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CUSTOMER SATISFACTION RESEARCH FOR KOTIMAAILMA APARTMENTS

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This research was conducted to find out the theory about customer satisfaction, customer service and service quality. The study was made for a case company Kotimaailma Apartments and the objective was also to find out its customers' satisfaction level. Kotimaailma Apartments rents out fully furnished apartments in Turku, Helsinki, Tampere and Oulu.

The features of customer satisfaction as well as the elements behind superior customer service and service quality are presented focusing on service companies.

In order to be both profitable and successful with the business, companies usually need customers, and they will get the customers if the expectations and wishes are fulfilled. There are several theories written about customer satisfaction and customer service, which are essential parts of business operations. Different theories were collected from books and articles for this study.

Customers' satisfaction to Kotimaailma's services and offering was examined using a questionnaire. The research was focused on the international customers only, because it is the most important customer segment for Kotimaailma. The questionnaire was sent to the customers who had stayed at Kotimaailma's apartments in Turku, Helsinki, Tampere and Oulu.

The results of the survey indicated that the overall service quality is thought to be at a very good level. Most of the respondents were satisfied or very satisfied with the apartment and its location. They could also recommend Kotimaailma Apartments to others. There were some problems mentioned for example the lack of rice cookers for Indian customers. However, generally the feedback was very positive. Proper Internet connection was criticized the most and also some kitchen devices were missed. The number of respondents was disappointing, but the survey still gave valuable information to the company.

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ASIAKASTYYTYVÄISYYSTUTKIMUS KOTIMAAILMALLE

Tämä tutkimus tehtiin palveluyritys Kotimaailmalle, joka vuokraa täysin kalustettuja asuntoja Turussa, Helsingissä, Tampereella ja Oulussa. Tutkimuksen pohjana on käytetty teoriaa asiakastyytyväisyydestä, asiakaspalvelusta ja palvelun laadusta. Tutkimuksessa esitellään asiakastyytyväisyyden ominaisuuksia ja elementtejä, jotka ovat erinomaisen asiakaspalvelun sekä palvelun laadun takana erityisesti palveluyrityksiin keskittyen.

Saavuttaakseen tuottoja ja onnistuakseen liiketoiminnassaan, yritykset tarvitsevat asiakkaita ja he saavat asiakkaita jos näiden odotukset ja toiveet toteutetaan. Asiakastyytyväisyydestä ja asiakaspalvelusta, jotka ovat tärkeitä osia liiketoiminnassa, on kirjoitettu melko paljon teoriaa, ja myös tähän tutkimukseen on kerätty eri teorioita kirjoista ja artikkeleista.

Asiakkaiden tyytyväisyyttä Kotimaailman palveluihin ja tarjontaan selvitettiin kyselyllä, jotta toimintaa voitaisiin parantaa. Tässä tutkimuksessa keskityttiin ainoastaan ulkomaalaisiin asiakkaisiin, joka on tärkein asiakassegmentti Kotimaailmalle. Ensisijainen tieto kerättiin kyselyllä, joka lähetettiin asiakkaille, jotka olivat majoittuneet Kotimaailman asunnoissa Turussa, Helsingissä, Tampereella ja Oulussa.

Kyselyn tulokset osoittivat, että Kotimaailman palvelu ja palvelun laatu ovat erittäin hyvällä tasolla. Muutamia ongelmia mainittiin, mutta yleisesti palaute oli erittäin positiivista. Eniten kritisoitiin teknisiä ongelmia Internetiin liittyen ja myös joitakin keittiölaitteita kaivattiin. Vaikka vastaajien määrä oli melko pieni, antoi kysely kuitenkin tärkeää tietoa yritykselle.

ASIASANAT:

Asiakastyytyväisyys, asiakaspalvelu, palvelun laatu

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1 INTRODUCTION

Most businesses have their own targets for being profitable. They have carefully planned and implemented strategies, but they all have something in common – a customer. Business purposes are based on customers and if the company wants to be successful, it has to concentrate on them. This means determining customers' needs and wants, responding to their requirements and maintaining customer satisfaction by assuring quality in company's operations.

As Richard F. Gerson defines, customer satisfaction is fulfilled "when a product or service exceeds a customer's expectations" (Gerson 1993, 7). These expectations are derived from past experiences, stories from friends and information that is available for example in the Internet. Through customer service and quality assurance companies retain their customers and achieve profits, which can be sometimes hard in competitive markets. Companies have to constantly take care of the service quality and keep customers content. Even though there's a lot to do when maintaining customer relationships, it is always cheaper than getting new customers.

1.1 Purpose of the study

This study consists of finding out the theory behind customer satisfaction. It is examined what are the essential features of the satisfaction and what is the role of high-quality customer service in it. Behind the satisfied customer there is a company that meets customers' needs and wants. A successful company also ensures customer satisfaction by maintaining the quality in their business operations. The study was conducted in behalf of a case company Kotimaailma Apartments to find out their customer satisfaction level. The research objectives in this study were:

- To measure customer satisfaction level for the case company
- The impact of customer service and service quality on customer satisfaction

Because the case company Kotimaailma Apartments is a service company, theory has been more examined in service organizations' point of view but also other examples are taken into a consideration.

Kotimaailma Apartments rents out fully furnished apartments in Turku, Helsinki, Tampere and Oulu. Kotimaailma hasn't examined their service quality level before. Foreign customers are an important group of Kotimaailma's whole customer base and that is why the CEO of Kotimaailma suggested studying this topic. Due to my personal interest is in customer service area, it was quite natural for me to accept the suggestion to study this subject.

1.2 Structure of the thesis

In chapter 2 the theory about customer satisfaction is introduced. In this chapter factors, which have an impact on customer satisfaction, and elements of customer expectations, are presented. It is also found out, why customer satisfaction is so important and how companies will retain customers. This research is concentrated on service companies and due to that key characteristics of services are examined. In the end different satisfaction measurement tools are introduced. Chapter 3 consists of the essence of customer service: reactive and proactive efforts, service failures and servuction model theory. Fourth chapter introduces theories concerning quality. Dimensions of quality, SERVQUAL measuring tool and gaps model of service quality are here closely presented.

After the theory part, the methodology used in this research is presented. This chapter is divided into two parts. The first one introduces research methods and the other one data sources. Chapter 6 presents the case company Kotimaailma Apartments and the analysis of the survey answers. The last chapter is the conclusion of the whole research, combining the theory and the survey results. Based on the information that was found out, some recommendations for the future are given.

1.3   Industry description

Kotimaailma Apartments offers temporary accommodation in fully furnished apartments. Biggest customers are international companies' employees coming to Finland for a short-term assignment. Together with the customers coming through insurance companies, these cover approximately 90% of Kotimaailma's customer base. Remaining 10% rents the apartment for example for a leisure time.

There are many companies that offer temporary living possibilities in Finland. Hotel is an option for one week or shorter staying, but a furnished apartment is a better option for example for international employees for a longer period than a week. There are many other companies who offer similar services, for example Forenom, Suomen Majoitusmestari and Domin Rental Apartments.

However, despite of heavy competition, there is still room for these kinds of services. According to the release "Foreigners' temporary working in Finland" by Ministry of Employment and the Economy (2009, 27-30), in 2007 approximately 3% of offices in Finland had used foreign workforce, and this share is constantly growing. In addition, there are roughly 30 000 foreign temporary workers in Finland and this figure can also be much bigger because, according to Statistics Finland (2009), there are no exact data available due to the amount of foreign employee registers and a difficulty of defining what is a temporary worker.

Kotimaailma's other customer segment, tourists, should also be taken into a consideration. The review for Statistics Finland stated that, the number of nights spent by foreign tourists during January and February 2011 was almost 870 000, which was 4% more than a year before (Statistics Finland, 2009). Although the foreign tourists are not the biggest customers for Kotimaailma Apartments, their share of customers in total has increased every summer that cannot be ignored.

2 CUSTOMER SATISFACTION

The idea of customer satisfaction can be easily described; when the product or service corresponds to a customer's expectations, he or she will be satisfied. However, getting the product or service to meet these expectations is not that simple. Nowadays there is much more information easily accessible through Internet, which brings up further challenges for companies. They need to differentiate their offerings and persuade consumers to buy just their products or services instead of what their competitors offer. Positive side is, as Paul Szwarc (2005, 12) mentions, that companies can speed up their services and respond their customers' needs better through faster networks.

The most important matter is that a customer receives what he or she expects to get and as Scott argues in his book, *"It does not matter if the customer is right or wrong. What matters is that you are committed to providing your customer, whenever possible, with what he or she wants and needs"*. (Scott 2000, 58.) This refers also the old expression "The customer is always right". That should be kept in mind if customers are wanted to keep satisfied, but still without condescending to all of the customer's requirements, which are not always possible.

