas | 65 |
| 4.4.4 | Would you recommend Sweet Vaasa to other people?..... | 65 |
| | The aim of this question was to determine whether the customers would recommend the café to other people. | 65 |
| 4.5 | Customer-perceived value | 66 |
| 4.5.1 | Do you feel that you are receiving additional value on top of the basic service? (The customer's experienced benefit about the service and/or the product)..... | 66 |
| 5 | SUMMARY AND CONCLUSIONS | 68 |
| 5.1 | Final thoughts..... | 70 |
| 5.2 | Validity and reliability | 71 |
| 5.2.1 | Validity..... | 71 |
| 5.2.2 | Different types of validity | 72 |
| 5.2.3 | Validity in thesis research | 74 |
| 5.2.4 | Reliability..... | 74 |
| 5.2.5 | Different types of reliability..... | 75 |
| 5.2.6 | Reliability in thesis research | 76 |
| 5.2.7 | Further reseach suggestions | 77 |
| | REFERENCES..... | 78 |
| | APPENDICES | |

LIST OF FIGURES AND TABLES

| | |
|---|----|
| Figure 1 Dual customer expectations | 17 |
| Figure 2 The zone of tolerance | 18 |
| Figure 3 Three zones of tolerance | 19 |
| Figure 4 A dynamic model of expectations..... | 20 |
| Figure 5 The kano model of customer satisfaction | 24 |
| Figure 6 Two service quality dimensions | 28 |
| Figure 7 Total perceived quality | 29 |
| Figure 8 Drivers of customer satisfaction | 30 |
| Figure 9 Payback from customer value creation..... | 35 |
| Figure 10 The level of satisfaction regarding the diversity of cakes..... | 43 |
| Figure 11 The flavour of cakes perceived by the customers..... | 46 |
| Figure 12 The quality of cakes perceived by the customers..... | 47 |
| Figure 13 The appearance of cakes perceived by the customers..... | 48 |
| Figure 14 Customer service skills and the professionalism of the personnel perceived by the customers | 57 |
| Figure 15 External communication perceived by the customers..... | 59 |
| | |
| Table 1 Dimensions of service quality | 32 |
| Table 2 The Six criteria of good perceived service quality | 33 |
| Table 3 Age groups of the respondents | 40 |
| Table 4 Respondents based on their location | 41 |
| Table 5 The level of satisfaction regarding the selection of cakes | 42 |
| Table 6 The level of service process perceived by the customers | 52 |
| Table 7 The consistency of service perceived by the customers | 54 |
| Table 7 Additional value perceived by the customers | 64 |

LIST OF APPENDICES

APPENDIX 1. Electornical customer satisfaction survey

APPENDIX 2. Interview questions for Sweet Vaasa

1 INTRODUCTION

Customer satisfaction is a key element for the success of every business.

Companies are dependent upon their customers, and they have the responsibility to keep them satisfied by fulfilling their needs and expectations. If businesses do not succeed in maintaining and developing customer satisfaction they could lose their clients and, thus, the future of the company could be in danger. Moreover, finding new customers is more expensive than maintaining loyal customer relationships.

Customer satisfaction is significant for any corporation, as when the customers are content they tend to purchase products and services more frequently, which is profitable for the businesses and help to create loyal customer relationships.

Customer satisfaction is also important for the image of the companies, as satisfied customers tend to share their positive experiences with other people, which improves the image of the business. Especially social media affects company image, as millions of people use it every day to share their experiences. Particularly, the negative word of mouth spreads rapidly through social media, and it can have a major impact on company image.

A customer satisfaction survey is an effective tool for any company, as it can help to improve business and sales efforts. It provides specific information about the positive and negative perceptions of the consumers. It also helps each organization to measure and analyze how the products and services supplied by the company meet the customers' expectations. This type of a survey can really help to identify the strengths and weaknesses of the company. By recognizing these each company has the possibility to compare the results with its competitors and create a better strategy with a competitive advantage. The results of the research in general help to indicate the areas requiring improvement, and hereby they can help to improve the quality of products and services.

1.1 The structure of thesis

This research paper consists of five sections. In the first chapter the research problem, the case company and the restrictions of the study are presented to the reader, in order to contribute to the explicit comprehension of the thesis. In the second section, which is the theoretical framework, the concept of customer satisfaction and the factors that have an effect on it are explained. In the third section the research methodology is presented, including information about the research method and implementation of the research. The fourth chapter contains the results and analysis. In the final passage the summary and conclusions, validity and reliability of the study and further research suggestions are discussed.

1.2 Research problem

The aim of the research is to determine the degree of satisfaction perceived by the customers of Sweet Vaasa. Moreover, the aim is to receive improvement ideas that can benefit the company. The research focuses on four major factors that define the level of contentment: customer expectations, customers needs, customer-perceived quality and customer-perceived value. The research problem concentrates on the following questions:

- How do the customers perceive the quality of cakes?
- How do the customers perceive the quality of service?
- How well the perceived performance is able to meet the customers expectations and needs?
- Do the customers perceive additional value on top of the basic services?

1.3 Case company

This section is based on the information received from the interview with the case company.

Sweet Vaasa is a popular café located in the city center in Vaasa, visited mainly by customers aged 16-40, from which most are female. The café is owned by an

Australian, Kim Crawford, who opened the café and the bakery in 2011, first located in Palosaari. In August 2012, the bakery was transferred to Runsor and later that year in December the second café was opened in the city center located in Hovioikeudenpuistikko. In June 2013, the first café premises in Palosaari were closed. During 2013-2014 Sweet Vaasa participated in the competition for the best bakery in Finland, which was shown on television.

Sweet Vaasa is specifically known for its cakes, which are all handmade. Moreover, the café provides different types of salads, lunch from Monday to Friday, other small savery products and both hot and cold drinks, which are all handmade in the cafe. For the café, it is very important to provide the best possible quality and try to fulfill the expectations and needs of the customers and, therefore, all the ingredients used are fresh and do not include any artificial food additives. The quality level is maintained by using quality ingredients and by testing new products before they are sold to the customers. For example, new cakes are always tasted to make sure that the flavour and the quality are as good as possible. Moreover, the company always makes sure that all the products look similar and have the same quality. The aim is to provide great quality and great flavours, so that the customers are willing to return.

The quality of service is also significant for the company. For the personnel, it is important to be able to provide great customer service to each customer. In order to meet the customers' expectations and needs, the employees try their best to treat the customers as well as possible, and take their personal needs into consideration. Moreover, they aim at surprising the customers in a pleasant way, for instance by suggesting different options to customers that they have not tried yet. Especially they try to provide new kinds of experiences to regular customers to maintain the level of satisfaction, and even exceed customer expectations.

All in all the company aims to provide products and service that can meet the expectations of the customers and preferably exceed them to create value. What comes to value creation otherwise, Sweet Vaasa tries to create value to customers by differing from other cafes, as being a cozy place with a modern twist. For

instance, the café is known for its paintings on the walls that change occasionally. Moreover, the company wants to differ with its products, and therefore everything is handmade, which also creates value to customers (Rosenberg, 2016.)

1.4 Restrictions of the research

Customer satisfaction is an extensive and a complex topic which can be viewed from many different aspects. Also, there are numerous factors that have an impact on it. However, as the research done in this thesis had to be narrowed down, the thesis will only focus on the main factors mentioned. The study will not, for instance, focus on how price, market communication, sales or public relations particularly affect customer satisfaction. If those issues were included, the research would be too extensive and too difficult to be implemented as a thesis.

As the topic is complex, it is also significant to understand that there are certain factors that can make the study more difficult to execute and, therefore, there is a risk that the results might not be as reliable and valid as they otherwise could be. For instance, customer expectations are one of the factors that can be difficult to study, as the customers are not always aware of them or do not know how to express them clearly. Sometimes the expectations might also be unrealistic or too high. It is also important to understand that as this study cannot be very extensive as, for instance, time and the resources for the study are limited, there is a risk that the validity and reliability of the results is not the best possible. Particularly the chosen research method, the implementation of the study and the number of respondents have an impact on how valid the results are and whether they can be generalized. For instance, the quantitative research method requires numerous respondents for collecting valid and reliable data. The formulation of the research questions is also fundamental, as if the questions are not clearly understood, it will affect the validity and reliability of the results. Moreover, it should be considered that the respondents may not respond to all of the questions due to personal reasons or other factors.

2 THEORETICAL FRAMEWORK

This section concentrates on customer satisfaction and the factors affecting it, which are expectations, needs, quality and value. The theoretical study starts with defining customer satisfaction, in order to gain a deeper understanding of the topic. Second, customer expectations are explained including the definition and information about what kinds of expectations customers have, what factors affect them, how the connection between the expectations and perceived performance affects the level of satisfaction, and how the expectations develop throughout the customer relationship. Third, customer needs are discussed containing the definition and information about the characteristics of needs, what kinds of needs customers have and how they are connected to customer satisfaction. Fourth, the customer-perceived quality is explained. In this section the concept of quality, different factors that affect the level of total quality, and the factors that customers consider important are explained. Finally, the customer-perceived value is discussed including the definition of the concept, the characteristics of value and how the value creation is connected to customer satisfaction. All these elements are important for the research, as they are intimately connected to customer satisfaction and, therefore, it is significant to present comprehensive and deep information about the topic of the research.

2.1 What is customer satisfaction?

According to Kotler, Keller, Brady, Goodman and Hansen (2009, 253) the customer's expectations and the product's perceived performance are closely connected to customer satisfaction. Based on their theory, the connection between the expectations and perceived performance has a great impact on how high the level of satisfaction is, and whether one talks favourably or unfavourably about one's experiences to other people. The larger the gap between the expectations and perceived performance, the greater the dissatisfaction is. They define customer satisfaction as follows:

“Satisfaction is a function of the closeness between expectations and the product's perceived performance. If performance falls short of expectations, the

consumer is disappointed; if it meets expectations, the consumer is satisfied; if it exceeds expectations, the consumer is delighted” (Kotler et al. 2009, 253).

Oliver (2010), who is a distinguished researcher in the field of consumer psychology with a special focus on customer satisfaction has determined the satisfaction theory in a quite similar manner. According to his definition, satisfaction functions as the consumer’s fulfillment response, which is determined as follows:

“Satisfaction is the consumer’s fulfilment response. It is a 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).

Also Harris (2014, 7), who has contributed a great amount of time in the field of customer satisfaction, utilizes the similar approach. She defines satisfaction as the customer’s comprehensive feeling of contentment with a customer service, which can be evolved promptly or it can be developed over a period of time. According to Harris, the consumer’s expectations and perceptions, and how they differ from each other are the key issues in customer contentment. Harris also emphasizes the significance of previous customer experiences, as they affect whether the consumer forms a positive or negative opinion about the entire experience. Therefore, it is vital for service providers to be able to create positive and pleasant experiences, as well as provide excellent customer service to each customer.

2.2 Customer expectations

2.2.1 What are customer expectations?

“Customer expectations are beliefs about service delivery that function as standards or reference points against which performance is judged” (Zeithaml & Bitner 1996, 76).

Every customer has different kinds of expectations that are in many ways entirely predictable and bounded by the previous experiences in interacting with similar companies or brands. Particularly, friends’ and business associates’ advice, and marketers’ and competitors’ information and promises affect how buyers form

their expectations. If the expectations set by the companies are too high, there is a greater possibility for the consumers to be dissatisfied. However, if they are too low, the number of customers will not be on a desirable level.

Expectations are closely connected to customer contentment, as the level of satisfaction depends on how well the performance perceived by the customers is able to meet their expectations. If the performance does not reach to the same level with expectations, the customers will be disenchanted. From another point of view, if it meets the expectations they are content. Doole, Lancaster and Lowe refer to the terms “*dissatisfiers*” and “*satisfiers*.” The “*dissatisfiers*” occur when the level of quality provided by the service provider does not reach to the same level with customer expectations, and thus will lead to dissatisfaction. The “*satisfiers*”, instead, occur when the level of quality reaches to the basic expected level. However, this does not necessarily guarantee customer satisfaction, as it usually requires additional value that is offered on top of the basic service. For instance, if the customers are offered better food in a restaurant than what was expected, they will be delighted and, thus, their expectations will be exceeded.

It is very important for service providers to understand what kinds of expectations customers hold and to be able to raise the performance to the level where it creates value and possibly exceeds the expectations in order to increase the number of highly satisfied customers. The businesses that do not succeed in meeting the expectations are at risk of losing customers, as they move on to deal with competitors (Doole, Lancaster & Lowe 2005, 14; Kotler et al. 2009, 389; Peppers & Rogers 2011, 60.)

2.2.2 Two levels of expectations

Knowing what customers expect is very important to be able to provide quality customer service. Understanding what types of expectations they hold about the service, what factors have an effect on the formation of these expectations, what role these factors play in changing expectations, and how companies can meet or exceed the expectations are extremely important to service providers (Zeithaml & Bitner 1996, 76.)

Zeithaml and Bitner (1996, 77-78) introduce two levels of expectations: *desired* and *adequate* service. The desired service is the level of service the customers hope to receive. It consists of their beliefs of “*what can be*” and “*should be*.” Adequate service refers to acceptable “*minimum tolerable expectation*” which, in other words, means the lowest level of performance the customers are willing to accept. It reflects the level of service they believe to receive on the basis of their experience with services. It is a mix of what they believe that “*should*” or “*will happen*.”

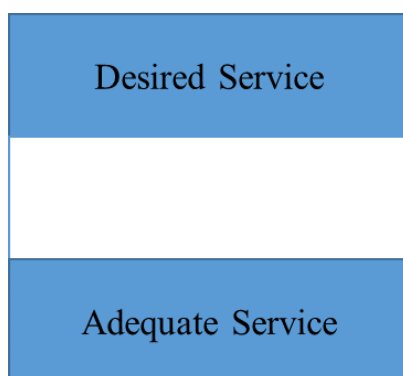


Figure 1. Dual customer expectations (Zeithaml & Bitner 1996, 79)

The levels of expectations may vary depending on the service, for instance the desired service expectation for fast food restaurants is quick, convenient and tasty food in a clean setting. Instead, for the expensive restaurants the expectations are higher. The previous expectations also affect the levels of expectations, for example the customers who have experienced consistent service in a particular firm have higher expectations towards that specific company than compared to one in which the service has been rather inconsistent (Zeithaml & Bitner 1996, 79.)