2.1 Factors affecting customer satisfaction

According to Hokanson (1995, 16), the factors that affect customer satisfaction are friendly and helpful employees, knowledge of the employees, quick service and good quality. These are relatively obvious factors when thinking of satisfaction and reasons that anyone might think when evaluating the experience after buying process. Every customer is an individual with different background and there are many factors that have an impact on one's evaluation of satisfaction. For example international companies have to take cultural differences of the market place or the customers into a consideration in order to avoid misunderstandings and dissatisfaction.

Customers' expectations are derived from both emotional and rational factors as well as opinions from friends and other people. In addition, the service that has been obtained by other companies influences customer's opinions. For example, word-of-mouth information received from friends is very common, especially when it comes to bad experiences.

Another factor influencing expected service encounter or a product is media – advertising in television or radio or the webpage of a company. So all these elements, that affect us every day build the customer satisfaction but it also means that customers feel the experience in different ways because every customer is an individual with different backgrounds and expectations. The same service might satisfy some customer, but not another. (Szwarc 2005, 5-6.)

2.1.1 Elements of customer expectations

According to Lovelock et al. (1999, 125-127), customer expectations include the following elements: desired and adequate service, predicted service and a zone of tolerance. These elements are introduced more detailed in the following chapters.

Desired service is an element that customers wish to receive and want to achieve to fulfill the personal needs in a best way. On the other hand, customers understand that companies can't always meet those requirements, so adequate service is utilized meaning the lowest level were customers are still satisfied.

When customer has used company's services before, he or she already has some idea of how it operates, meaning the predicted service level. An adequate level will be higher if the predicted service is good. For example, if there is a hot and sunny day outside, a customer anticipates that there will be a long queue in front of the ice cream bar and a long wait doesn't fall under the adequate service level. On the other hand, if a customer has to wait long time during a

cold day, he or she is not satisfied because the prediction was different than in a sunny day.

Companies cannot offer the exactly same service every time; there might be problems with the schedules or a lack of employees. This problem refers to heterogeneity, which is one characteristic of services. That is more introduced in the chapter 2.5.3. A zone of tolerance is an extent to which customers admit the variation in service quality. It is also a district where customers don't pay attention to a worse service encounter so much. (Lovelock et al. 1999, 125-127.)

2.2 Customer perceived value

Customers are also satisfied, if the total customer value is more than total customer cost. The difference between these two determinants can be defined as customer perceived value as a customer most likely chooses a company that offers higher total customer value than total customer cost. Total customer value consists of product value, service value, personnel value and image value whereas costs includes monetary cost, time cost, energy cost and phychic cost. (Kotler 2003, 60.)

2.3 Importance of customer satisfaction

Being profitable is the basis of almost for every company's business operations. Turnover is achieved through customers and loyal customers that repurchase companies' product or service. Customers become loyal when they are satisfied; satisfied customers are returning customers. Satisfied customers spread positive word of mouth, which brings more new customers, and then companies will sell more and gain high profits. That is basically why customer satisfaction is so important. (Gerson 1993, 5.)

The sequence that begins with the value that companies offer continuing to satisfied and loyal customer, and ending up to future profits is well described in the following chart by Paul Szwarc (2005, 28).
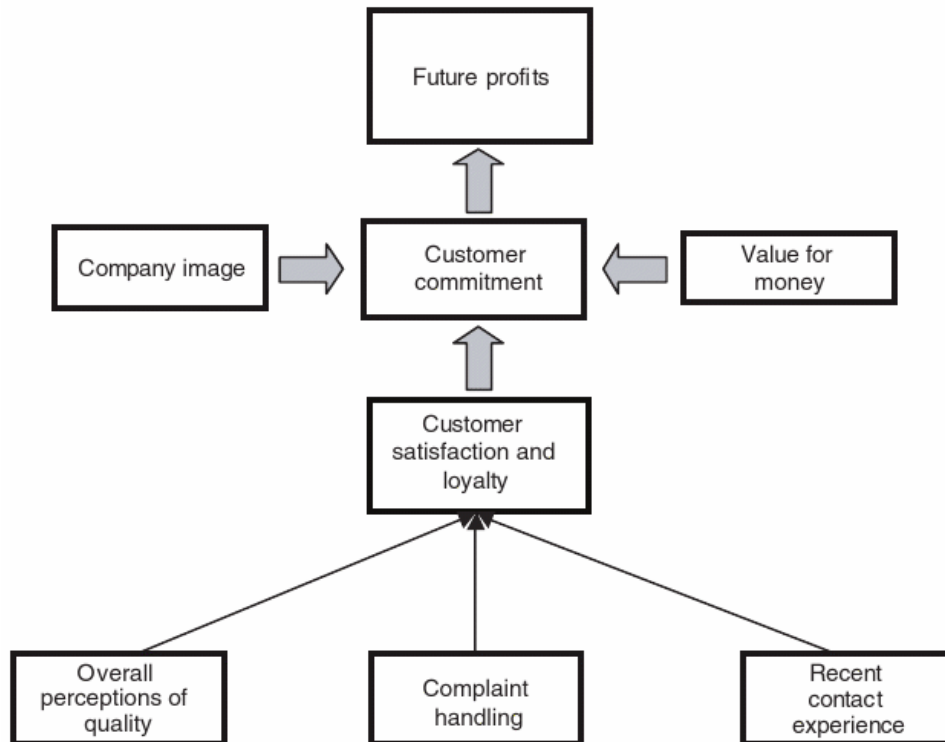
Figure 1: A customer satisfaction model (Szwarc 2005, 28).

In order to get satisfied customers, different elements of business process should be executed and maintained. Customer evaluates the recent contact experience; what kind of service or interaction she or he has received. Company's complaint handling shows a customer that the company cares about its customers, and wants to do everything to keep them satisfied. Customers also evaluate the overall quality of the product that affects to the overall buying experience. These elements form together an experience that satisfies the customer.

Customer may receive satisfying buying experience from other companies as well. That is why the company has to offer something beyond its competitors. It has to create a certain image in customer's minds in order to get his or her commitment. The company has to also create a product that the customer expects and is worth of buying. If customers feel that they receive more than just the product bought, they are even willing to pay extra.

All the elements that were described above leads to continuous purchases and returning customers that ensure profit for the company in the future.

According to Bearden and Teel (see Caruana 2002, 817), customer satisfaction is important because it leads to repurchasing, positive word of mouth and long-term customers. Friends' opinions are very important when the consumer assesses different companies and their offerings. Even though the peering group may have different taste, his or her opinion is still taken into a consideration during a buying process. A customer will spread positive information of the company if the customer has received what is expected and is satisfied with the service experience. However, if a customer is dissatisfied, negative word of mouth will most likely be spread even more. This will cause much more challenging consequences to companies.

2.4 From satisfied customer to a loyal one

It is not always enough that a customer is happy with company's product or service because satisfaction doesn't necessarily mean that the customer will continue his or her purchase in that particular company in the future. There comes the difference between satisfied and loyal customer. The following definitions are described by Coker et al. (1999, 22):

- Loyal Customer: A buyer who chooses to do business with a particular supplier and commits to buy from that supplier in the future.
- Satisfied Customer: A buyer who buys from a particular supplier, but expects to buy from others in the future.

To gain profitability, companies have to assure that they will have loyal customers who will continuously buy their products or services and are committed to do that regardless possible higher price. With satisfied customers, companies can achieve good image and new customers but it is even more important to have loyal ones. The problem is that it is difficult for companies to know if the customer is loyal or satisfied. A customer might be satisfied and buy more often than once, but he or she has still possibility of buying competitors'

products when there's for example better price or service. This is the challenge that companies face and they really have to put efforts on it, which requires time and money. However, that will turn profitable in long term. (Coker et al. 1999, 23.)

Dru Scott (2000, 5) suggests three ways to attain long-term customers and profitability:

1. Rather than only seeing customers, focus on satisfying customers— you will feel better.
2. Rather than only filling requests, focus on filling requests in ways that build your relationships— you will have more satisfaction.
3. Rather than only thinking about the needs of today, keep your eye on earning the opportunity for repeat business tomorrow— you will enjoy more rewards.

Robinson and Etherington (2006, 1) argue that sometimes when customers have found reliable product provider and they are not comfortable with a change, they want to be loyal. In such cases, it brings success to companies and also saves customer's time especially when there's only one who to trust.

Robinson and Etherington (2006, 2) also state that there can be three reasons why customer doesn't want to be loyal. First, a customer thinks that he or she might get better service or better price from other company, which might derive from characteristics of a customer – anything is ever enough. Second reason is that a company simply cannot offer what customer wants. For example, a customer wants high quality but with a low budget provider this won't be fulfilled. Third, a customer is not completely satisfied with the product or service experienced. These explanations are not essentially the outcomes of dissatisfaction but rather than a customer are not significantly satisfied, but realize that there are other options available. (Robinson and Etherington 2006, 2.)