2.2.3 The zone of tolerance

The zone of tolerance, which is presented in Figure 2, specifies the level of performance that the customers recognize and are willing to accept. Desired and adequate service levels have a fundamental role in the zone of tolerance. For instance, if the service fails to reach the minimum level of adequate service that is

considered acceptable, the customers will be disappointed. However, if the performance exceeds the desired level of service, they will be delighted. The changes in the level of service will affect them either in a positive or negative way depending on whether the service level succeed in reaching or exceeding the level of adequate service.

The zone of tolerance depends on the previous experiences with certain services. For instance, many customers are used to receiving fast service in a grocery store, and they might start to feel frustrated if they have to stay and wait in line more than couple of minutes. Also, the situation has an impact. For example, if there are customers who are in a hurry, they usually expect to have quick and smooth service, and do not have patience to wait for a long time to be served. Price also affects tolerance. For instance, the customers who have spent a great amount of money on certain services usually hold higher expectations and, therefore, the zone of tolerance is narrower. The tolerance zones of customers, also vary for different service attributes or dimensions. The more important the factor, the narrower the zone of tolerance is likely to be. For instance, in general people are less tolerant about unreliable service than compared to other service deficiency, which indicates that they have higher expectations for this factor (Zeithaml & Bitner 1996, 79-81.)

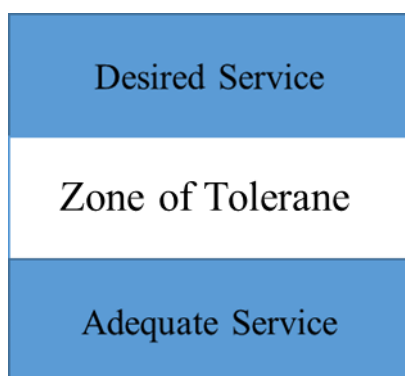


Figure 2. The zone of tolerance (Zeithaml & Bitner 1996, 80)

2.2.4 Three zones of tolerance

As indicated to Zeithaml and Bitner's theory in which there are two different zones, Johnston (1995, 46-61) suggests that there are three interlinked zones of

tolerance, which are *pre-performance expectations*, *service process* and *outcome state*. The pre-performance expectations refer to customers' conscious or subconscious expectations about acceptable or unacceptable service, which are created when the customers enter the service encounter. The service process, instead, is connected to how the customers during the service experience modify their expectations according to the individual components of interaction that are carefully evaluated in the minds of the customers. The final outcome state, whether they are delighted, satisfied or dissatisfied, is their overall judgment about the total service experience that takes all the individual service components into consideration.

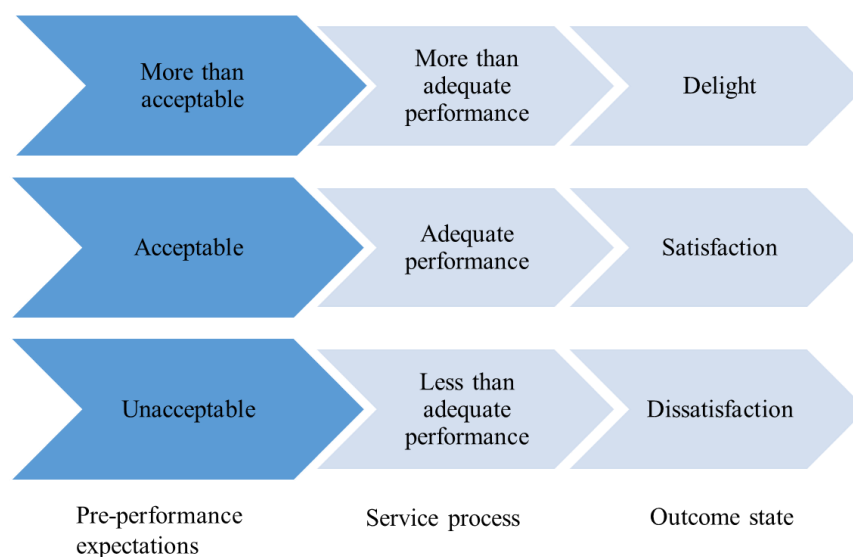


Figure 3. Three zones of tolerance (Johnston 1995, 60)

2.2.5 Primary and secondary expectations

According to Harris (2014, 22-23), the expectations can be divided into two categories: *primary* and *secondary* expectations. Primary expectations are the customers' most significant basic requirements of a customer interaction. For example, at the music festival the primary expectation is to have fun while enjoying the great music performances. The secondary expectations are based on the former experiences that are improvements to the primary expectations. For

instance, at the music festival the secondary expectation is to receive excellent customer service.

2.2.6 The dynamic model of expectations

The dynamics of expectations measure how the expectations develop throughout the relationship. This is important for many reasons. First, it is fundamental to understand that customers' expectations might change over a period of time, and may not be similar at a later stage in the relationship than in the beginning. Second, in order to manage the customer expectations, one has to acknowledge the functions of the dynamics of expectations (Grönroos 2007, 99.)

Jukka Ojasalo (1999) presents a dynamic model of expectations, which is demonstrated in Figure 4. The model demonstrates how the quality of professional services develops in a customer relationship over time. Although the study was examined in the professional services area, the results revealed in the study seem to be valid for any type of service in customer relationships.

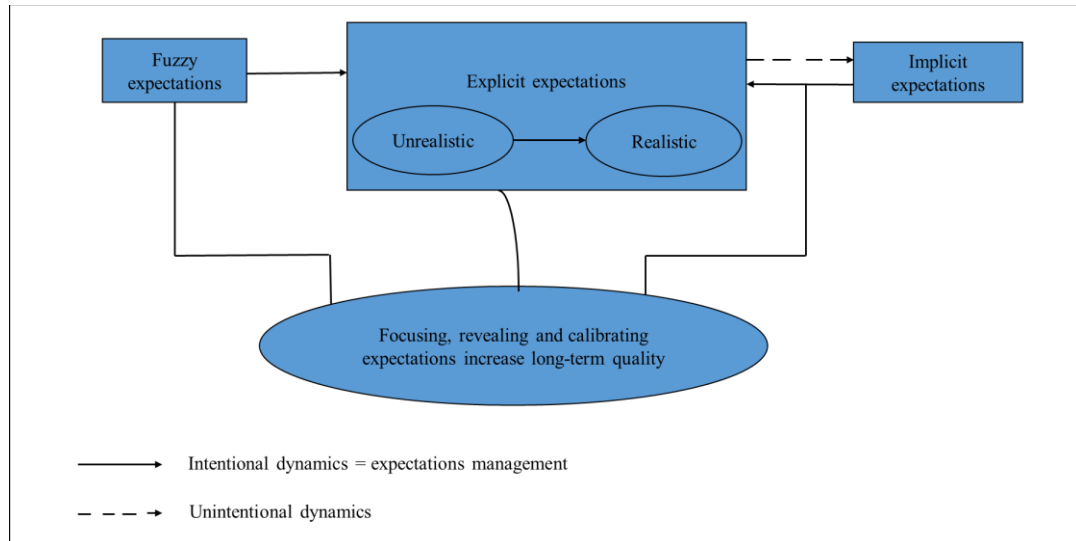


Figure 4. A dynamic model of expectations (Ojasalo 1999, 97.)

The study reveals three different types of expectations that can be identified:

- *Fuzzy expectations:* The customers may have a need for service or they may need help in solving a problem but they do not have a clear

understanding of what should be done or how it should be done, in order to satisfy this need. In this case, it is very important for the service provider to succeed in fulfilling these needs to be able to make the customers satisfied. Otherwise, they will be disappointed, as they feel that something is missing and do not understand why they are not satisfied.

- *Explicit expectations:* These expectations are obvious for the customers and can be divided into realistic and unrealistic expectations. The companies should aim to adjust unrealistic expectations into more realistic but still avoid raising them too high, in order to increase the likelihood to deliver a service, which will meet their expectations.
- *Implicit expectations:* The customers do not have the need to express clearly their implicit expectations, as they are so self-evident to them that they expect the service provider to fulfill them automatically. In this case, there is a risk that the service provider might neglect them and might not provide enough elements required to fulfill such expectations, and therefore there is a greater risk for the customers to be disappointed. It is significant that no implicit expectations remain undetected, so that the service offering can be designed to meet all the customers' expectations (Grönroos 2007, 100-101.)

2.3 Customer needs

2.3.1 The definition

Needs are defined as personal requirements. There are three types of needs: *primary*, *secondary* and *social needs*. Primary needs are the ones that people cannot live without, for instance food and water. The secondary needs are learnt, for example everyone has their own specific tastes for food. The social needs are relative in social nature, which are created under the influence of other people such as, friends and family. For instance, if a friend has a new iPhone, it may create the need to purchase the same product. *Wants*, however, are not closely connected to the needs. They are matters or experiences that are desired and have

only little or nothing to do with what people must have (Bergman & Klefsjö 2010, 26-27; Harris 2014, 122.)

Also Peppers and Rogers (2011, 160-161) refer to personal requirements when discussing customer needs. These are the requirements from an enterprise, which consist of *needs*, *wants* and *preferences*. This theory differs from Harris' in that way that according to this one all these terms have a correlation to each other, as each of these terms might result to some nuance of need. They all are referred to as "*needs*" that function as the driving force behind the customers' behaviour. The needs answer to questions "*why*" and "*how*", for instance why the customers want to purchase a certain type of product or service, and how they want to buy it. It is fundamental for the enterprises to understand the customers' basic needs, as whenever they manage to satisfy their needs, it creates value. It is necessary to consider what the businesses can do for the customers and what the customers can do for them.

2.3.2 Characteristics of customer needs

Each customer has different kinds of needs and understanding those needs is very important. Peppers and Rogers (2011, 171-173) have identified some of the characteristics of customer needs that should be taken into consideration:

1. *Customer needs can be situational in nature:* It is critical to understand that while the customers have different kinds of needs, they can also change from event to event. For instance, business travellers have different kinds of needs when they are travelling for leisure than compared to when they are on a business trip.
2. *Customer needs are dynamic and can change over time:* The needs of the customers can change over a period of time, as the lives of people evolve from one stage to another. For instance marriage, retirement, moving into a new place usually affects the needs for most people.
3. *Customers have different intensities of needs and different need profiles:* The intensity of needs may vary among the customers who have similar needs. One customer might have the same need intensely, while the other might have the need less intensely. Moreover, while the intensity of the needs change, the customers also have different need profiles that can be combined with other needs as well.

4. *Customer needs often correlate with customer value:* While the customers have certain types of needs that they expect to be satisfied, they also want to have high value from their products and services that are being purchased.
5. *The most fundamental needs are psychological:* Each customer has the basic psychological needs, and it is very essential for the businesses to understand these needs, in order to satisfy the customers.
6. *Some needs are shared by other customers while some needs are uniquely individual:* It is significant to understand that even though some of the needs are shared by other customers, they also have individual needs.
7. *There is not any best way to differentiate customers by their needs:* There is not only one way to differentiate customers by their needs but various ways, which can help to understand the needs deeper.

2.3.3 The kano model

It is fundamental to identify and understand the different kinds of needs and expectations of each customer, and how differently each one of them reacts whether they are satisfied or not. It is also necessary to understand that some of the needs of the customers are difficult to identify, as they might not always be aware of their own needs (Bergman & Klefsjö 2010, 316.)

The Kano model introduced by the Japanese Professor Noriaki Kano (1984) illustrates the following three categories of customer needs:

1. *Basic needs:* These needs are so obvious for the customers that they do not tend to mention them when asked, for instance food and water are those kinds of needs. If these needs are not fulfilled, the customers will not be content.
2. *Expected needs:* All the customers have expected needs that they are aware of. These needs are significant for the customers, and thus they expect them to be satisfied.
3. *Excitement needs:* These needs are more difficult to be identified by the customers, as they are not always conscious about them when asked. This gives the companies the possibility to surprise them by fulfilling these needs, which adds value to the customers.

These three categories of needs create three groups of qualities: *must-be quality*, *expected quality* and *attractive quality* that are demonstrated in figure five. The first is created when the basic needs have been fulfilled. These needs tend to be unspoken, as they are so fundamental and self-evident that the customers do not have the need to mention them when asked. The second is the result of satisfying the expected customer needs. The expected quality is the ability of a product or service to fulfill spoken needs that can be identified through customer surveys. The third is achieved when the excitement needs have been satisfied. The attractive quality is achieved when the customers receive a surprise element that exceeds their expectations. The attractive quality is the one that creates satisfied and loyal customers (Kano 1995, 2001.)

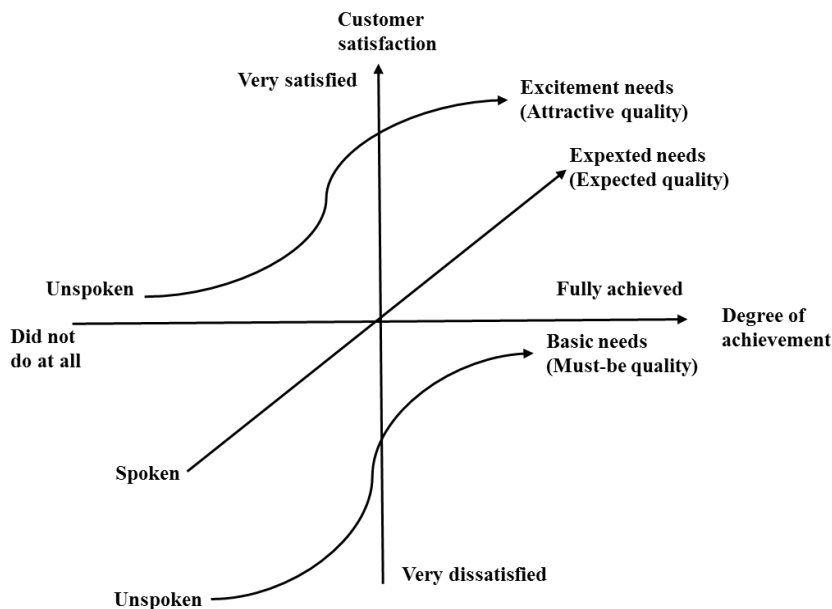


Figure 5. The kano model of customer satisfaction (Kano 1995, 2001)

2.3.4 Five basic customer needs

According to Harris (2014, 9) there are five basic needs that every customer has:

1. *Service:* The customers' expectations towards the service are dependent on the level of purchase that they are making. For instance, a larger purchase that has been thoroughly planned and researched may have a greater service need than compared to a small purchase.