2.5 Satisfaction in service companies

Kotimaailma Apartments face other challenges than companies offering physical products because of the different nature of service compared to a product. There is a possibility to a greater failure when it comes to services because the experience in most service deliveries is more personal. For example, if a customer buys a broken mp3-player, it can always be changed, but if an operation in hospital goes wrong, consequences might be definitive. Thus, services are generally not in the same way replaceable like most of the products that don't satisfy customers. (Lovelock et al. 1999, 127.)

Services have such elements that differ them from purely physical products and add challenges to companies in a diverse way than when offering products. The key characteristics of services are intangibility, inseparability, variability or heterogeneity and perishability.

2.5.1 Intangibility

Contrary to tangible goods, customers cannot basically see or test the service before it has been consumed. That is problematic to companies because they have to prove that their service is worth buying. A night in a hotel can't be evaluated before but a customer still has some expectations in which the satisfaction level is based on.

2.5.2 Inseparability

Inseparability means that the service is usually produced and consumed at the same time whereas tangible products follow typically the sequence from production, through storage to consumption. For example in hotels, a customer has to be present during the actual service, in here an overnight stay. There are also some other services like renovation, when the presence of a customer is not necessary.

2.5.3 Variability or heterogeneity

Same service, for example hairdresser, can be totally different depending on a service provider, a customer or a company. The quality of service might vary even with the same employee in a service company. Even though similar goods can differ sometimes from each other, the variability is much more clear and common among services. That also set various requirements for service organizations.

2.5.4 Perishability

Fourth characteristic of services is perishability, which means that services cannot be stored and reserved for the time when the demand far exceeds the supply. If there is high demand of the service, customer might be unsatisfied due to service unavailability and if there is a huge vacancy, revenues are lost. Service companies inevitably face this kind of fluctuations and they have to work hard to stay in balance between demand and supply.

2.6 Measuring the satisfaction

Philip Kotler (2003, 64) presents four methods for tracking and measuring customer satisfaction, which companies can carry out to find out the customer satisfaction level of their company. Kotler states, that customer might have different reasons to be satisfied and every improvement doesn't necessarily satisfy the customer or increase company's profit. Methods that Kotler suggests are described in below.

Complaint and suggestion systems include registering complaints, using complimentary customer service numbers and emails for effective communication between a customer and a company.

A customer satisfaction survey, which is also implemented in this research, reveals easily whether customers are satisfied or not. Usually unsatisfied customer doesn't complain directly to a company but might change the provider.

By conducting the surveys regularly, it is easier for companies to follow the satisfaction levels and change their operations if needed.

Third method that can be used is ghost shopping, which means that managers hire people to buy their goods or services and ask to evaluate their buying experience. Managers could call their own company and test how the complaints or questions are handled.

Companies can conduct a lost customer analysis, where companies simply contact customers who do not use their services anymore and collect information what are the reasons behind. By monitoring a customer loss rate and clarifying the failures, companies can improve their operations and increase customer satisfaction.

Satisfaction surveys are commonly used many years because a survey is easy way to target many people. It can easily be sent many times when companies examine the satisfaction level regularly. They are also effective tool for generating quality improvements.

Nevertheless, there are also negative sides when using surveys. First, there are quite large non-response rates, because consumers receive many of them during their life, forcing researches to send even more surveys to get enough answers. Second, quite often there are only little efforts put on them financially and even with pointless examinations. Therefore the results might suffer from reliability. (Lin and Jones 1997, 4.)

However, when the survey is made carefully and provides enough answers, it is diverse research method to use. Sometimes, as in this research, customer satisfaction surveys are actually the only way to go.

3 CUSTOMER SERVICE

Customer service is an essential element of customer satisfaction as well as the customer's buying experience when purchasing services or goods. Good customer service defeats minor failures in a product and it a crucial factor for

getting loyal customers. Patricia Wellington states (2010, 6), that an excellent product or a successful business can be destroyed by bad customer service. According to Wellington, an important thing to remember is that first service encounter with the organization might judge the opinion about the company. For example when customer enters to the office, smile of the receptionist and friendly advices creates an expression of a good customer service already at the beginning.

Gerson (1993, 5) mentions, that there seems to be quite obvious link between poor customer service and dissatisfaction in customers' minds. It means that when customer is dissatisfied, he or she will easily change to competitors' products. Therefore, customer service also differentiates a company from its competitors and customers might be ready to pay extra getting better service. Even if some failures have occurred, with helpful and friendly service these failures can be fixed and customers are still satisfied despite of mistakes made. This might also lead suggesting the company to their family and friends.

Firms must understand that superior customer service also costs. Resources are used for training programs for employees and researching company's quality, for instance. However, it is worth of it because that helps achieving long term and loyal customers. (Gerson 1998, 3.)

Gerson (1998, 37-38) defines two different customer service sides, reactive and proactive that are implemented in companies.

3.1 Reactive efforts

Reactive customer service means reacting after the customer has faced a problem or is dissatisfied. A company does something to fix these problems and try to make a customer happy again. This is the minimum level of good customer service where mistakes are fixed and a customer is not forgotten that increases customer satisfaction.

3.2 Proactive efforts

When a company wants to bring its customer service to a great and superior level, it has to use proactive customer service meaning preparing for possible mistakes in the future and keeping customer satisfied. For service companies this means for example, that the appearance of the office is pleasant and service is delivered avoiding unnecessary waiting whereas manufacturing companies try to speed up their production process from the raw materials to the ready product.

Companies should concentrate especially on proactive efforts so customers get a feeling that they are warmly welcomed even they have not used company's services before. If for some reason customer receives bad customer service, companies really have to do something to that in order to avoid bad image of their service and dissatisfied customers.

3.3 Service failures

It is almost impossible for companies to avoid some service failures and sometimes the reason is not even in a company. Potential service failures can be extremely slow service, exceptional behavior of an employee or failures to meet customer expectations. These failures vary depending on a service, a customer or a field of industry, for instance. (Swanson and Kelley 2001, 194.)

Companies cannot avoid failures but they can learn from them. Managers and employees can then be better prepared to similar situations in the future. Of course it is not a good thing to have many failures, but if they are recovered well, customer will probably be satisfied after all.

3.4 Servuction model

Servuction model describes the factors affecting customer's service experience. This model indicates how consumers are involved in a service process. The involvement of a consumer can be active or passive but still part of the process.

Three visible factors influencing service experience are servicescape, contact personnel/service provider and other customers.

3.4.1 Servicescape

Servicescape refers to the physical evidence of the service like the cleanness of an office, for instance. Because services are intangible that was brought up in the chapter 2.5.1 the servicescape helps customers to create an image of the company. Tangible elements are divided in three categories. Music is regarded as ambient conditions and the furniture in the office is inanimate object. Other physical evidence is for example the personal thing of the personnel.

3.4.2 Contact personnel/service provider

As a service provider is meant the primary provider of the service who directly interact with the customer, such as the waiter or waitress. Contact personnel mean those employees who only briefly interact with the customer, such as the receptionist. Service providers and contact personnel have a strong impact on customers' service experience since they are interacting with the customer during the service.

3.4.3 Other customers

Some services are offered to many customers at the same time meaning that they may have an impact on each other's service experience. The impact can be either active or passive. Noisy children in a restaurant are an example of an active influence by other customers. Kotimaailma's customers rarely see each other so the active influence is minor. However passive influence might occur when the previous customer leaves the apartment late delaying other customer's arrival time.

3.4.4 Invisible organizations and systems

The fourth factor is invisible organizations and systems meaning for rules, regulations and processes of a company, which have an effect on customer's

service experience even though it is not noticeable. For example cancellation rules that are set for reservations and accommodation contracts to be signed tenants are rules and regulations upon which the company is based. (Hoffman and Bateson 2007, 8-13.)

4 QUALITY

One important component for successful business is overall quality within an every organization. When looking the service process in time, quality is evaluated first before the overall satisfaction. That is why quality should be maintained continuously (Caruana, 2000). Quality as well as proper customer service is a tool for companies to take advantages over their competitors (Schneider and White 2004, 17).

Quality might be easy to define especially if it is about goods, but when it comes to service quality, it might not be as simple. Customers have individual expectations and way, how they perceive service and their satisfaction level but also their perceptions of service quality vary.

4.1 Dimensions of quality

Zeithaml, Berry and Parasuraman (1990, 20) made a broad research about dimensions that customers use when evaluating service quality. They first identified 10 generic criteria and after that consolidated them into a five wide dimensions, which are:

- Tangibles
- Reliability
- Responsiveness
- Assurance
- Empathy

Tangibles mean that a customer evaluates the appearance of physical elements, for example the appearance of the office and its personnel. Reliability

describes if a service provider does what has been promised and how accurate it is in its actions. Responsiveness defines company's willingness to resolve problems if needed and readiness to provide prompt service. Assurance consists of honesty, security, competence and courtesy. A company has to prove that it is trustful and its work is worth of paying. Customers might think beforehand the image and reputation of a company and also evaluate skills and knowledge during the service encounter. Empathy describes good communication skills and customer understanding, as well as easy access to company or its personnel (Zeithaml et al. 1990, 20). When all these criteria are taken into a consideration, it is more likely that customers' expectations correspond with the service experienced.

4.2 SERVQUAL

Zeithaml et al. (1990, 175-176) designed an instrument, SERVQUAL, for measuring service quality based on customers' expectations and perceptions. It reflects to those five dimensions that were described above. This measurement tool consists of different parts where a customer evaluates the service. In the basic form, there are 22 perception items and another section of expectation items. In one section there is an evaluation of importance of the five dimensions of service quality. Moreover, there is a section containing evaluation of the overall experience and impressions about the company and its service. To segment respondents better, there is also a demographic section asking age, gender, income etc. Using all these sections and answers to them, companies should get wide information about their service quality situation. (Zeithaml et al. 1990, 175-176.)

Even though SERVQUAL has faced critics, it is still widely used among service companies around the world because it provides understandable and broad data. It also helps companies segmenting their customers based on their expectations and perceptions. Some limitations are that SERVQUAL should be more industry specific and that the five dimensions are not generic enough.

Those dimensions and their appearance might vary a lot depending on a company or industry. (Szwarc 2005, 31.)

4.3   Gaps model of service quality

Another theory or model that was designed for describing and analyzing service quality is *the gaps model of service quality*. Parasuraman, Zeithaml and Berry originally introduced this model in 1985, and it will be presented here by Zeithaml, Bitner and Gremler according to their book (2006, 33-43).
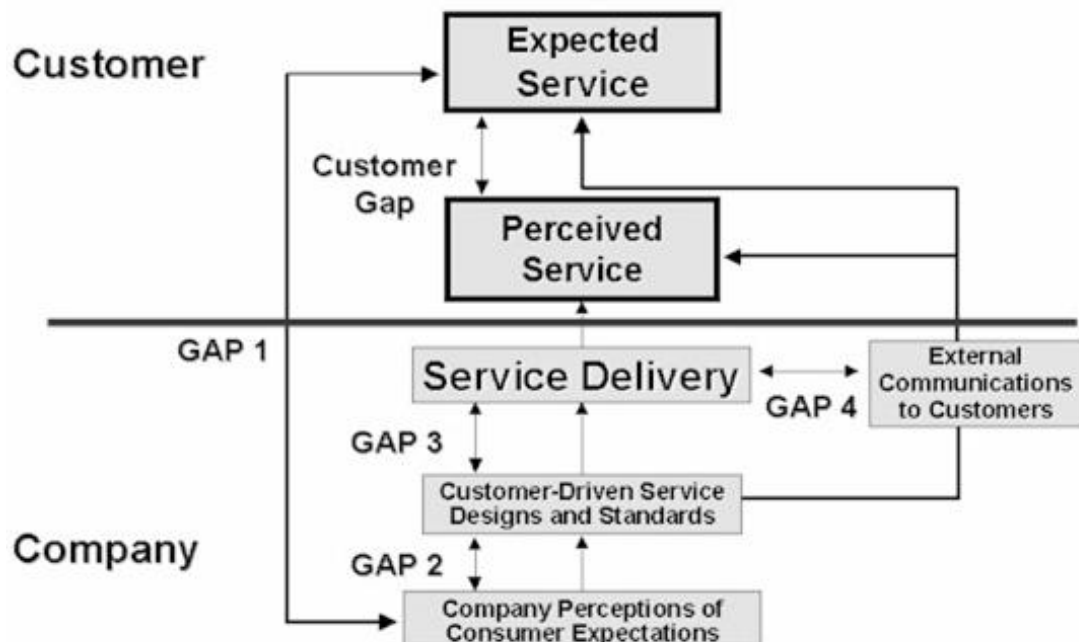

Figure 2: Gaps model of service quality (Zeithaml et al. 2006, 46).

The five gaps that are described below mean differences in service quality. These differences occur because of the dissimilar expectations among customers and companies. The first gap is the customer gap meaning simply the difference between customer's expectations and perceptions. This is the most important gap to recover because it leads to quality service and is the basis of this gap model. (Zeithaml et al. 2006, 33-34.)

Other four gaps are called the *provider gaps* because they occur within an organization, though affecting to customer satisfaction. The first provider gap is the problem that the company doesn't know what customers expect. In many companies this means that they are not sure what the expectations really are and that's why the gap exists. The reason might be that managers don't communicate with the customers enough and are unprepared for their expectations. (Zeithaml et al. 2006, 35.)

The second provider gap occurs when a company lacks of the right service quality designs and standards. That means the difference between company's perceptions of customer expectations and development of customer-driven service design and standards. The problem might be that managers think customers' expectations to be unreasonable or unrealistic, which leads to wrong process design. (Zeithaml et al. 2006, 38.)

The provider gap 3 means company's failure in delivering to service designs and standards. The company must assure that it has right processes, people and systems to match the service delivery and the designs and standards in place. The gap 3 occurs when there is a difference between development of customer-driven service standards and actual service performance by company employees. (Zeithaml et al. 2006, 39.)

The last gap is a relevant reason why customers are dissatisfied. It occurs when the promises are not fulfilled. It is easy for companies to praise their services when advertising but it should also guarantee that these promises are true. Reasons for not fulfilling the promises might be not realizing the actual skills and knowledge, insufficient communication between sales and operations or absence of strong internal marketing program. (Zeithaml et al. 2006, 42.)

5 METHODOLOGY

5.1 Research methods

When starting to do a research, one has to decide which data collection and analysis method should be used. This method can be either quantitative or qualitative. Qualitative method is based on interpretation and rational approach and it is process oriented. In qualitative research the skills and knowledge of the researcher is an important element when analyzing the data. (Ghauri and Gronhaug 2010, 103-105.)

According to Ghauri and Gronhaug (2010, 104) quantitative method has an emphasis on testing and verification but the method has also a logical and critical approach to the analysis of data. When conducting a quantitative research, it is typical for a researcher to form various hypotheses, which are then examined.

5.2 Data sources

When doing a research, both secondary and primary data sources are usually used. Secondary data include all the articles, books and research that are already published. Secondary data gives better understanding to the subject and helps to solve the research problem (Saunders et al. 2009, 256; Ghauri and Gronhaug 2010, 90). In this study secondary data is used in the theory part. Primary data is collected from the answers of the customer satisfaction survey. Primary data can also be collected using observations, experiments or interviews (Ghauri and Gronhaug 2010, 99). The customer satisfaction survey, which has been used in this study, gives information concerning the case company that cannot be found from secondary data sources.

This research was made by implementing quantitative research and as it was mentioned in the chapter 2.6, by conducting the customer satisfaction survey. The survey can be found at the end of this study as appendix 1. This method was chosen because most of the customers whom the survey was sent, had

already returned to their home countries. Therefore sending the survey via email was basically the only option. Customers who still were in Finland stayed in other cities than Turku. Due to the time limits, it was not possible to post surveys via mail.

The survey was designed keeping Mr. Ekholm's wishes in mind by formulating questions concerning Kotimaailma's customer service and offerings. The survey was designed using Kwik Surveys web portal. After designing a first draft of the survey, it was sent as a pilot survey to other employees, the thesis instructor and two friends. After few changes the study was sent in the middle of March to 97 foreign customers who stayed at Kotimaailma Apartments. Due to the low response rate, the reminder message was sent in order to get more answers. At the end, 97 questionnaires was sent and 28 responses was received. At first the answers were turned into a numerical form so that "very satisfied" or "strongly agree" correspond to grade five and "very dissatisfied" or "strongly disagree" correspond to grade 1. After that, the average grade was calculated to each answer.

6 CASE COMPANY AND RESEARCH ANALYSIS

6.1 Case company description

Kotimaailma Suomi Oy operates in an apartment rental and apartment hotel industry. This study was undertaken in behalf of the apartment hotel Kotimaailma Apartments. The share of the company's whole turnover is 85%. The rest of the revenue comes from apartment rental operations of Vuokramaailma.

I got into the Kotimaailma's business when I did my work placement there in early spring 2011 between January and April. I saw what this business is about and got a chance to work there similarly as the permanent employees do. Before I started, I knew that it was possible to write my thesis on the company

and I got more inspired when I worked there. It was easier to start writing this research when I had real experiences in my mind.

My objectives in this research were, as was mentioned in chapter 1, to find out customer satisfaction among Kotimaailma's foreign customers and to see how the customer service is evaluated. This will help the company to improve its offerings and maybe retake the survey that was used in this research in the future as well.

The business idea of Kotimaailma Apartments is to offer high quality living in Turku, Helsinki, Tampere and Oulu. Kotimaailma Apartments provide short time living in fully furnished apartments in the city centre and the rent always include home insurance, water, electricity, Internet, cleaning at the end and all the facilities that are needed for normal living. Customers are always received to the apartment personally and apartments are introduced thoroughly if it was just possible. This is very important especially when there are customers from foreign countries.