2. *Price*: The cost of products and services is becoming more and more important. The consumers want to use their funds as efficiently as possible. Also, today the similar products and services can be purchased from many different locations, which make the component of price even more important.
3. *Quality*: Today the requirement for quality is high and the customers want to purchase the products and services that meet their expectations. For instance, they expect the products to be durable and functional until they decide to replace them. The consumers do not tend to question the price so much if the company has a reputation of producing high-quality products or services.
4. *Action*: The customers expect to receive good customer service when there is a problem or when they need help. They require that their problems and other issues are taken into account as an important priority, and that someone from the company will be willing to help them. Nowadays, businesses offer customer assistance telephone lines, flexible return policies and customer carryout services in response to the need for action.
5. *Appreciation*: It is fundamental that the customer service providers express their appreciation to the customers in an appropriate way. This can be conveyed in many different ways such as, saying “*thank you*”, providing informational newsletters and offering special discounts. It is essential for the customers to know that they are being appreciated.

2.4 Customer-perceived quality

2.4.1 The concept of quality

“It should always be remembered that what counts is quality as it is perceived by customers” (Grönroos 2007, 73).

There are several definitions from the concept of quality. The American Society for Quality (ASQ 2015) introduces two definitions: 1. “*Characteristics of a product or service that bear on its ability to satisfy stated or implied needs*”; 2. “*a product or service free of deficiencies.*” Crosby (1979) defines quality as

“conformance of requirements.” Joseph Juran who is also known as the father of quality, describes two quality aspects that are viewed from the customers’ perspective. The first aspect is defined as: *“higher quality means a greater number of features that meet customer needs”*. The second one refers to *“freedom from trouble”*: *“higher quality consists of fewer defects”* (Juran Global 2015). Bergman and Klefsjö (2010, 23-24) define the quality as *“a product’s ability to fulfill the needs and expectations of the customers and preferably exceed them”*. This definition suggests that it is not always sufficient to satisfy customers’ expectations. However, the aim should be to try to exceed them, in order to make the customers surprised and content. This way the customers are more willing to return and will speak positively about their experiences to other people.

Overall, it can be assumed that whenever the service providers are able meet or exceed the customers’ expectations, the quality can be considered as good. The businesses that are able to satisfy the needs and expectations of the consumers most of the time can be stated as quality companies (Kotler et al. 2009, 393).

Service quality is also closely related to customer satisfaction and company profitability. It is suggested that the high level of quality leads to high level of customer contentment, which increases the amount of sales, and therefore is profitable for the businesses. Various researches have been made to be able to demonstrate the correlation between the quality and profitability. The results show that companies maintaining and improving the quality are gaining more profit compared to the businesses that do not succeed in delivering quality to their customers (Kotler et al. 2009, 393.)

2.4.2 How customers view service quality

First, it is significant to understand the difference between services and products, in order to understand how the customers evaluate both of them. Unlike the products, the services are basically *intangible*, which means that they are performances and experiences rather than objects. Moreover, compared to the products, the services cannot be measured, tested and verified in advance of sale to assure quality. Besides, the way the customers evaluate the services is more

complex and difficult than compared to measuring the quality of products, as there are many different components that affect how the quality is viewed in the minds of the customers. When the customers evaluate the service quality, the process of service delivery and the interactions between the customer and service provider are the major factors that have an impact on whether they form a positive or negative opinion about the whole experience. The products, instead, are engineered at the manufacturing plant and delivered intact to the customer, and thus the quality can be more easily measured and evaluated. It is also important to notice that unlike the quality of goods, the performance of services often varies from producer to producer, from customer to customer and from day to day, which also makes the quality of services more difficult to evaluate (Zeithaml, Parasuraman, Berry 1990, 15.)

2.4.3 Consistency and level

The concept of quality can be divided into two dimensions: *consistency* and *level*. The consistency measures the service provider's ability to provide the same product or service exactly the same way than the previous times. Maintaining consistency is usually challenging, as the customers' perceptions of the service experience might change depending on the situation. For example, the quality of service in the same fast food restaurants might differ quite much depending on the location. The level, instead, refers to perceived differences in the specification of the product, service or idea. The customers have personal preferences about the level of quality, and thus the level of quality of a certain product or service can be perceived very differently depending on the customer (Doole et al. 2005, 16.)

2.4.4 The moments of truth

The customers experience a whole series of moments of truth when interacting with service organizations, for instance during the stay in a hotel the customers experience many of these moments from check-in to departure. The concept of moments of truth, which was introduced by Normann (1984) means basically that there are certain moments in the service process when the service providers have the opportunity to demonstrate the quality of their services to the customers.

These are the true moments of opportunities that are gone quickly. If a quality problem has occurred, it is too late to take corrective actions. The only way to try to correct the actions is to create a new moment of truth. For instance, the service providers can actively contact the customers to correct the mistakes or at least try to explain why things went wrong. However, this is more troublesome and less effective, as compared to well-managed moment of truth. It is significant, that the service production is well-planned and well-executed, so that no badly handled moments of truth take place. If such situations go unmanaged, there is a possible risk that unexpected quality problems may occur. Albrecht and Zemke (1985b, 62) put it: “*when the moments of truth go unmanaged, the quality of the service regresses to mediocrity*”. Specifically, the functional quality of the process will be hurt and cause quality deterioration.

2.4.5 Two service quality dimensions

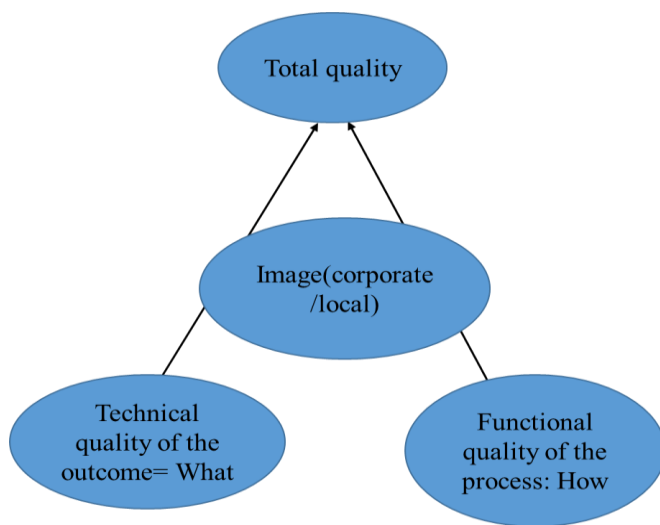


Figure 6. Two service quality dimensions (Grönroos 2007, 74)

Grönroos (2007, 73-74) introduces two quality dimensions that affect the total quality: *a technical or outcome dimension* and *a functional or process-related dimension*. The technical quality relates to what customers receive in their interactions with a company. For instance, a hotel provides a room and a bed to sleep in, and a restaurant offers a meal to its customers. The technical quality dimension does not only consider the quality of service that is delivered to the

customers, but also what they are left with when the whole service process is over. The functional dimension, instead, refers to how the outcome or the end result of the service process is transferred to the customers. For instance, how the service providers perform their tasks and how they treat the customers really have an impact on functional quality. It is all about how the service by the company is received. The functional dimension is received very subjectively and cannot be evaluated as objectively as the technical quality.

Company and / or local image has also a great effect on the total quality perceived by the customers. The image of the company affects considerably, how they perceive the quality of the business. If the company has a favourable image in the minds of the customers, it is easier for the company to have minor mistakes forgiven. However, if the image is negative, the impact of any mistake will generally have a greater effect than it otherwise would have (Grönroos 2007, 74.)

2.4.6 Total perceived quality model

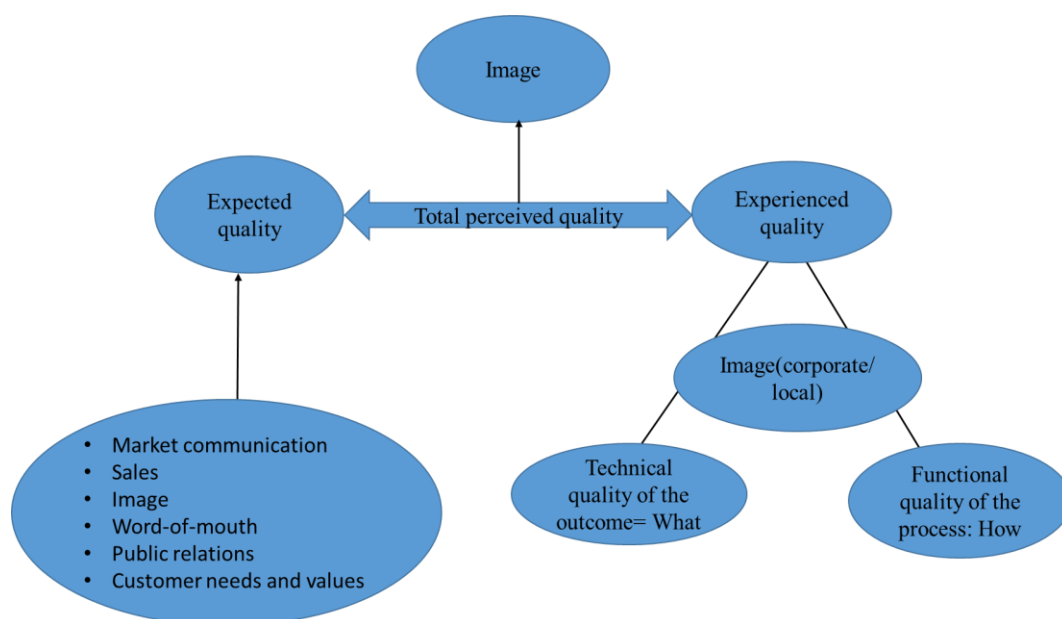


Figure 7. Total perceived quality (Grönroos 2007, 77)

The total perceived quality perception is a complex and complicated concept. It does not only consist of image and technical and functional quality, but also experiences and expectations. The experiences and expectations have a strong

correlation and have a great effect on the total quality. Grönroos suggests that when the experienced quality meets the expectations of the customers, the expected quality is created. Nevertheless, if the expectations are too unrealistic, the total perceived quality will also be low, even though the experienced quality measured objectively would be good. Also, if the company consequently overpromises or raises customers' expectations too high or the customers' experiences and expectations are not balanced, the total perceived quality will be low. The expected quality is affected by numerous of factors such as, word of mouth, customer needs and values, image, marketing communication and sales (Grönroos 2007, 76.)

2.4.7 Drivers of customer satisfaction

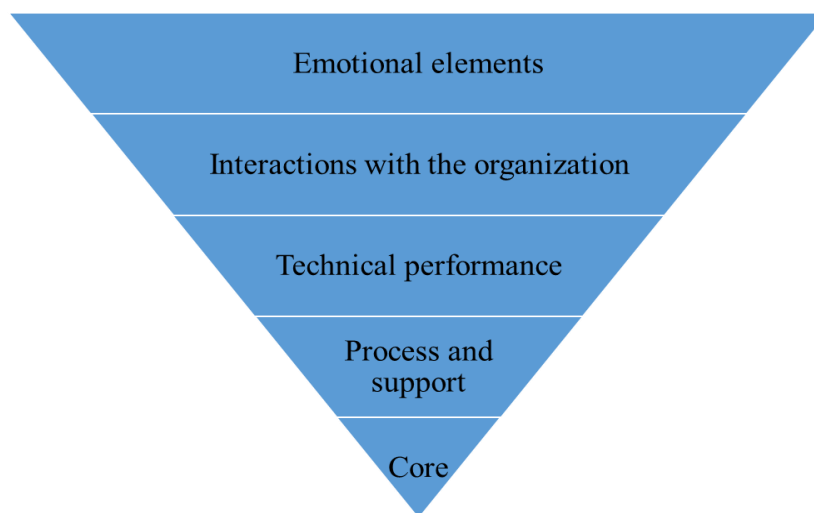


Figure 8. Drivers of customer satisfaction (Barnes 2000, 73)

Barnes (2000, 67-72) suggests that there are five different levels that affect how the customers perceive the service quality and how satisfied they are:

1. *Core* describes the basic product or service offered by the company. It refers to the most basic components that are offered to the customers such as, food in a restaurant. From the competitive point of view, it is important to be able to differ from similar companies and create value, in order to be successful and to be able to maintain customer relationships.

2. *Process and support* include the systems that support the service process and keep the business running, such as delivery systems, billing, pricing policies, warranties, scheduling, complaint handling, levels of personnel, communication of information, availability and access, hours of service, repair and technical support and help lines. If these systems do not work, the customers will not be satisfied.
3. *Technical performance* is associated with how successful the service provider is in getting the core product and the support services right. This level determines the company's ability to perform according to its promises. If it fails to deliver the service that has been promised, the consumers will be frustrated and disappointed.
4. *Elements of customer interaction* refer to interactions with the service encounter that focus on how well the customers are treated and how easy it is for them to make business with the company.
5. *Emotional elements* are related to the affective dimensions of service, the messages that the company sends to its customers that either leave them with positive or negative feelings toward the company. It is all about the customers' feelings that are modified during the service interactions. Even just a small mistake can affect the customers' feelings negatively, although all the other components would be great.