Kotimaailma Suomi Oy was established in 2007 by Hans Ekholm, the CEO of the company together with his cohabitant Mirja Haataja, who also worked in a company. All the operations were lead from the office at their home. Business started in Turku and Tampere in the beginning. The first apartment in Oulu was acquired in December 2007. After that operations were expanded to Helsinki due to the increased demand. At the moment there are 15 apartments in Turku, 19 in Tampere, 15 in Oulu and 14 in Helsinki, but new apartments are continuously acquired. The first "official" office was opened in Turku in January 2009, when the apartment rental side Vuokramaailma started as a new business area. All the business operations are still lead from the Turku office.

Most of the customers come from international companies such as Accenture, Nokia and ST-Ericsson, whose employees come to Finland to work for a project for instance. Because of the large share of these international customers, I was assigned to do this research to conduct their satisfaction about Kotimaailma Apartments' services.

Another major customer group is individual people who need temporary living because of the damages in their houses, for example fire or water damage. These customers come through Finnish insurance companies. International companies' employees, together with the insurance company customers, form almost 90% of the turnover of Kotimaailma.

6.2   Research analysis

In this chapter the results of the questionnaire are clarified by using different kinds of charts. The charts show the percentage shares and there is also a small analysis of the each answer. In addition, few answers to open-ended questions are presented.

6.2.1   Age

The survey started with few demographic questions to get background information of the respondents. The biggest age group was clear as 68% of the respondents were between 26 and 35. This wasn't very surprising because most of the customers are quite young employees from international companies, especially from India. There haven't been many very young customers using Kotimaailma's services, as none of the answerers was under 25. Two other age groups, 36-45 and 46 or more, had almost similar percentages. The age distribution can be seen from the figure 3 below.
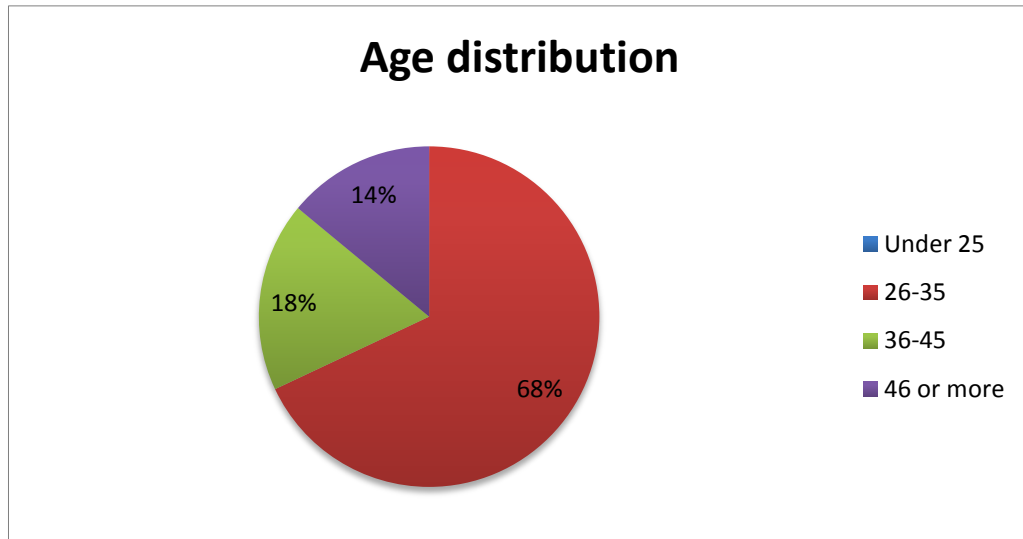
Figure 3: Age distribution

6.2.2 Gender

Gender was also distributed quite clearly and 72% were male and 28% female. Because the biggest customer groups are technological and network companies having engineers as employees, it is no wonder that there are so many male customers.

6.2.3 Country of origin

Most of the customers at this time were from India with a percentage of 39,3, and rest of them was from Europe and Canada.
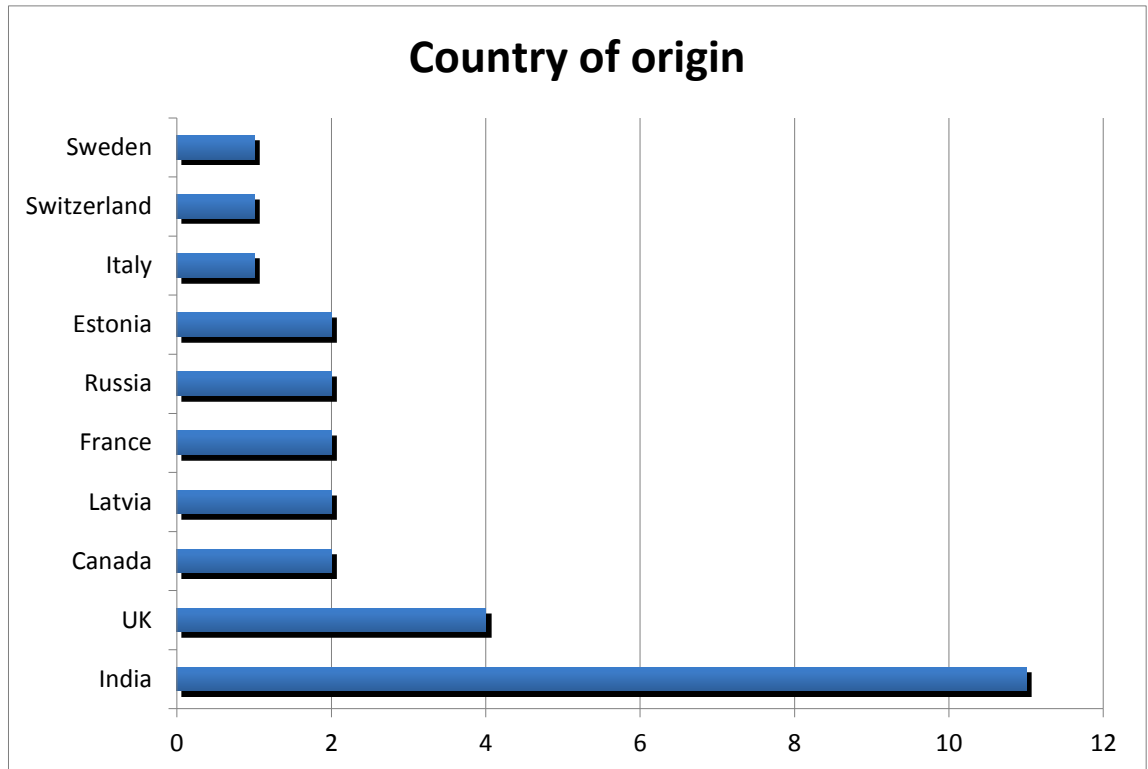
Country of origin

Figure 4: Country of origin

6.2.4 The source of information

Question 4 helps improving marketing and ways to find right channels to find more customers.

57% found the company from Internet by means of advertisements of Kotimaailma Apartments, and its own web page. Information can be also found from web pages that include contact information about many other companies that rents furnished apartments. 30% of the respondents got information through their company, which was very typical for those coming to Finland for a project work, for example. Kotimaailma Apartments advertises in Finnish newspapers, which explains that foreign customers did find the information from there.
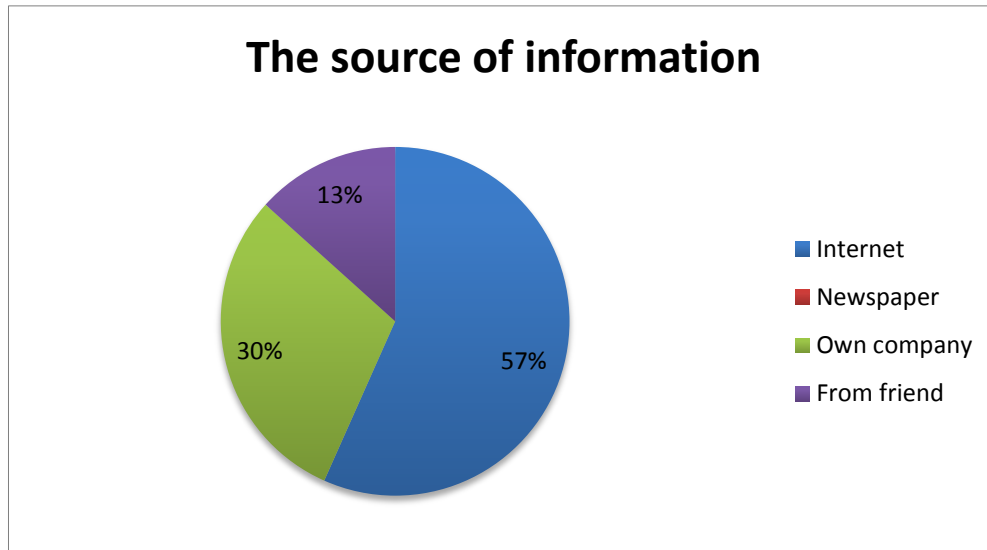
The source of information

Figure 5: The source of information

6.2.5 The average staying time

The average staying time was 46 days and 33% of the respondents stayed longer than that. The minimum renting period is 4 days in Turku, Tampere and Oulu, and 7 days in Helsinki. The shortest period of stay in this research was 7 days and the longest 196 days.

6.2.6 Accommodation city

Most of the customers who responded to this survey stayed at Tampere with a percentage of 50 (Figure 6). There are more apartments in Tampere, though, which might explain the difference. Others were divided almost equally, as in Turku the percentage was 18, in Helsinki 14 and in Oulu also 18.
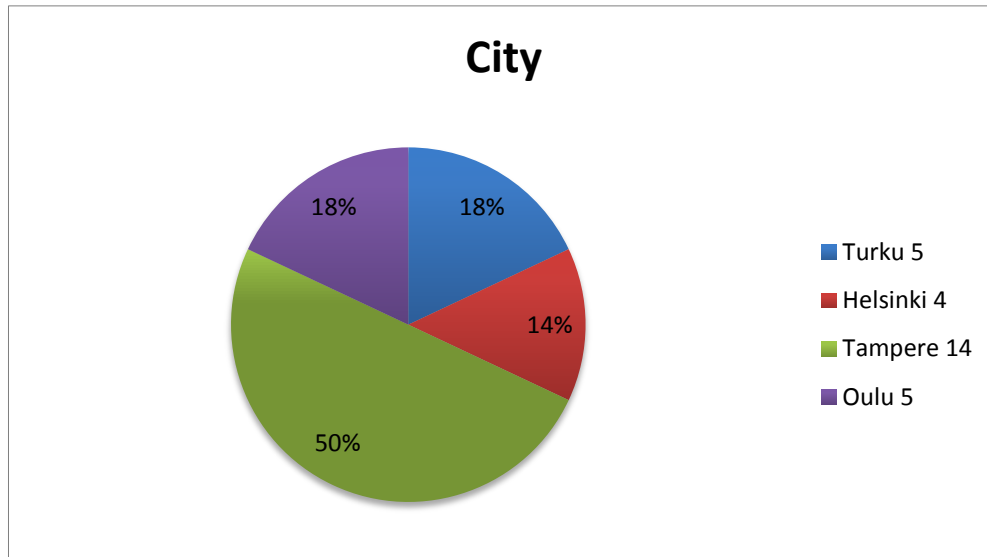
City

- Turku 5
- Helsinki 4
- Tampere 14
- Oulu 5

18% 18% 14% 50% 18%

Figure 6: Accommodation city

6.2.7 Purpose of the stay

The purpose of the stay was in most cases work (Figure 7). 72% of the respondents stayed at Kotimaailma's apartments because of the work assignment, and usually then the employee's company arranges and pays the accommodation. 17% used Kotimaailma's services for leisure and 10% for other reasons.

Purpose of the stay

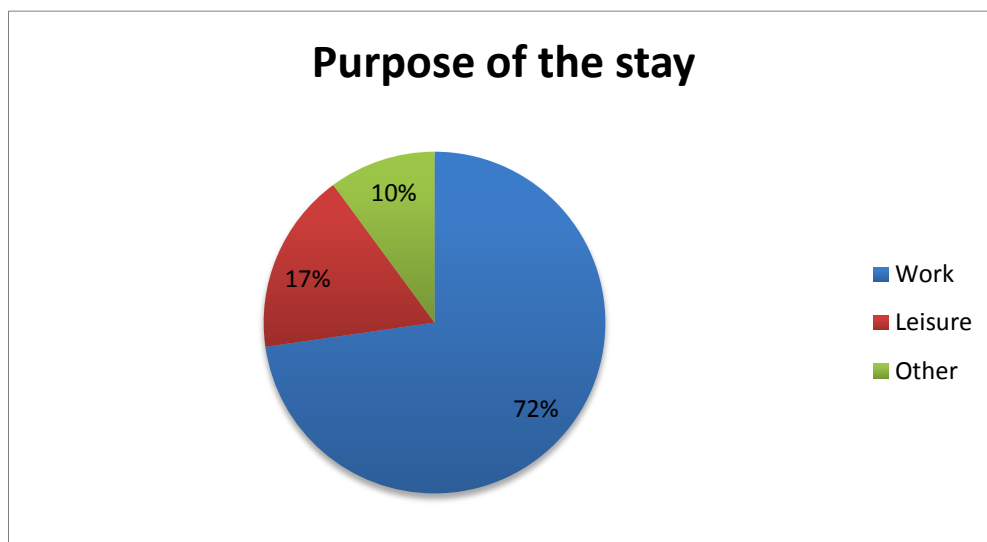- Work
- Leisure
- Other

10% 17% 72%

Figure 7: Purpose of the stay

6.2.8   Reservation

The following two questions was made using a likert scale, which easily gives information about respondents' opinions, in here about customer service and service quality of Kotimaailma Apartments.

As one can see from the figure 8, most of the respondents, 95%, either strongly agreed or agreed with the positive statements that concerned the reservation. 92% of them thought that reservation was easy and 85% received a quick reply. 95% of the respondents received enough information regarding the reservation and the procedure. The apartment fulfilled the promises well according to over 90% of the respondents. In many cases a company has made the reservation, not a customer who actually stays at the apartment. Therefore only 19 gave their opinion to this question.
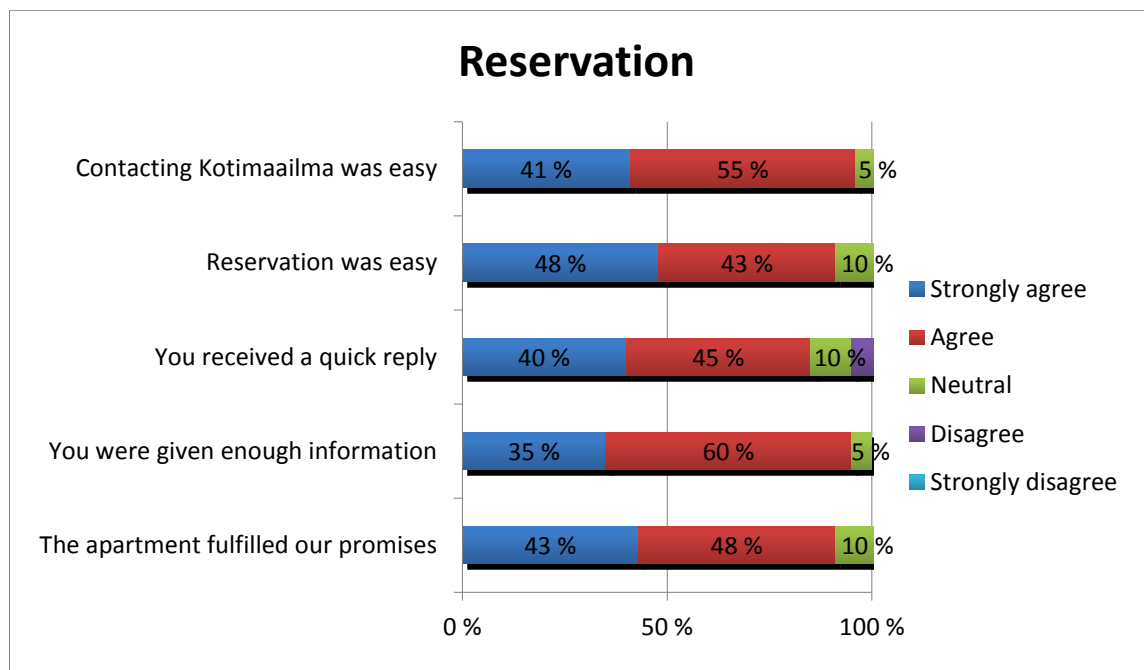

Figure 8: Opinions concerning reservation

6.2.9   Services and information

Customers are always tried to take personally to the apartment so that the necessary information can be given in order to avoid problems. Also these answers gave relatively positive information about Kotimaailma's operations, as most of the respondents were either very satisfied or satisfied with the services.

Dissatisfaction percentages were between 4 and 7, which correspond to 1 to 2 respondents meaning very minor part of total amount of responses. Moreover, 4% to 7% didn't have any experience of some of the services or information. Reason to that might be that sometimes if a customer arrives at Finland late in the evening or during the weekend, someone else, usually customer's representative from the company gets the key during the office's opening hours.

An open question was used to ask if some equipment were missed.