2.4.8 Albrecht & Zemke – Four factors of good perceived service quality

According to Albrecht and Zemke's (1985a) studies there are four different factors that the customers consider important when discussing about service quality:

1. *Care and concern*: The customers have the need to feel that their problems are considered as priority and that the organization, its employees, and its operational systems are devoted to solving those problems.
2. *Spontaneity*: The employees are ready and willing to actively approach the customers and help them with their problems.
3. *Problem solving*: The employees are professional and have the skills to perform their duties according to standards. The employees are well-trained to be able to offer good service to the customers.

4. *Recovery*: In unexpected situations the customers require that the employees are well-prepared and capable of handling the situations.

2.4.9 SERVQUAL –Dimensions of service quality

Parasuraman, Zeithaml and Berry (1988) developed a procedure in 1988 for quantifying customers’ perceptions of service quality that is known as SERVQUAL model consisting of five different dimensions that measure service quality. These dimensions are demonstrated in Table 1.

| |
|---|
| <i>Tangibles</i> : Appearance of physical facilities, equipment, personnel and written materials. |
| <i>Reliability</i> : Ability to perform the promised service dependably and accurately. |
| <i>Responsiveness</i> : Willingness to help customers and provide prompt service. |
| <i>Assurance</i> : Knowledge and courtesy of employees and their ability to inspire trust and confidence. |
| <i>Empathy</i> : Caring, individualized attention given to customers. |

Table 1. Dimensions of service quality (Parasuraman et al., 1988)

2.4.10 The six criteria of good perceived service quality

Grönroos (1990) has observed similar findings in his research considering perceived quality. His findings suggest that there are six criteria of good perceived service quality:

| |
|---|
| 1. <i>Professionalism and Skills</i> : The service provider, its employees, operational systems, and physical resources have the knowledge and skills to solve customers' problems in a correct manner (outcome- related criteria). |
| 2. <i>Attitudes and Behavior</i> : The service employees care of their customers' concerns and problems, and are willing to solve them actively in a professional and friendly way (process-related criteria). |
| 3. <i>Accessibility and Flexibility</i> : The service provider, its location, operating hours, employees, and operational systems are well-designed and function properly, so that the service will be easily accessed and that the requirements and wishes of the customers will be adjusted in a flexible way (process-related criteria). |
| 4. <i>Reliability and Trustworthiness</i> : The service provider and its employees are reliable and perform with the best interest of the customers at heart (process-related criteria). |
| 5. <i>Recovery</i> : The customers have the need to feel that when something unexpected occurs or something goes wrong, the service provider will respond to it immediately and will work actively, in order to solve the problems and keep them under control (process-related criteria). |
| 6. <i>Reputation and Credibility</i> : The operations of the service provider are reliable and represent good performance and values, which can be shared by customers (image-related criteria). |

Table 2. The six criteria of good perceived service quality (Grönroos 1990, 47)

2.5 Customer-perceived value

2.5.1 The definition

“Customer-perceived value is the difference between the prospective customer’s evaluation of all the benefits and all the costs of an offering and the perceived alternatives” (Kotler et al. 2009, 381).

“The consumer’s overall assessment of the utility of a product based on perceptions of what is received and what is given.” (Zeithaml & Bitner 1996, 124).

The value concept has become vital in today's business life, as now customers have more choices to choose from, and they tend to demand more for their money. They evaluate cautiously which market offering will deliver the most perceived value, and take action based on that. Basically, this means that the customer-perceived value is based on the difference what the consumers receive, which in this case are the benefits, and what they give in return for different possible options, which are the costs in terms of money, time and effort. It is important to understand that even if the customers would perceive to receive good quality, it does not necessarily guarantee that the company offers value to them. Even though, the service offered would be great but if the money, time or effort spent to be able to receive the service would be considerably great, the perceptions of value might be relatively low (Zeithaml & Bitner 1996, 124; Kotler et al. 2009, 383-385.)

2.5.2 Characteristics of value

Holbrook (1994, 27) describes value as *a relativistic preference* that is influenced by the customers' personal preferences and experiences of interacting with the company. Value is relativistic in three different angles. First, it is *comparative* which means that each customer evaluates and rates value against other opinion. Second, value is *personal*, as it varies across individual consumers. Third, it is *situational* which means that it can vary widely from situation to situation. Moreover, the value is also connected with an experience in that it pertains to the consumption and the use of the company's services. It is fundamental to understand that value is defined broadly by the customers and does not only consist of price and tangible objects.

2.5.3 Payback from customer value creation

According to Barnes (2000, 20-21) value is intimately connected to customer satisfaction, which is created when the customers receive more benefits compared to what had to be given. Especially, the value is created in the service interactions where the personnel make them feel important and appreciated. The personnel can achieve this by simple gestures, for instance by saying thank you and listening to

the customers. The value creation is very important for the customer satisfaction, as the more value the customers feel that they are receiving, the more satisfied they tend to be and therefore are more willing to use the same service again. The figure 9 demonstrates the benefits of customer value.

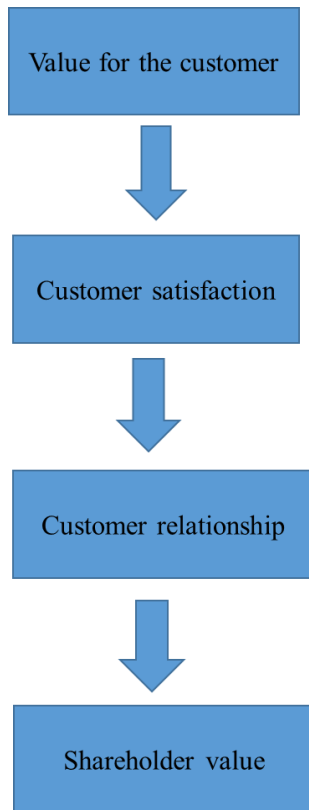


Figure 9. Payback from customer value creation (Barnes 2000, 20)

3 RESEARCH METHODOLOGY

In this section, the quantitative and qualitative research methods are introduced and compared. Moreover, the chosen method and the research process are introduced.

3.1 Quantitative and qualitative research

The quantitative research relies on numerical evidence that leads to statistical analysis. Based on the analysis, conclusions can be drawn or the hypotheses tested. The research often requires studying large numbers of people and the use of computers to analyse the data in order to obtain reliable results. The data can be derived, for instance, from questionnaire surveys, from secondary sources or from observations including counts (Veal 1997, 34.)

The qualitative approach involves collecting a great amount of information about a small number of people. The methods used to collect qualitative information consist of observation, informal and in-depth interviews and participant observation.

Compared to quantitative research, the main difference is that it does not focus on the numerical evidence and, thus, does not lead to statistical analysis. One of the significant differences is also that the qualitative research focuses on gathering relatively deep information about a small group of people, rather than obtaining a limited understanding of large numbers of people. However, it is also possible for a quantitative research to obtain a great deal of data on only a small group of individuals, and for qualitative study to receive relatively little information on a couple of hundred people (Veal 1997, 35, 71.)

3.2 Quantitative method: Questionnaire-based survey

Questionnaire-based survey is selected when the research requires quantified information involving a specific population, and when people's behavior and their attitudes are acceptable as a source of information. The information is gathered from individuals by applying formally designed schedule of questions called a *questionnaire* or *interview schedule*.

The survey can either be *interviewer-completed* or *respondent-completed*. The first is completed by the interviewer who reads the questions from the questionnaire out to the respondents, and records the respondents' replies on the questionnaire. The second is completed by the respondents who read and fill out the questions themselves. When comparing these two, the first one often ensures more accurate and complete responses, but requires more time to complete the interviews. The second option is often quicker, but there is a risk concerning low response rates that can result, for instance from the respondents' inability to reply due to language or literacy difficulties.

When designing a questionnaire, the researchers have to be very specific with the layout and presentation, since it must be read and understood by "untrained" people. The questions should primarily consist of "closed" questions that refer to the questions that can be answered by ticking boxes. "Open-ended" questions where the respondents have to fill in their answers should be avoided, since they often achieve only a low response (Veal 1997, 72, 145, 147.)

There are six different types of questionnaire surveys:

1. Household survey: the respondents are selected based on their location and are interviewed in their home.
2. Street survey: People are selected randomly by stopping them, for instance in the street and in shopping malls.
3. Telephone survey: People are interviewed by telephone.
4. Mail survey: questionnaires are sent and returned by mail.
5. Site or user survey: users of a certain facility or site are surveyed on-site.
6. Captive group survey: certain members of groups are surveyed such as, members of a club and employees of an organization (Veal 1997, 149.)

3.3 Research process

The purpose of this research is to define the degree of satisfaction perceived by the customers of Sweet Vaasa. The aim is to ascertain how the customers perceive the quality of cakes and service, whether their expectations and needs have been

fulfilled and whether they receive additional value. Due to the aims of the study, the quantitative approach is selected to get more valid and reliable results.

The questionnaire-based survey is chosen as a quantitative method, as it seemed the most convenient and quickest way to reach as many customers as possible. There are in total 23 different questions, which are divided into five different categories: background information, the quality of cakes, the quality of service, customer expectations and needs and additional value. The questions are formulated based on the theoretical study and the aims of the company. Most of the questions are “closed” questions and only a couple are “open-ended” questions. Open-ended questions are used to receive more information. In the questionnaire, the customers have also the possibility to explain their replies and present improvement ideas and additional comments, so that valuable information can be received for the company. The questionnaire is executed by applying the online form, which is published on Sweet Vaasa’s Facebook page and Instagram. The survey is available in Finnish, Swedish and English. Before the survey is published, all the questions are verified with the personnel of Sweet Vaasa, and the necessary corrections are made to guarantee the accuracy and the understandability of the questions.

4 RESULTS

In this chapter the results obtained from the questionnaire survey are presented and analyzed. The questions used in the survey are divided into five different categories: background information, the quality of cakes, the quality of service, customer expectations and needs, and customer-perceived value. All the results are presented in the same order as the questions are in the questionnaire. The analysis of the results is based on the results received from the survey and the theories presented in the theoretical frame. In some of the questions, tables and figures are used to perceive the clearer idea of the results. All the tables and figures presented were formulated by using the IBM SPSS Statistics 23 software program. In addition to the program, the reports obtained from the electronic questionnaire survey were used in analyzing the results. In total 137 responses were presented and analyzed.

4.1 Background information

The aim of the first questions was to obtain basic information regarding the respondents. The background questions were divided into three groups including gender, age and location.

4.1.1 Gender of the respondents

The results indicate that out of 137 respondents, 128 were women which covered 93,4% of the total number. Only nine were men (6,6%).

According to the results, expected observations can be obtained compared to the information received from the case company.

4.1.2 Age of the respondents

Based on the results, four different age groups were formed: 15-19, 20-30, 31-40 and 41 and over. Dividing the respondents into different age groups helped to obtain information to which group most of the customers belong. The results are shown in Table 3.

| Age groups | Frequency | Percent | Valid Percent | Cumulative Percent |
|-------------|-----------|---------|---------------|--------------------|
| Valid 15-19 | 9 | 6,6 | 6,6 | 6,6 |
| 20-30 | 73 | 53,3 | 53,3 | 59,9 |
| 31-40 | 33 | 24,1 | 24,1 | 83,9 |
| 41 and over | 22 | 16,1 | 16,1 | 100,0 |
| Total | 137 | 100,0 | 100,0 | |

Table 3. Age groups of the respondents

Based on the results, most of the customers belong to the age group from 20 to 30, which covered 53,3% of all the respondents. The second largest group is aged from 31 to 40 (24,1%). The smallest group is aged from 15 to 19 (6,6%).

The results received indicate similar observations, which are comparable with the information obtained from the company. Based on the results and information obtained from the case company, most of the customers are young adults and middle-aged people.

4.1.3 Living area of the respondents

The table of respondents' living area (Table 4) was formed to demonstrate from which areas most the customers come from. The results show that 75% of the total respondents came from Vaasa, which presented the largest group. The second largest group included the customers who came from other parts of Finland. This group presents 20,6%, in which 14,7% are from the areas nearby Vaasa and the other regions of Ostrobothnia such as, Oravainen, Kaskinen, Vähäkylä and Laihia. The smallest group (2,2%) is people who came from other countries. Three of the respondents had mentioned Finland as their location and, thus, their area of residence could not be specified. Moreover, there was one answer with no information on this.

| Location | Frequency |
|-------------|-----------|
| Valid | |
| China | 1 |
| Finland | 3 |
| Helsinki | 4 |
| Houston | 1 |
| Järvenpää | 1 |
| Kaskinen | 1 |
| Kouvola | 1 |
| Laihia | 1 |
| Maalahti | 3 |
| Mustasaari | 7 |
| Närpes | 1 |
| Oravainen | 1 |
| Oulu | 1 |
| Pedersöre | 1 |
| Petolahti | 1 |
| Raippaluoto | 1 |
| Russia | 1 |
| Tampere | 1 |
| Tervajoki | 1 |
| Vaasa | 102 |
| Vähäkyrö | 1 |
| Vöyri | 1 |
| Missing | 1 |
| Total | 136 |

Table 4. Respondents based on their location

The results received from the survey imply that most of the customers are from Vaasa. However, the results also indicate that quite many of customers also come from other parts of Finland, particularly from other areas of Ostrobothnia.

4.2 The quality of cakes

In this section the responses regarding the quality of cakes are presented and analyzed. The questions presented in the questionnaire survey concentrate on the selection of cakes, the quality of cakes, special dietary needs/allergies and the price level. The aim of the questions is to receive valuable information about the level of satisfaction regarding the cakes, and to obtain improvement ideas that may benefit the company in the future. The questions have been formed and modified according to the aims of the company and the theories.

According to Kotler et al (2009), the customer's expectations and the product's perceived performance are closely connected to customer satisfaction. The connection between the expectations and perceived performance has a great impact on how high the level on satisfaction is.

4.2.1 Are you satisfied with the selection of cakes?

The aim of this question is to determine the level of satisfaction regarding the selection of cakes.

Based on the results indicated in the table, 84,7% out of total 137 respondents were satisfied with the selection of cakes. 13,9% were partially satisfied and only 1,5% were not certain.