Few Indians responded that a rice cooker is quite necessary for them when cooking. Other equipment that was missed was bigger television, dishwashing machine (which is in most of the apartments) and a dryer machine.
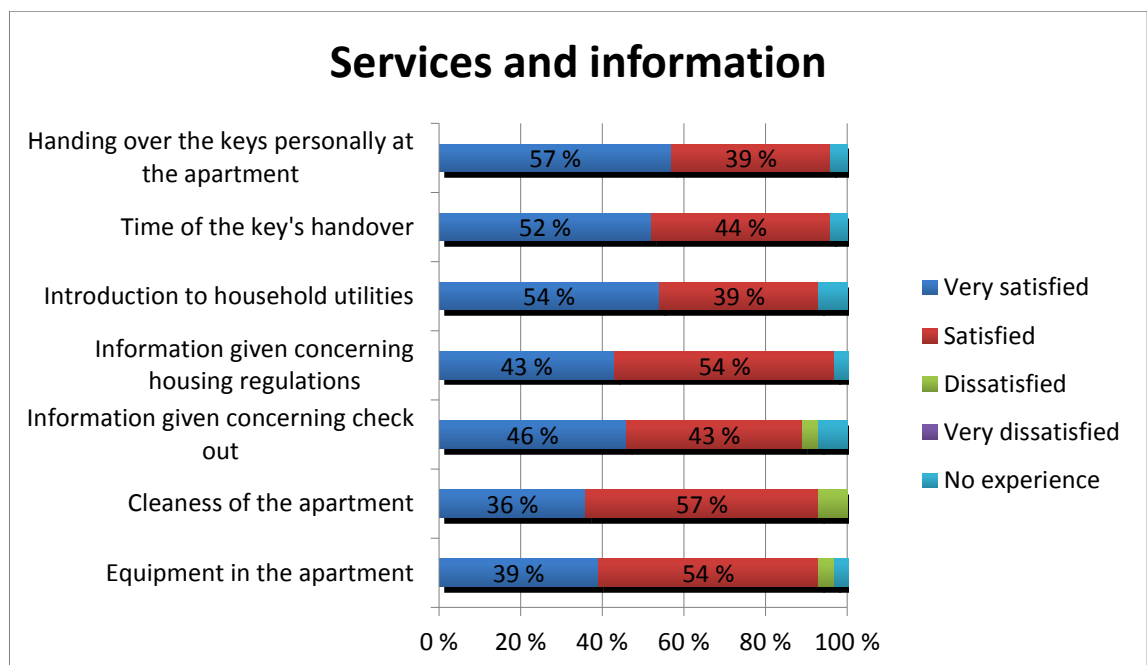

Figure 9: Opinions about services and information

6.2.10 Location

Every apartment that Kotimaailma rents are located in the city centre and close to the important services. All the respondents were either very satisfied or satisfied with the location, which is one of the most important factors when choosing an accommodation (Figure 10).

There was also asked in an open question if there are any suggestions or wishes for the location. Three of the respondents recommended better car parking facilities, which is typically a problem in a city centers, as it is with a Kotimaailma's apartments. Otherwise respondents didn't have any suggestions to make.
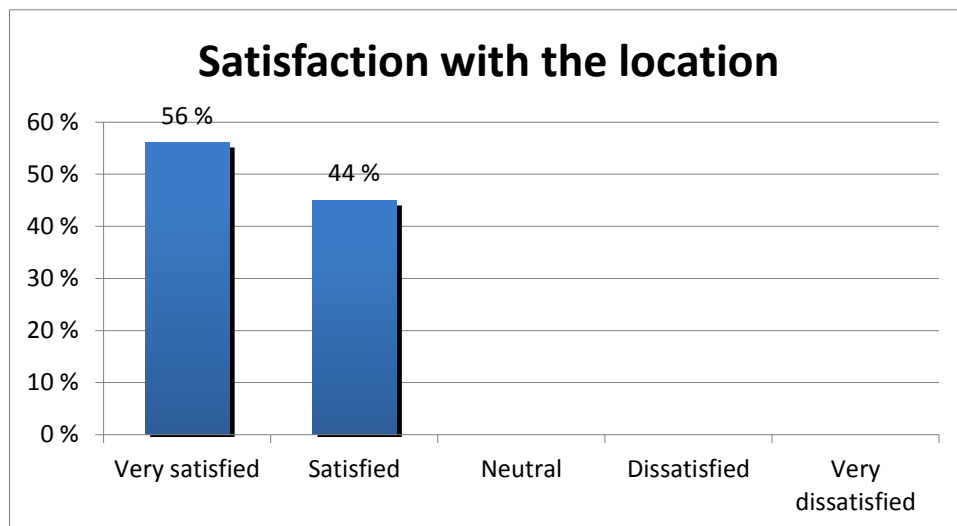
Figure 10: Satisfaction with the location

6.2.11 Problems

71% of the respondents didn't face any problems during their stay, which was moderately low percentage (Figure 11). However, 88% got help from the personnel and 71% felt that they overcame the problems with the help by the personnel. Remaining 12% that didn't get help corresponded only 2 respondents and 4 respondents didn't overcome the problem. Most of the problems, according to an open question at the end of the survey, related to Internet access and its speed.

Figure 11: Facing problems during the stay
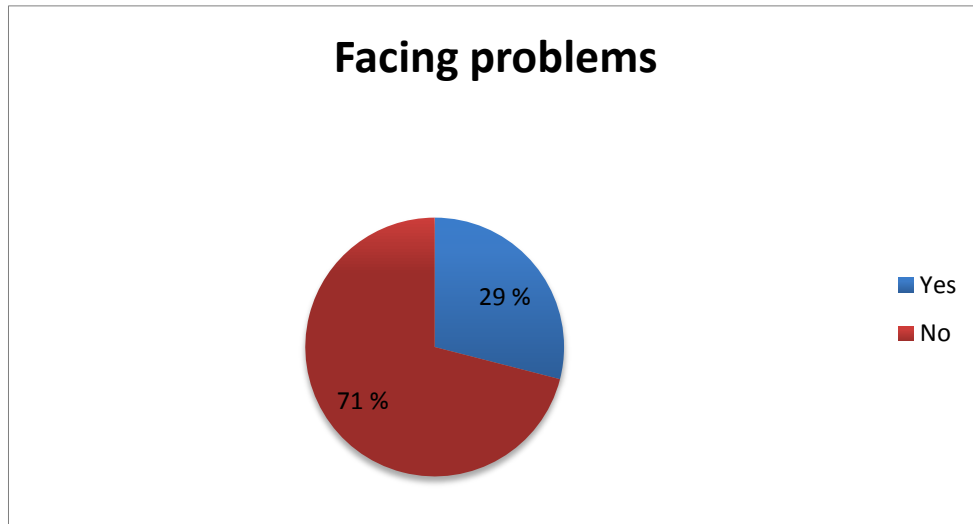
6.2.12 Interest in possible services

Question 15 handled customers' interest towards some services that Kotimaailma has thought to offer their customers in the future. For those coming very late or very early to the apartment could be offered some food ingredients if food markets are closed when arriving at the apartment.

Other service that partly exists is transportation. If a customer comes first to the office to pick up the keys, we can usually take him or her without an own car to the apartment. What was primarily thought in this question was arranged transportation from the airport for example.

However, neither of these services was regarded very interested. 56% of the respondents thought that they don't need food service and 44% don't necessarily need the transportation. The percentages concerning transportation were more equal so at least that service Kotimaailma should think to offer in the future.

There were few additional services that some of the respondents suggested to be offered. These were a bike for renting, more comprehensive TV package, a radio and DVD player and better Internet connection.
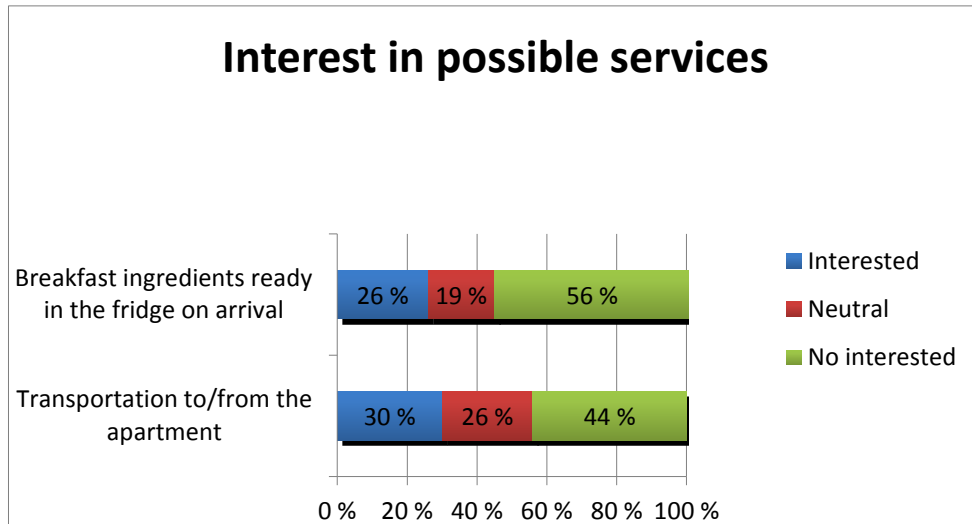
Figure 12: Interest in the possible services

6.2.13 General experience

In general, responses were very positive and especially facilities in the apartment and quality of the customer service were praised. Altogether, 19 answers were received in this open question and 6 respondents out of those 19 thought that their general experience was good or excellent.

Respondents' general opinions:

- Excellent but slightly higher priced on rent
- Must say it was excellent. The apartment where I first stayed didn't meet my requirements but when I moved to Kotimaailma apartment I stayed there rest of my time
- It was just like being at home. All facilities well equipped. The flat was very clean and located close to the city but yet very quiet. Overall very memorable and luxurious experience
- It is really like a second home. Very good amenities
- All required facilities were provided and whenever contacted got immediate response

- Overall experience was great and professionalism of the staff was wonderful
- Highly satisfied with the apartment and service
- Very pleasant
- We have stayed at Kotimaailma apartments several times. In general, everything was great. However last 2 times flats were not so clean. The staff explained that there has been problems with cleaning service and it is going to be changed though
- It was nice, clean and warm. The shower room was quite small, but it is something you could not fix
- It was quite satisfactory

6.2.14 Recommendation to others

Despite of the problems that few customers had faced, 96%, corresponding 27 respondents would recommend Kotimaailma Apartments to their friends. The reason why one person wouldn't recommend the company was the relatively high price compared the existing facilities in the apartment.

This result gives very positive feedback about the overall satisfaction level encouraging the personnel to maintain its service quality.
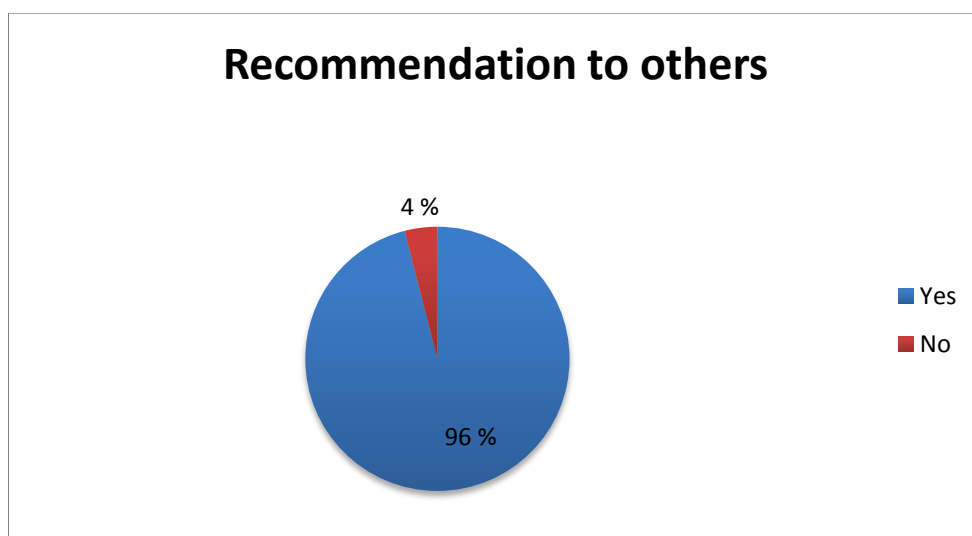

Figure 13: Recommendation to others

7 CONCLUSIONS

As an answer to one of the research problems, based on this research it can be concluded that Kotimaailma Apartments is doing well its job. Respondents were mainly very satisfied or satisfied with the service and only minor share of the respondent thought the service or the general experience could have been better.

In addition, the research concluded that superior customer service and service quality have important roles in order to satisfy customers, as respondents were generally satisfied with the accommodation experience even if they met problems. In most cases the personnel fixed or at least tried to fix existing problems.

Because the response rate was quite low, the accurate situation and deep analysis cannot be done. However, this research gave directional information about the level of satisfaction among international customers and the questionnaire can be renewed periodically.

Satisfied customers are step closer to loyal customers, and as it have already been mentioned in this research in chapter 2.3, those loyal customers ensure profits also in the future. The situation in Kotimaailma Apartments is satisfactory, since when looking more into the answers to the questions 8 about opinions concerning reservation, resulting average grade 4,31 and 9 for opinions about services and information resulting average grade 4,32 in the scale 1-5. In question 8, easiness of making the reservation got the highest grade (4,38) and in question 9, handing over the keys personally at the apartment satisfied the respondents the most (4,46). The average grade for the location of the apartment was 4,57, which can be said to be in a very good level.

7.1 Comparisons to theory

As the theory part states, customers are satisfied when their expectations are met. This might be sometimes difficult for the companies due to the fact that customers are individuals with different backgrounds.

There were respondents from 10 different countries with different cultures for this research so the task to satisfy all the customers is not too easy for Kotimaailma either. For example many Indians missed rice cooker, which is very important device for them but not in wide use in Finland. That will create a service gap between the promises and performance if it said to the customers that all facilities for cooking are in the apartments.

When the company notices this lack, rice cookers can be provided for Indian customers or the accommodation offer shall state that cooker doesn't exist in the apartments. Of course it is always great to use, according to Gerson's theory (2008, 37-38), proactive efforts to be ready for the similar situations in the future by having the cooker ready for new Indian customers.

Cleanness of the apartments caused dissatisfaction for some respondents and this can be referred to third gap; the service or provider gap. It was brought up in the theory that this gap occurs when there are problems for example with intermediaries, or when the service design and standards and service delivery don't meet. In this case there have been problems with the cleaning company, which takes care of the end cleaning in the apartments after customers have left. If it has not stated clear enough, what has to be done when cleaning to the service provider, this kind of gaps might occur.

When thinking more of the service quality, taking care of the customers and doing something to the problems refer to responsiveness of the company. This was one of the dimensions when the customer evaluates the service quality. According to the survey results, Kotimaailma are defined as a reliable company as it meets customers' expectations. Moreover, Kotimaailma indicates empathy, when being easily available and communicating with them when needed.

7.2   Recommendations for the future

It could be useful for the company to conduct this kind of surveys also in the future for example once a year in order to find out if there will be any changes when the company grows, and there will be more customers. Then also the SERVQUAL model could be adapted more deeply.

Even though it seems that many customers have been satisfied with Kotimaailma's services, all the minor things that in this study were criticized should be changed to improve the operations. Another important thing is that even if the results were very positive, it should be remembered to continue in the same way and try still to be even better.

Because the main source of information about Kotimaailma has been found from the Internet, the company should concentrate on Internet marketing. Informative webpage and advertisements attracts customers who are used to find information from Internet.

Although the interest in possible additional services, transportation and offering of food ingredients, wasn't very wide, the company should still think, if they could offer a free or ready arranged transportation to the apartment. This would be very nice especially for the tourists, who don't have a company that will arrange the accommodation and other practical arrangements.

Good service creates loyal customers and enables future profits. This is essential especially with the company customers having employees needing accommodation regularly. Once the strong customer base has been created and there are many loyal customers it is easier to increase the profits fast and expand the company.

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CUSTOMER SATISFACTION SURVEY

1. Age?

Under 25 _

26-35 _

36-45 _

46 or more _

2. Gender?

Male _

Female _

3. Country of origin?

_____

4. Where did you find us?

Internet _

Newspaper _

Your company _

Your friend _

Other _, please specify _____

5. How long was your accommodation period? Give your answer in weeks, if less than one week, in days

_____

6. In which city did you stay?

Turku _

Helsinki _

Tampere _

Oulu _

7. What was the purpose of your stay?

Work _

Leisure_

Other _

8. Please, give your opinion about the following statements concerning the reservation. If you didn't make a reservation by yourself, continue to the next question.

	Strongly agree	Agree	Neutral	Disagree	Strongly disagree
-Contacting Kotimaailma was easy					
-Reservation was easy					
-You received a quick reply					
-You were given enough Information					
-The apartment fulfilled our promises					

9. Please, give your opinion about the following services

	Very satisfied	Satisfied	Dissatisfied	Very dissatisfied	No experience
-Handing over the keys personally at the apartment					
-Time of the key's handover					

	Very satisfied	Satisfied	Dissatisfied	Very dissatisfied	No experience

-Introduction to household
utilities

-Information given concerning
housing regulations

-Information given concerning
check out

-Cleanness of the apartment

-Equipment in the apartment

Did you miss some equipment?
_____

10. How satisfied you were with the location of the apartment?

Very satisfied _
Satisfied _
Neutral _
Dissatisfied _
Very dissatisfied _

11. If you have any suggestions or wishes for the location, please write them here

_____
_____
_____

12. Did you face any problems in the apartment during your stay? If no, please continue to the question 15

Yes _
No _

13. Did you get help from the personnel?

Yes _
No_

14. Did you overcome the problems with the help by the personnel?

Yes _
No _

15. Would you be interested in following services?

	Interested	Neutral	Not interested
Breakfast ingredients ready in the fridge on arrival			
Transportation to/from the apartment			

16. Would you like to have some additional services?

_____

_____

_____

17. In your opinion, how was the experience of staying at the Kotimaailma apartment in general?

_____

_____

_____

18. Would you recommend Kotimaailma Apartments to others?

Yes _
No_

19. If no, please explain why?

_____

_____

_____