The results obtained suggest a high level of satisfaction with the selection of cakes.

| | Frequency | Percent | Valid Percent | Cumulative Percent |
|----------------------|-----------|---------|---------------|--------------------|
| Valid Yes | 116 | 84,7 | 84,7 | 84,7 |
| Partially | 19 | 13,9 | 13,9 | 98,5 |
| Not sure/ Don't know | 2 | 1,5 | 1,5 | 100,0 |
| Total | 137 | 100,0 | 100,0 | |

Table 5. The level of satisfaction regarding the selection of cakes

4.2.2 Do you feel that the selection of cakes is versatile enough?

The aim of this question was to receive information whether the customers are satisfied with the diversity of the selection.

As showing in Figure 10 below, 78,8% of all the respondents thought that the selection of cakes was diverse, and 17,5% agreed partially. Only 2,9% of the customer disagreed. There was only one customer who did not know.

The results indicate that most of the customers are satisfied with the variety of cakes.

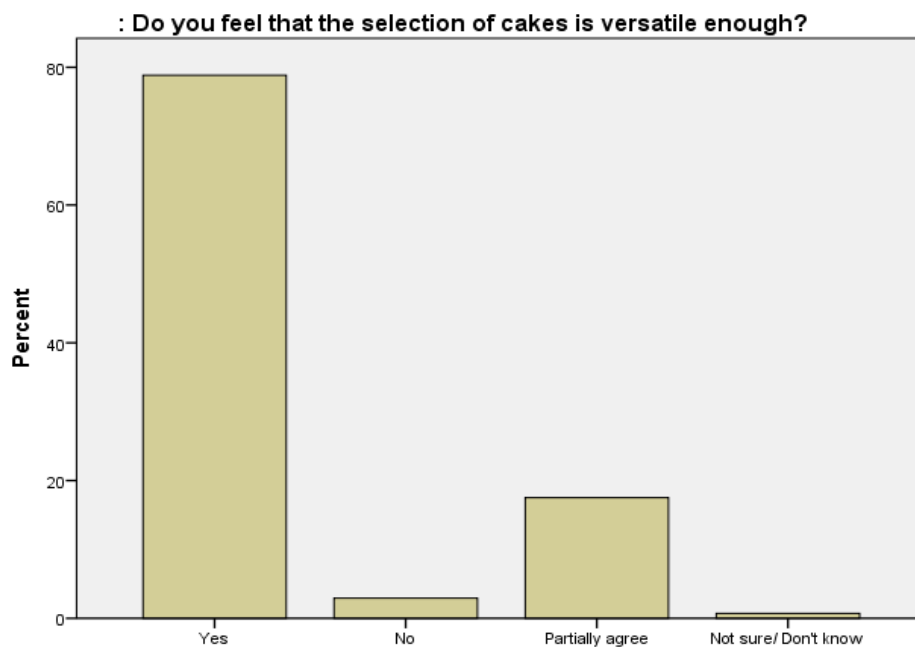


Figure 10. The level of satisfaction regarding the variety of cake selection

4.2.3 Comments and improvement ideas regarding the first two questions

The comments and improvement ideas were received mostly from the customers who had agreed partially and disagreed. The most significant comments and improvement ideas are demonstrated as following:

- More gluten-free, nut-free, low-sugar and lactose-free options, including also other options than mostly chocolate cakes. Moreover, there could be at least one vegan option available.
- The selection could be more diverse and change more frequently. The selection could include also other types of cakes, rather than mostly cheese and chocolate cakes. Occasionally new cakes would be a great addition in the selection, for instance the cake of the month.
- Occasionally most of the cakes are sold out a couple of hours before closing. Especially this happens on Saturdays.

4.2.4 Do you feel that the selection of cakes is updated regularly enough?

The aim of this question is to indicate whether most of the customers feel that the selection of cakes is updated regularly enough.

The results obtained indicate that 65 (47,4%) of all the 137 customers agree that the selection of cakes is updated regularly enough. 33 (24,1%) of the respondents agree partially. 19,7% of the respondents could not specify their replies, whether they agreed, disagreed or partially agreed. Only, 8,8% replied no.

Based on the results, it can be assumed that most of the customers are satisfied with how often the selection of cakes is updated.

4.2.5 Comments and improvements ideas

The respondents who had presented comments and improvements ideas consisted mainly of those who had disagreed and agreed partially. Similar findings were discovered compared to the comments and improvement ideas referred to the previous two questions. The comments and improvement ideas are presented as follows:

- The selection could be updated more frequently.
- More options for special diets/allergies such as, gluten- and lactose-free options.

- More seasonal cakes, for instance during Christmas time, Halloween, autumn and summer.
- The classic cakes such as Pavlova should remain in the selection.

4.2.6 Do you feel that the special dietary needs/allergies are taken into consideration enough?

The aim of this question was to assess the level of satisfaction regarding how well the special dietary needs and allergies are taken into consideration in the minds of the customers.

According to results, 43,3% of the respondents agreed. 18,7% agreed partially and only a small amount of 6,7% disagreed. 31,3 could not specify their replies. Many of them who could not specify their replies, had mentioned not having any special dietary requirements or allergies, and thus had not paid much attention to this when visiting the café. Out of 137 responses, three were missing.

Under 50% of the customers agreed, which suggests that the level of satisfaction is quite high but improvements could be made. However, it should be taken into consideration that 31,3% could not specify their answers, and therefore it is more difficult to predict whether the satisfaction level would have been lower or higher.

4.2.7 Comments and improvement ideas

The customers who had mainly agreed partially and disagreed commented and suggested following improvement ideas:

- More gluten-free, lactose-free, nut-free and low-sugar options. Besides, vegan options were mentioned.
- The labels of the cakes could be more specific considering the allergenic ingredients.

4.2.8 On a scale of 1-5, please evaluate: the flavour of cakes, the quality of cakes and the appearance of cakes

This question concentrates on evaluating the total quality of the cakes. The aim is to determine how high the level of quality is in the minds of the customers.

The question relates to the context about quality. According to Bergman and Klefsjö (2010), the quality refers to how well a product is able to fulfill the needs and expectations of the customers and whether it is able to exceed them. This is intimately connected with the level of satisfaction as discussed in the theories.

Harris (2014) indicates that the customers want to purchase products that meet their expectations.

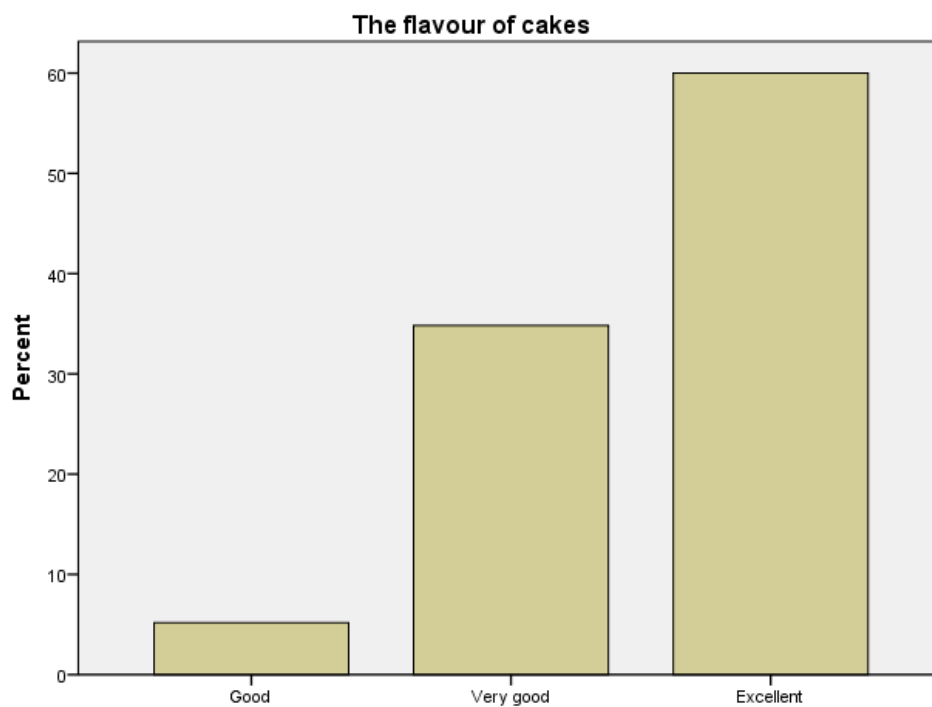


Figure 11 . The flavour of cakes perceived by the customers

The results indicate that the flavor of cakes is perceived mostly as excellent and very good (Figure 11). Considerable 60% of the respondents regarded the flavor

as excellent, and 34,8% as very good. 5,2% evaluated the flavor as good. In total 135 responses were obtained out of 137.

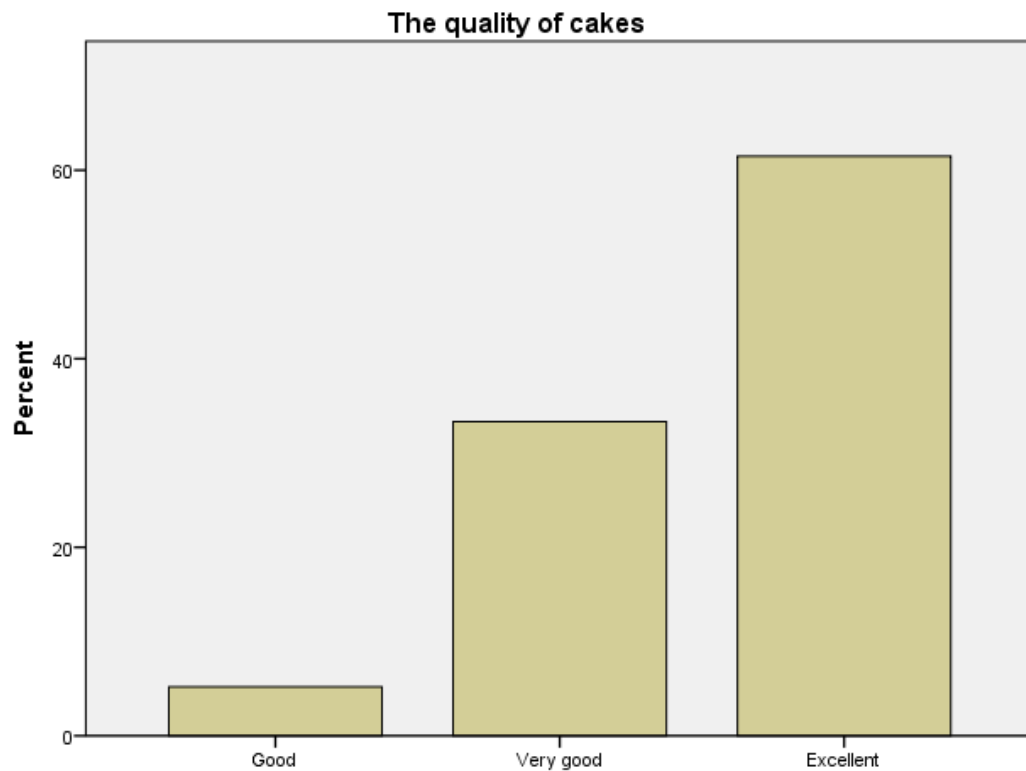


Figure 12. The quality of cakes perceived by the customers

135 responses were received out of the total amount of 137. In this figure, comparable findings can be obtained compared to the previous figure. The major part of the customers evaluated the quality of cakes excellent with 61,5%, and 33,3% demonstrated it as very good. 5,2% of the respondents referred the quality as good.

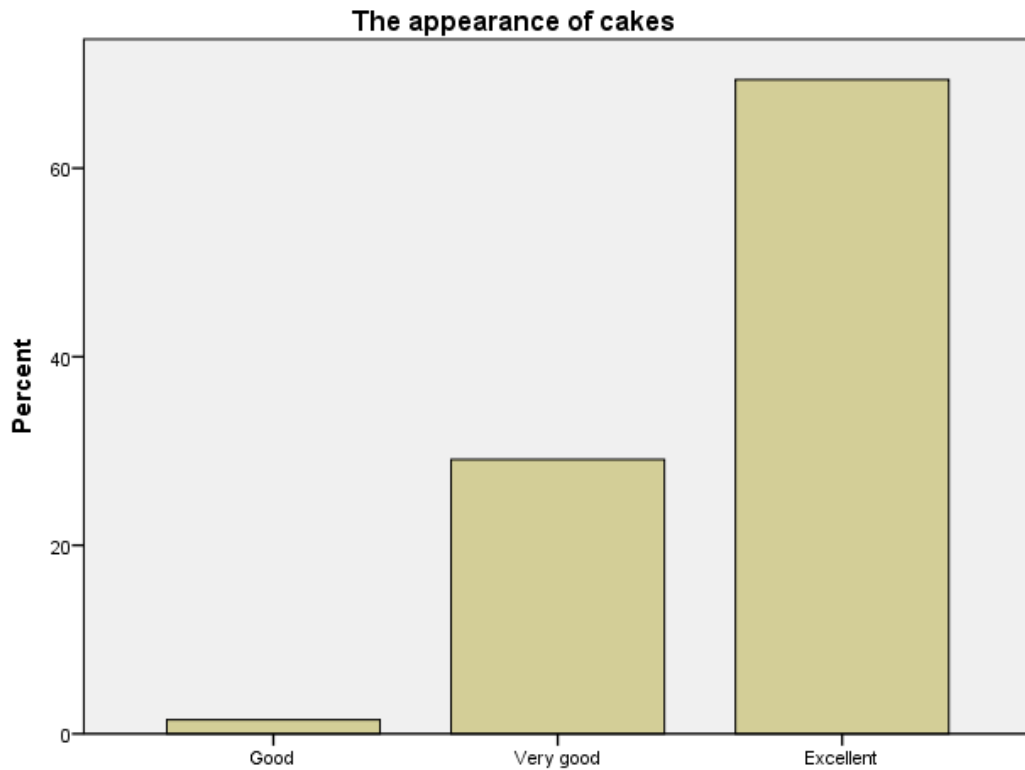


Figure 13. The appearance of cakes perceived by the customers

134 responses were obtained out of 137. The figure presenting the appearance of cakes perceived by the customers indicates consistent results. Most of the customers evaluated the appearance excellent with significant 69,4% and 29,1% estimated it very good. The small amount of 1,5% of the customers rated it as good.

The results obtained from all the three figures indicate that the quality level of cakes is considered mainly excellent. Based on the theories presented in the first section of this thesis, the results suggest that the quality of cakes meets and even exceeds the expectations of the customers.

4.2.9 Do you feel that the quality of cakes remains consistent? (the quality is on the same level each time)

The aim of this questions was to define whether the quality is perceived consistent.

This question is related to the theory about consistency which refers to the ability of service provider to provide the same product exactly the same way than previous times (Doole et al. 2005.)

Total 136 responses were received out of 137. According to the results, 110 of the customers agreed which was in total 80,9%. Only 11% agreed partially, and 7,4% could not define exact answers. Those who had agreed partially, mentioned that occasionally the level of consistency can change.

The results indicate that most of the customers perceive the quality of the cakes consistent.

4.2.10 From your point of view, do you feel that the price vs quality level is: reasonable, not reasonable, partially reasonable, not sure/don't know

The aim of this question was to estimate whether the price vs quality level is perceived reasonable by the customers.

According to Harry (2014), price is one of the customers' basic needs. The customers value the price even more these days and want to use their funds as efficiently as possible.

136 responses were obtained out of 137. The results indicate that 60,3% assessed the price vs quality level reasonable, and 33,8% partially reasonable. 4,4% of the customers disagreed, and 1,5% did not know what to reply.

The results suggest that most of the customers perceive the price & quality level reasonable.

4.2.11 Comments and improvement ideas

The customers who had disagreed commented that the price level was too high, particularly a view of them said that the price of 5€ for bigger cake slices is a bit too much. The ones who had agreed partially perceived the quality great and consistent but still the price level was considered quite high.

Following improvement ideas were obtained from the survey:

- Student discounts.
- Two different sizes for cake slices with different prices.
- Special offers, for instance when purchasing many cake slices.

4.2.12 Additional comments and improvement ideas regarding the quality of cakes

Here additional comments and improvement ideas are presented:

- More seasonal cakes (Halloween, Christmas, Valentines Day...)
- New types of cakes: raspberry/chocolate cake, traditional layer cake, new non-mouse cakes, new chocolate and caramel options, lemon New York style cheesecake, vegan option.
- Smaller cake slices, also more options for other smaller treats.
- Special offers.

4.3 The quality of service

In this section the responses regarding the quality of service are presented and analyzed. The aim of the questions was to obtain information about how the customers perceive the quality of service and based on that determine the level of satisfaction. The aim was also to receive improvement ideas. The questions presented in the questionnaire concentrated on service process, accessibility and flexibility of the service, the level of service consistency, customer service skills and professionalism of the personnel, physical facilities, external communication, and image of the company. All the questions were formed and modified according

to the aims of the company and the theories presented in the theoretical framework.

According to Kotler et al (2009), service quality is closely related to customer satisfaction and company profitability. The results show that companies maintaining and improving the quality are gaining more profit compared to the businesses that do not succeed in delivering quality to their customers. Moreover, Zeithaml et al (1990) state that the process of service delivery and the interactions between the customer and service provider are the major factors that have an impact on whether the customers form a positive or negative opinion about the whole experience.

4.3.1 On a scale of 1-5, please evaluate the service process (the service experience from entering the Sweet Vaasa until the end of the visit)

The aim of this question was to receive information about how the customers evaluate the service process and whether they are satisfied.

In the theories, Grönroos (2007) indicates that functional dimension referring to how the outcome or the end result of the service process is transferred to the customers has a great impact on how the service by the company is received. According to theory of three zones of tolerance by Johnston (1995) all the individual service components experienced by the customers affect the final outcome state, whether the customers are delighted, satisfied or dissatisfied. The final outcome state is affected by pre-performance expectations, service process and outcome state. The model of three zones of tolerance is introduced in the theories.

| | | Frequency | Percent | Valid Percent | Cumulative Percent |
|---------|--------------|-----------|---------|---------------|--------------------|
| Valid | Satisfactory | 8 | 5,8 | 5,9 | 5,9 |
| | Good | 39 | 28,5 | 28,7 | 34,6 |
| | Very good | 59 | 43,1 | 43,4 | 77,9 |
| | Excellent | 30 | 21,9 | 22,1 | 100,0 |
| | Total | 136 | 99,3 | 100,0 | |
| Missing | System | 1 | ,7 | | |
| Total | | 137 | 100,0 | | |

Table 6. The level of service process perceived by the customers

The results assessed in the table suggest that most of the respondents evaluate the service process to be very good, consisting of 43,4% of the customers. 28,7% comprised the total process as good, and 22,1% as excellent. The respondents who graded the quality of service as satisfactory presented the smallest group with 5,9%.

The results based on the model of three zones of tolerance by Johnston (1995), indicate that the total service process is mainly considered more than acceptable which means that most of the customers are delighted with the quality of service.

4.3.2 Comments and improvement ideas

This section is mainly for the customers who had evaluated the service process as poor or satisfactory. The comments are summarized as following.

- Occasionally, the level of service is not as great as expected to be. Specifically, during rush hours the personnel may seem stressed and even unpolite. Some of the personnel could occasionally be more customer-orientated.
- During busy times, the cafe is too crowded, long queues, too loud and tables are often disorganized.

4.3.3 Do you feel that the service is easily accessible to the customers? (location, premises and operating hours are well-designed and function well)

The aim of this question was to specify how the customers perceive the accessibility and flexibility of the service and based on the results indicate the level of satisfaction.

The question relates to process and support introduced in the model of drivers of customers satisfaction (Barnes 2000), and to accessibility and flexibility determined in the table of six criteria of good perceived service quality presented by Grönroos (1990.)

Out of 137 responses, four answers were missing. The results presented in the questionnaire survey, indicate that 61,7% of the respondents agreed and 38,3% agreed partially. None of the customers disagreed.

The results suggest that most of the customers are satisfied regarding these components.

4.3.4 Comments and improvement ideas

The comments and improvement ideas received were mostly from the customers who were partially satisfied with the location, premises and operational hours. Following comments and improvement ideas were presented:

- The café is often too crowded and it is difficult find available tables. During busy times the queues are long and there is too much noise around. One of the customers also said that it is difficult to enter the place with a baby buggy. Besides, it may be difficult for handicapped to enter the place.
- Poor soundproofing in the premises.
- Could also be open on Sundays.
- Longer operational hours, also during weekends and for instance summer.

4.3.5 Do you feel that the quality of the service is consistent? (the ability of the personnel to serve customers in the same way each time)

The aim of this question was to define whether the quality of service is perceived consistent.

This question is conneted with the theory about consistency introduced by Doole et al (2005.)

| | | Frequency | Percent | Valid Percent | Cumulative Percent |
|---------|----------------------|-----------|---------|---------------|--------------------|
| Valid | Yes | 91 | 66,4 | 70,5 | 70,5 |
| | No | 3 | 2,2 | 2,3 | 72,9 |
| | Partially agree | 31 | 22,6 | 24,0 | 96,9 |
| | Not sure/ Don't know | 4 | 2,9 | 3,1 | 100,0 |
| | Total | 129 | 94,2 | 100,0 | |
| Missing | System | 8 | 5,8 | | |
| Total | | 137 | 100,0 | | |

Table 7. The consistency of service perceived by the customers

From the total amount of 137 responses, eight answers were missing. The results obtained from the table indicate that most of the respondents, 70,5%, defined the quality of service to remain consistent. The group of customers who agreed partially presented the second largest group (24%). The smallest group with 2,3% disagreed. 3,1% could not determine their responses.

Referred to the results, the level of service is considered to remain consistent according to most of the customers.

4.3.6 Comments and improvement ideas

The comments received from the customers who disagreed and partially agreed:

- Occasionally very good and occasionally not. For instance, occasionally the personnel seems rude and stressed.

- More attention paid into basic customer service skills, for example some of the customers mentioned that occasionally the personnel could take the customers into consideration better and be more customer-orientated.
- Some of the personal are not able to provide information when asked about allergens.

4.3.7 Do you feel that you are being treated well by the personnel? (the personnel takes the individual needs into consideration, helps to solve problems and serves customers in a professional and friendly way)

The aim of this question was to determine whether the customers feel that they are taken into consideration and treated well by the personnel. The question is connected with following theories: dimensions of service quality (Parasuraman et al.,1998), six criteria of good perceived service quality (Grönroos, 1990), drivers of customer satisfaction (Barnes, 2000) and four service quality factors introduced by Albrecht and Zemke (1985a.)

Harris (2014) indicates that action and appreciation are on of the basic customer needs. The customers expect to be treated well and appreciated by the personnel. They also expect to receive good customer service when problems occur.

133 responses were analyzed out of 137. Based on the results, 106 of the respondents agreed. This indicates that almost 80% of the customers were satisfied regarding how they are treated by the personnel. 22 respondents agreed partially, and only four could not specify their answers.

The results indicate that most of the customer are satisfied with how they are treated by the personnel

4.3.8 Comments and improvement ideas

The customers who were partially satisfied commented as following:

- Occasionally, the personnel do not pay enough attention to the customers. Some of the customers mentioned that sometimes part of the personnel are less friendly, do not smile or greet the customer.

4.3.9 On a scale of 1-5, please evaluate the customer service skills and the professionalism of the personnel

The aim of this question was to indicate how the customers perceive the customer service skills and the professionalism of the personnel. The question is connected with following theories: dimensions of service quality (Parasuraman et al.,1998), six criteria of good perceived service quality (Grönroos, 1990), drivers of customer satisfaction (Barnes, 2000) and four service quality factors introduced by Albrecht and Zemke (1985a.)

136 answers were obtained in total. According to the figure below, it can be assumed that most of the customers are satisfied referring to the customer service skills and the professionalism of the personnel. The major part of the customers (44,1%) determined these components to be very good, and 34,6% evaluated them as great. 18,4% considered them excellent and only 2,9% satisfactory.

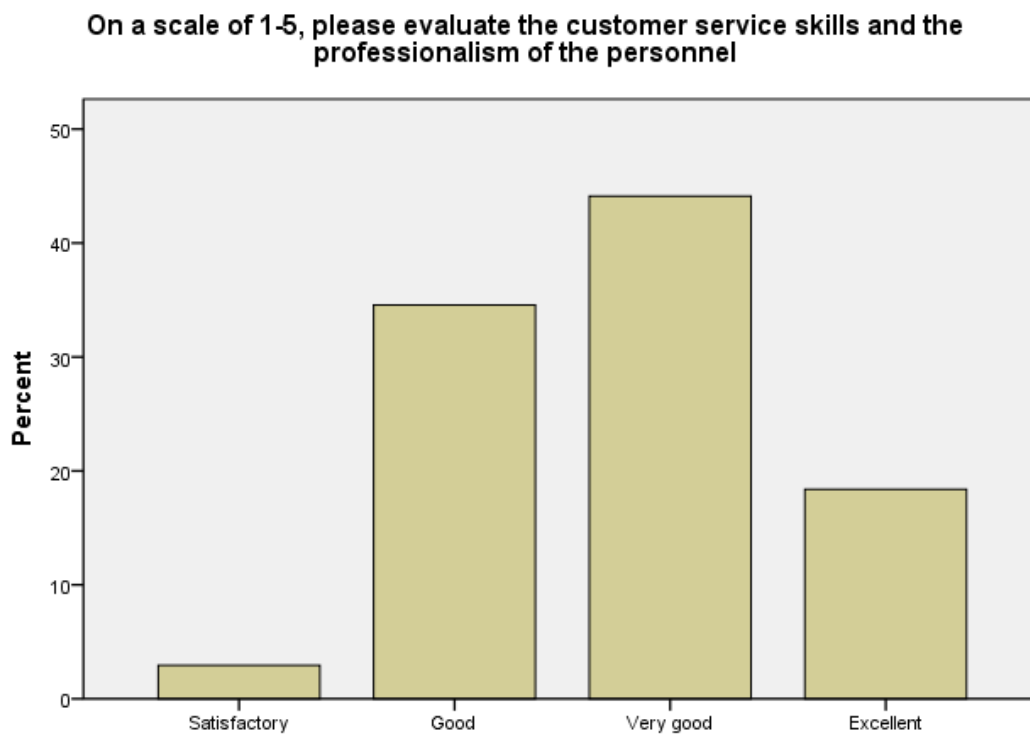


Figure 14. Customer service skills and the professionalism of the personnel perceived by the customers

4.3.10 Do you feel that the personnel is dressed in an appropriate way?

The aim of this question was to determine whether the customers feel that the personnel is dressed professionally. This question relates to tangibles introduced in the dimensions of service quality in which the appearance of the personnel is mentioned (Parasuraman et al., 1988)

132 responses were received out of 137. The results indicate that most of the customers are satisfied with how the personnel is dressed. Close to 100% (96,2%) were satisfied. Five of the respondents were unable to specify their replies.

4.3.11 Comments and improvement ideas

Some of the respondents had presented comments and improvement ideas:

- The outfit of the waitresses too simple and does not differ much from the customers.
- All of the employees should have similar shirts on.
- No short skirts or shorts as they may disturb the customers.
- More dressing according to different themes, such as Halloween.

4.3.12 On a scale of 1-5, please evaluate how satisfied you are with the interior decoration of Sweet Vaasa

The aim of this question was to obtain information regarding the level of satisfaction related to interior decoration. The question relates to tangibles introduced in the dimensions of service quality in which the appearance of physical facilities is mentioned (Parasuraman et al., 1988)

Total 136 out of 137 answers were registered in the system. 52,2% of the respondents were very satisfied, and 38,2% indicated to be satisfied. 8,8% were partially satisfied and only one person was not content.

The results suggest good level of satisfaction regarding the decoration.

4.3.13 Comments and improvement ideas

Many of the respondents presented very positive comments about the decoration. Many of them mentioned that the decoration creates a lovely and cozy atmosphere with a modern twist. The changing paintings are a great addition that separates Sweet Vaasa from other cafes.

Other comments and improvement ideas were:

- A bit too simple, more colours could be used in the decoration to improve the coziness, for instance more flowers and candles on the tables.
- The decoration could change more often.

4.3.14 On a scale of 1-5, please evaluate how well the external communication to the customers functions in your opinion

(information about the products and the company's current news to the customers)

The aim of this question was to receive information about how the customers evaluate the external communication.

According to Grönroos (2007) marketing communication is one of the factors that affect the expected quality.

On a scale of 1-5, please evaluate how well the external communication to the customers functions in your opinion (information about the products and the company's current news to the customers)

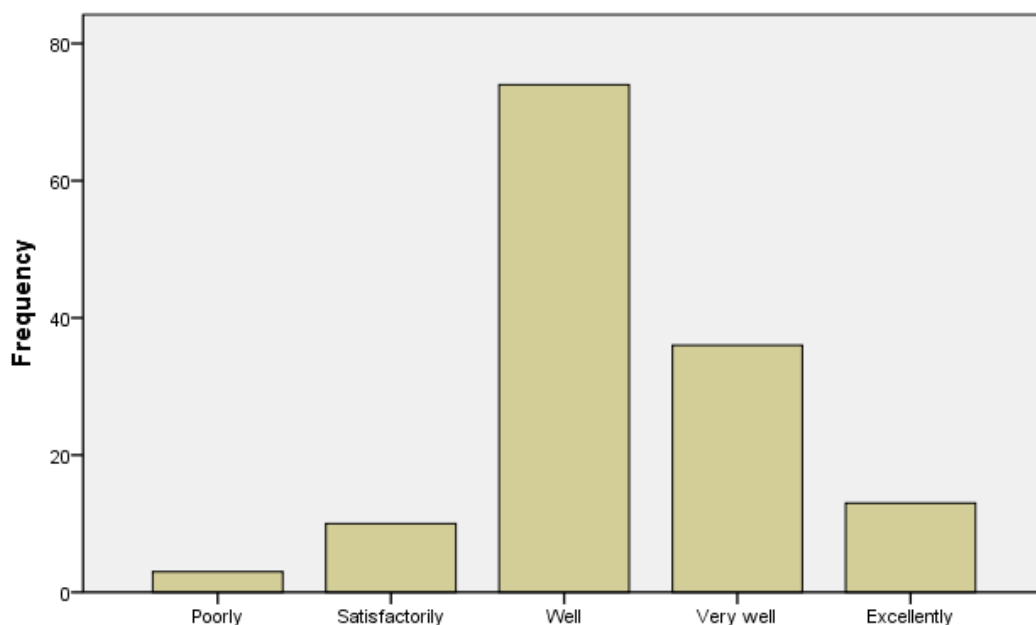


Figure 15. External communication perceived by the customers

136 responses were received out of 137. Regarding the results, most of the customers with 54,4% thought that the external communication functions well. 26,5 replied “very well” and 9,6% “excellently”. Only 2,2% evaluated the communication as poor, and 7,4% as satisfactory.

The results obtained from the figure suggest that most of the customers perceive the external communication to function well.

4.3.15 Comments and improvement ideas

The comments and improvement ideas were determined as following:

- Usually I do not notice the advertisement on social media.
- More advertising on social media.
- Instagram could be updated more frequently.
- A poster outside the café would be nice.
- There could be more information on social media. Also the contact information of the company should be there.
- A web page is too heavy with basic information.
- Online ordering would be great.
- The cake selection on the website could be more extensive.

4.3.16 Regarding your experiences about the customer service, what kind of image do you have about Sweet Vaasa?

The aim of this question was to indicate whether the customer perceive the image of the company positively.

Grönroos (2007) indicates that company image has a great effect on the total quality perceived by the customers. The image of the company affects considerably, how they perceive the quality of the business.

According to Barnes (2000), the messages that the company send to its customers either leave them with positive or negative feelings toward the company.

The results indicate that 99,2% out of 131 responses perceived the image of the company as positive. Only one person defined it as negative. Six answers were missing and therefore only 131 responses were analyzed.

The results show that the company has a positive image in the minds of most of the customers.

4.3.17 Comments and improvement ideas

The one negative result was due to the poor quality of customer service perceived by the customer.

Otherwise many of the customers mentioned the café as one of the favorite places to visit with friends. Many of the customers mentioned that the quality of products and service is great.

4.4 Customer expectations and needs

In this sections the responses regarding the customer expectations and needs are presented and analyzed. The aim of the questions was to receive information about what kinds of expectations the customers hold, whether their expectations and needs are fulfilled and whether they would recommend Sweet Vaasa to other people. The questions also include sections for comments and improvement ideas. All the questions were formed and modified according to the aims of the company and the theories.

According to theories, the expectations are closely connected to customer contentment, as the level of satisfaction depends on how well the performance perceived by the customers is able to meet their expectations (Kotler et al. 2009; Peppers & Rogers 2011.)

4.4.1 What are your current expectations towards Sweet Vaasa regarding the quality of the products and the service?

The aim of this question of this question was to determine what kinds of expectations customers hold considering the quality of the products and the quality of the service.

According to Kotler et al (2009) and Peppers and Rogers (2011) it is very important for the service providers to understand what kinds of expectations customers hold and to be able to raise the performance to the level where it creates value and possibly exceeds the expectations, in order to increase the amount of

highly satisfied customers. The businesses that are able to satisfy the needs and expectations of the consumers most of the time can be stated as quality companies.

The expectations that were mentioned were very similar. The customers mentioned that they expect:

- Fresh and clean ingredients with great quality that taste great.
- Great salads.
- A great selection of cakes.
- Great service.
- Consistent quality with products and service.
- Trendy atmosphere that differs from other cafes.

4.4.2 Are your expectations/needs fulfilled?

The aim of this question was to indicate whether the customers' expectations and needs are fulfilled.

130 responses were received out of 137. The results obtained indicate that considerable 84,6% of the customers felt that their expectations and needs are fulfilled. 9,2% mentioned that they are exceeded and only 2,3% replied not fulfilled. 3,8% did not know what to answer.

According to Kano (1995,2001) and Grönroos (2007) the expected quality is created when the experienced quality meets the expectations of the customers. Attractive quality, instead, is created when the experienced quality exceeds the expectations (Kano 1995,2001.)

Based on the results, expected quality is mostly met. The results suggest that only a small number of the customers experience attractive quality.

4.4.3 Comments and improvement ideas

This section provides comments and improvement ideas received from the customers regarding what Sweet Vaasa could do better to meet the customers' needs and expectations:

- Better customer service.
- More information about order products.
- More advertisements about the take-away. One of the customers also said that the take-away could be cheaper.
- Cheaper prices.
- Renew the lunch and salads menu. More different options for salads, for instance warm goat cheese. There should also be a list that indicates on what ingredients are included in the salads. More soft bread should also be available. One of the customers also mentioned that Caesar salad is too salty.
- More local products used.
- More offers and for instance a stamp card for free lunch and for a slice of cake.
- More variety in the tea selection.
- More variety in the cake selection: more new flavors, such as mango, pistachio, liquorice and sea buckthorn berry. There should also be enough cakes available throughout the day. Especially on Saturdays the cakes are often finished a couple of hours before the closing.
- Longer opening hours, specifically during weekends.
- Find a way to make the queues run faster during rush hours.

4.4.4 Would you recommend Sweet Vaasa to other people?

The aim of this question is to determine whether the customers would recommend the café to other people.

Based on the results, 98,5% out of 137 customers would recommend the café. Only 1,5% would not.

The results suggest that the café is perceived very positively in the minds of the customers. Many of them commented that it is one of the best cafes in entire Vaasa, some even said it to be the best. Many of them mentioned to be very satisfied with the quality of products and service. The atmosphere and the decoration were also praised.

4.5 Customer-perceived value

This section focuses on customer-perceived value. The aim was to define whether the customers feel that they are receiving additional value on top of the basic service.

According to Barnes (2000) value is intimately connected to customer satisfaction, which is created when the customers receive more benefits compared to what had to be given. The value creation is very important for the customer satisfaction, as the more value the customers feel that they are receiving, the more satisfied they tend to be and thus are more willing to use the same service again.

4.5.1 Do you feel that you are receiving additional value on top of the basic service? (The customer's experienced benefit about the service and/or the product)

| | | Frequency | Percent | Valid Percent | Cumulative Percent |
|---------|-----------|-----------|---------|---------------|--------------------|
| Valid | Yes | 68 | 49,6 | 52,3 | 52,3 |
| | No | 15 | 10,9 | 11,5 | 63,8 |
| | Partially | 47 | 34,3 | 36,2 | 100,0 |
| | Total | 130 | 94,9 | 100,0 | |
| Missing | System | 7 | 5,1 | | |
| Total | | 137 | 100,0 | | |

Table 8. Additional value perceived by the customers

Total 130 responses were received out of 137. The results obtained from the table indicate that 52,3% of the customers felt that they are receiving additional value,

and 36,2 agreed partially. 11,5% disagreed. Only one did not understand the question.

Based on the results it can be assumed that most of the customers feel they receive additional value.

5 SUMMARY AND CONCLUSIONS

The aim of the research was to determine the degree of satisfaction perceived by the customers of Sweet Vaasa. Moreover, the aim was to receive improvement ideas that could benefit the company. The research concentrated on four factors that are intimately connected to customer satisfaction: customer expectations, customers needs, customer-perceived quality and customer-perceived value. The aim was to receive valuable information regarding the following questions:

- How do the customers perceive the quality of cakes?
- How do the customers perceive the quality of service?
- How well the perceived performance is able to meet the customers expectations and needs?
- Do the customers perceive additional value on top of the basic services?

How do the customers perceive the quality of cakes?

Based on the results, most of the customers are very satisfied with the quality of cakes. For instance, the selection of cakes and their diversity were perceived very well by the customers. They were also very pleased with the flavour, quality and the appearance of the cakes, which were perceived excellent by most of them. Moreover, most of the customers were pleased with the consistency, and the price level was perceived reasonable by over 50% of the customers. The level of satisfaction regarding the special dietary needs and allergies was the lowest with 43,3%. According to results, it can be assumed that the quality of cakes both meets and exceeds the expectations of the customers.

The most significant improvement ideas were:

- More options for special dietary needs and allergies such as, gluten-free, nut-free, low-sugar, vegan and lactose-free options.
- The selection could be more diverse and change more frequently: more different types of cakes, new flavours and seasonal cakes.
- Special offers and student discounts.

- To pay more attention to availability of the cakes throughout the day.

How do the customers perceive the quality of service?

According to results, most of the customers are satisfied with the quality of service. The different aspects presented in the questionnaire survey were perceived well by the respondents. Particularly the service process, consistency of the service, the interior decoration and the customer skills and the professionalism were mostly perceived very well. More considerably 99,2% of the customers perceived the image of the company positively. The results suggest that the perceived performance experienced by the customers is able to meet their expectations.

The most significant improvement ideas and comments were as follows:

- More consideration given to customer service skills, particularly during rush hours.
- Longer opening hours and also open on Sundays.
- More advertisements and the social media sites could be updated more frequently.
- More colours used in the decoration. Also flowers and candles would be nice on the tables.
- The personnel should have similar t-shirts at work.
- The café is often too crowded: long queues, too much noise and tables are often disorganized

How well the perceived performance is able to meet the customers expectations and needs?

The results obtained from the survey indicate that Sweet Vaasa is able to meet most of the customers' expectations and needs. A considerable 84,6% mentioned that their expectations and needs are fulfilled. Also 98,5% of the customers mentioned that they would recommend the café to other people. The results demonstrate that expected quality is created, which means that the perceived

performance is able to meet the customers expectations and needs. In the future, the next aim for the company could be to try to exceed the expectations and needs even more.

The customers had presented several comments and improvement ideas, which are all demonstrated in the results. In the following the most significant comments and improvement ideas are summarized referring to what Sweet Vaasa could do better to meet and exceed the expectations and needs:

- Better customer service.
- More advertisements and more information about the products, for instance more information about order products and take-away.
- More variety in salads, lunch and the selection of cakes and tea.
- There should also be a list that indicates what ingredients are included in the salads. More soft bread should also be available.
- More special offers and, for instance, a stamp card for free lunch and for a slice of cake.
- Enough cakes available throughout the day, especially on Saturdays.
- Longer operational hours, specifically during weekends.
- Find a way to make the queues run faster during rush hours.

Do the customers perceive additional value on top of the basic services?

The results received from the customers indicate that most of the customers (52,3%) feel that they are receiving additional value on top of the basic service. However, almost 40% agreed partially, which means that the company should pay more attention to value creation in the future.

5.1 Final thoughts

All in all the research was executed well. The aims set in the beginning were clear and based on the aims of the company. In the theoretical study the most necessary and significant theories were presented, which supported the research problem. Also, the interview with the company representative obtained more valuable information for the

study. The quantitative research method was a very good choice and the electronic online form was the easiest and the quickest tool for obtaining as many answers as possible. Also, the Facebook page and the Instagram were great channels to contact the customers. Considering the questions presented in the questionnaire, they were well-designed and met the aims of the company, and the various theories presented in the theoretical framework. The questions were formulated to be as simple as possible, and the most difficult terms were explained to the customers for better understanding. The customers also had the possibility to specify their replies and present comments/improvement ideas, which gave more valuable information for the company. Also, some of the open-ended questions obtained more information. Finally, the presentation and the analysis of the results were clear and accurate. The tables and figures used helped to receive the clearer idea of the results. Moreover, the analysis of the results and the final conclusions were able to meet the aims set in the beginning. Also, the theories were connected to the results. However, more responses could have been received to increase the validity and the reliability of the results.

5.2 Validity and reliability

5.2.1 Validity

“Validity is the extent to which the information collected by the researcher truly reflects the phenomenon being studied” (Veal 1997, 35).

Validity refers to the degree to which a research accurately measures what is it supposed to measure. Whereas reliability refers to the accuracy of the actual measuring instrument or procedure, validity considers the study's success at measuring what it is intended to measure. For instance, if a scale is supposed to measure pain it should not measure any related variables such as, anxiety. It is fundamental to understand that all the measures must be reliable to be valid. However, the measuring instrument can be reliable but still produce invalid results. For example, a scale that consistently reports five pounds too much weight is not considered valid, although the scale itself is a reliable tool for measuring weight (Litwin 1995, 33; Fink 2008, 195; Writing@CSU 2016.)

In research both *internal* and *external* validity should be considered. Internal validity relates to the extent to which the design of a research study and conduct of an evaluation are likely to have prevented bias, which enables the confidence in the accuracy of the findings. When assessing internal validity of a study, it should be evaluated whether the research design is a good test of the hypothesis or is appropriate for the research question. External validity indicates to the degree to which the results of a study are generalizable or transferable (Shields and Twycross 2004; Fink 2008, 195; Writing@CSU 2016.)

5.2.2 Different types of validity

When assessing the performance of a survey instrument several types of validity are measured: face, content, criterion, and construct.

Face validity demonstrates how a measure appears on the surface. It is established by experts in the field who are asked to evaluate the measure and to present comments on its coverage. The issues taken into account are whether the study seems to cover all the significant domains and whether the assessment of item is appropriate. From all the validity measures this is the least scientific, as it does not have theoretical or research support. In fact, many researchers do not consider face validity as a measure of validity at all. Face validity is often confused with content validity because of its similarity (Litwin 1995, 34-35; Fink 2008, 195.)

Content validity relates to the degree to which a measure thoroughly and appropriately defines the skills or characteristics it is set out to measure. In order to develop an appropriate measure concerning content validity, it is fundamental to have knowledge regarding the theories underlying the concept being measured, as well as regarding what is said about it in the research field. It is important to ensure that the contents of the study include everything it should, excluding everything not related to the topic. Content validity is not quantified with statistics. It is rather an overall opinion presented by a group of trained judges who have some knowledge of the subject matter (Litwin 1995, 35; Fink 2008, 195.)

Criterion validity specifies the degree to which a measure correlates with an external criterion of the phenomenon being studied. For the better understanding it is divided into two groups: *concurrent* and *predictive* validity. Concurrent validity refers to the extent to which a measure is judged against some other method that is defined as a “gold standard” for determining the same variable. The method chosen can be another measuring instrument that is regarded as a great way to measure the same concept. It is significant to always select gold standards that are relevant, well known and accepted as a good criterion against which to judge the new measuring instrument. The statistic is calculated as correlation coefficient between the older valid test and the new test. If the correlation is high between the scores calculated from the new test and the older one, it suggests good concurrent validity. Establishing concurrent validity is beneficial in cases in which a new measure created claims to be shorter or cheaper than the older one. Otherwise, applying the established gold standard as a measure of choice may be too expensive or troublesome. Predictive validity is the ability of a measure to forecast future events, behaviours, attitudes or outcomes. For instance, a graduate school entry examination that predicts by grades who will have the skills to do well in the school has predictive validity. It is similar to concurrent validity as it involves correlating the results of one test with the results of another occurred around the same time (Litwin 1995, 37-40; Fink 2008, 195-196.)

Construct validity is a measure of how meaningful the measuring instrument is when in practical use. It tends not to be quantified with statistics. Rather, it is defined according to how well the chosen research instrument performs in a number of settings and populations over a number of years. Construct validity is often divided into two forms of validity: *convergent* and *divergent*. Convergent validity requires that numerous methods for obtaining the same information about a given concept produce similar results. Divergent validity relates to the ability of a measure to estimate theoretically the underlying truth in a given area (Litwin 1995, 43-44.)

5.2.3 Validity in thesis research

Considering the validity of the research, the research measured what it was supposed to measure, which was the degree of customer satisfaction. The study covered all the significant domains and contents, and did not include anything not related to the topic. The electronic questionnaire survey was an appropriate tool for this research to measure the level of customer satisfaction. The questions in the questionnaire were well-designed and easily understood.

There are certain issues that decrease the validity of the study, for instance the criterion and construct validity could not be tested and defined, as they require more resources and more time. Also, it should be considered that the validity of the results would be higher if more responses had been received, so therefore the results cannot be as generalizable as they otherwise could be. Also, some of the responses were missing. However, the similar responses were repeated, so it can be assumed that even if more responses had been obtained, the results would have determined similar findings.

According to Veal (1997, 35, 72, 145, 186), the questionnaire-based surveys tend to create concerns about the validity of the study. This is due to the fact that they rely on information from respondents. This can cause imperfections regarding the results of the research, as the respondents' answers depend on their own accounts of behaviour, attitudes, honesty and how well the questions are formulated in the survey. Moreover, it should be considered that respondents may tend to exaggerate or understate in their replies to some questions. Also they may have problems in remembering some information accurately. Besides, they might be affected by the desire to be helpful and friendly towards the interviewer and therefore give answers which they believe will please the interviewer.

5.2.4 Reliability

“Reliability is the extent to which research findings would be the same if the research were to be repeated at a later date or with different sample of subjects” (Veal 1997, 35-36).

Reliability refers to how precise and reproducible a measure is. If the measure is reliable it will produce the same value each time when it is used. However, it should be noted that errors may occur during the research process. The errors can be comprised into two components: *random error* and *measurement error*. Random error is defined as an unpredictable error that often occurs in all research. It may be due to the different factors but it is primarily affected by sampling techniques. Measurement error relates to how well or poorly a specific instrument performs in a selected population. It is fundamental to understand that no instrument is perfectly reliable and that is expected to have some errors during the measurement process. For instance, the respondents may be the source of error if they are not for some reason unable to provide accurate and reliable responses, such as motivational problems. The errors may occur also due to the variability in the measure itself and the variability in the observer (Litwin 1995, 5-6; Fink 2008, 188.)

5.2.5 Different types of reliability

Reliability is commonly divided into three categories: test-retest, alternate-form and internal consistency.

Re-test reliability refers to the agreement of measuring instruments over time. In this case, a measure or test is repeated on the same subjects at a future date in order to determine the stability of the results. The level of stability is formed by comparing and correlating results with the initial test. When measuring re-test reliability, the researcher should be careful not to select scales or items that measure variables, which can change over short periods of time. Variables that tend to change over a short period of time will lead to low re-test reliability. In order to decrease the degree of measurement error, the second test should be repeated over a shorter period of time (Litwin 1995, 11, 13; Writing@CSU 2016.)

Internal consistency reliability is the extent to which different items measure the same characteristic, skill or quality. It is defined as a measure of the precision between the observers or between the measuring instruments that are applied in a

research. This type of reliability is a beneficial tool for researchers that for instance helps to interpret data and predict the value of scores (Writing@CSU 2016.)

Alternate-form reliability is the extent to which two instruments measure identical concepts at an identical level of difficulty. It is assessed by relating two sets of test scores to one another, in order to highlight the degree of relationship or association. The instruments used in the process are administered to the same population at different periods of time, and according to the results the correlation coefficients are calculated. If correlation coefficients are high, the measuring instruments have great alternate-form reliability. This type of reliability is concerned with correlational, not causal, relationships (Litwin 1995, 13; Fink 2008 193; Writing@CSU 2016.)

5.2.6 Reliability in thesis research

Concerning the reliability of the thesis, the electronic questionnaire survey was the most appropriate tool to measure the subject of a study. All the questions were verified with the personnel of Sweet Vaasa, and the necessary corrections were made to guarantee the accuracy and the understandability of the questions before the questionnaire was published, which increases the reliability of the survey and the results. However, it should be concerned that although the questions were well-formulated, some of the respondents might not have provided accurate and reliable responses for some reason.

When evaluating the reliability, it should be considered that some of the responses were missing and only 137 respondents responded to the survey, which affects the reliability of the results. However, the similar responses were repeated, so it can be assumed that if more responses had been obtained, the results would have determined similar findings. Also, it should be considered that re-test, internal consistency and alternate-form reliability were not tested, and therefore the stability of the results could not be determined.

According to Veal (1997, 36), the social sciences deal with human beings in ever-changing social situations where people's behaviour, attitudes and opinions tend

to change over time and therefore it is more difficult to present general statements regarding the research. In addition, the experimental conditions in the social sciences are not usually properly controlled, as they are in the natural sciences and thus the repetition of an experiment does not produce identical results.

5.2.7 Further reseach suggestions

The suggestions for further research studies could be, for instance, to study the level of satisfaction considering the savory products, as now only the cakes were included. Also, a customer satisfaction survey could be made on the marketing communication.

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APPENDICES

Appendix 1.

Electronical customer satisfaction survey

Background information

Gender

Female

Male

Age

Location

The quality of cakes

| | Yes | No | Partially | Not sure/Don't know |
|--|-----------------------|-----------------------|-----------------------|----------------------------------|
| Are you satisfied with the selection of cakes? | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> |
| Do you feel that the selection of cakes is versatile enough? | | Yes No | <input type="radio"/> | <input checked="" type="radio"/> |
| | | | Partially agree | Not sure/Don't know |
| | | | <input type="radio"/> | <input type="radio"/> |

Here you can specify your reply regarding the first and second questions, and provide examples of what kind of variation you would like to have in the selection.

Do you feel that the selection of cakes is updated regularly enough?

| | | | |
|-----------------------|-----------------------|-----------------------|-----------------------|
| Yes | No | Partially agree | Not sure/Don't know |
| <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> |

Here you can specify your reply and present improvement ideas

Do you feel that the special dietary needs/allergies are taken into consideration enough?

| | | | |
|-----------------------|-----------------------|----------------------------------|-----------------------|
| Yes | No | Partially agree | Not sure/Don't know |
| <input type="radio"/> | <input type="radio"/> | <input checked="" type="radio"/> | <input type="radio"/> |

Here you can specify your reply and present improvement ideas

On a scale of 1-5, please evaluate:

| | | | | | |
|----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|
| | Poor | Satisfactory | Good | Very good | Excellent |
| The flavour of cakes | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> |
| | Poor | Satisfactory | Good | Very good | Excellent |
| The quality of cakes | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> |

Poor Satisfactory Good Very good Excellent

The appearance of cakes

If you replied poor or satisfactory to any of the options, please specify your reply and if possible present your improvement ideas here

Yes No Partially agree Not sure/Don't know

Do you feel that the quality of cakes remains consistent? (the quality is on the same level each time)

Here you can specify your reply and present improvement ideas

Reasonable Not reasonable Partially reasonable Not sure/Don't know

From your point of view, do you feel that the price vs quality level is?

Here you can specify your reply and present improvement ideas

Here you can present additional comments and improvement ideas that you have in mind regarding the selection of cakes

The quality of service

On a scale of 1-5, please evaluate the service process (the service experience from entering the Sweet Vaasa until the end of the visit)

Poor Satisfactory Good Very good Excellent
Service Process

If you replied poor or satisfactory, please specify your reply and if possible present your improvement ideas here

Do you feel that the service is easily accessible to the customers? (location, premises and operating hours are well-designed and function well) Yes No Partially agree Not sure/Don't know

Here you can specify your reply and present improvement ideas

Do you feel that the quality of the service is consistent? (the ability of the personnel to serve customers in the same way each time) Yes No Partially agree Not sure/Don't know

Here you can specify your reply and present improvement ideas

Yes No Partially agree Not sure/Don't know

Do you feel that you are being treated well by the personnel? (the personnel takes the individual needs into consideration, helps to solve problems and serves customers in a professional and friendly way)

Here you can specify your reply and present improvement ideas

On a scale of 1-5, please evaluate the customer service skills and the professionalism of the personnel

Poor Satisfactory Good Very good Excellent

The customer service skills and the professionalism of the personnel

If you replied poor or satisfactory, please specify your reply and if possible present your improvement ideas here

Do you feel that the personnel is dressed in an appropriate way?

Yes No Not sure/Don't know

The appearance of the personnel

Here you can specify your reply and present improvement ideas



On a scale of 1-5, please evaluate how satisfied you are with the interior decoration of Sweet Vaasa?

| | | | | | |
|--|-----------------------|----------------------------------|-----------------------|-----------------------|-----------------------|
| | Unsatisfied | Partially satisfied | Satisfied | Very Satisfied | Not sure/Don't know |
| The interior decoration of Sweet Vaasa | <input type="radio"/> | <input checked="" type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> |

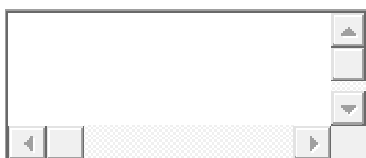
Here you can specify your reply and present improvement ideas



On a scale of 1-5, please evaluate how well the external communication to the customers functions in your opinion (information about the products and the company's current news to the customers)

| | | | | | |
|------------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|
| | Poorly | Satisfactorily | Well | Very well | Excellently |
| External communication | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> |

If you replied poorly or satisfactorily, please specify your reply and if possible present your improvement ideas here



| | | | |
|--|-----------------------|-----------------------|-----------------------|
| | Negative | Positive | Not sure/Don't know |
| Regarding your experiences about the customer service, what kind of image do you have about Sweet Vaasa? | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> |

Here you can specify your reply

Customer expectations and needs

What are your current expectations towards Sweet Vaasa regarding the quality of the products and the service??

Not fulfilled Fulfilled Exceeded Not sure/Don't know

Are your expectations/needs fulfilled?

Here you can specify your reply and present improvement ideas about what Sweet Vaasa could do, in order to fulfill your expectations/needs and possibly exceed them

Yes No Not sure/Don't know

Would you recommend Sweet Vaasa to other people?

Here you can specify your reply

Customer-perceived value

Yes No Not
sure/Don't
know

Do you feel that you are receiving additional value on top of the basic service? (The customer's experienced benefit about the service and/or the product)

Here you can specify your reply



Appendix 2.

Interview questions for Sweet Vaasa

1. General information about the company: history, location, products, customer segmentation
2. How do you make sure that the quality of products remains consistent and fulfills the expectations and needs of the customers?
3. How do you make sure that the quality of service remains consistent and fulfills the expectations and needs of the customers?
4. In which ways, do you try to create more value to customers?