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Designing new feedback management system for Långvik hotels

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Designing new feedback management system for Långvik

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This thesis is a design project on the field of feedback management, conducted for Långvik hotel. The purpose of this thesis is to recommend a new feedback management system for the hotel that can effectively recognize original reasons for customers' returning decision. The new approach to feedback management is expected to generate a higher number of returned customers subsequent to the summer business peak.

The literature review focuses on the connection between customer experience and feedback management. Much research has shown that the overall experience is the basis for creating customer loyalty. The good management of customer experiences starts with discovering what generates an experience for the customer and the quality of the experience reflected from customers' perspectives, which can be measured through effective feedback collection.

In the empirical study, the author provided a closer examination on hotel industry in Finland and identified possibility for innovations in the feedback management area. The study is continued with qualitative method on a pre-assigned target customer group, using primary data from interviews with hotel guests and secondary data from online materials. Deductive reasoning is employed to detect areas for improvement in the current feedback system of Långvik.

The thesis is concluded with suggestions for new feedback system for the hotel regarding the metrics, questionnaire design, physical display of the feedback and essential synergy to implement the new system.

Key words feedback management, customer experience, hotel Industry

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1 Introduction

The thesis is conducted as a service improvement project for Långvik hotel. The hotel provides customers with luxurious experience brought by well-designed facilities, excellent room service and noteworthy spa system. The thesis idea is conceived upon the need of the hotel for service improvement to prepare for the business peak this forthcoming summer. The hotel is in search for an effective strategy to leverage the current level of customer loyalty, which eventually will contribute to the business growth of the hotel.

In service industry, customer experience is the key factor determining the success of the business. Nevertheless, a sufficient number of service companies have taken the approach to examine the internal processes, which is prompted from the mindset that costly and sophisticated infrastructure and operation flows always result in customer satisfaction and growth, rather than investigating the subject from customers' point of views and comprehending their sentiments and opinions towards the services (Chase & Dasu 2001, 167). According to Gary Loveman (2003), this approach culminates in unnecessarily excessive investment in facilities, which exhausts the companies' resources and distances the companies from understanding the actual needs of their customers. On the other hand, companies that capitalize on customers' perspective and expend according to that excel in their services and profits. In the case of American casino industry in the 2000s, Harrah's Entertainment stood out from its competitors by maintaining exceptional service delivered by well-trained staff with acceptable facilities while other companies persisted on the notion "If you build it, they will come" and drained their capitals by constructing opulent buildings. In 2002, the year of challenging economic health, Harrah's Entertainment achieved a revenue of 4 billions and 16 months of consecutive growth in profit while other casinos had to downscale their businesses due to the severe drop in customers (Loveman 2003,153).

As Goodman (2009, 5) emphasized in his book, satisfied customers are unfailingly more likely to spend more on the service and recommend it to their friends and families. Service companies desiring for exponential growth should invest their resources in identifying the elements constructing customer satisfaction and strategically accentuating them in the offered services.

One practical instrument designed for capturing customers' opinions is feedback management. Regardless of its pivotal role, customer feedback management has been neglected by companies across sectors, which results in a customer-distant approach in service design and failure in reinforcing customer satisfaction and retaining customers, and in numerous cases ultimately leads to business closure (Nail & Zabin, 2010). In the same search, Nail & Zabin

emphasized that companies should actively gather, dissect and respond with actions to customer feedback to enhance the quality of customer experience. (2010, 2)

1.1 Objective and research questions

The objectives of this thesis are to identify the most suitable method to recognize customers' opinions and to design a feedback interface, which can effectively assist Långvik in capitalizing on its guests' perspectives to develop a more customer-centric service. With the implementation of this new interface, the hotel expects to have a higher number of returning and recommended customers subsequent to the summer season.

The research conducted within the scope of this thesis will answer 2 key questions:

What is the role of feedback management in elevating quality of customer experience?

What should be taken into consideration while designing feedback management for Långvik?

1.2 Thesis's structure

The thesis is composed of two main chapters: literature review and feedback management for Långvik. These chapters collaborate with each other to produce the essential answers for the objective of this study.

Chapter 2 concentrates on examining the topic of this thesis through theoretical perspective with discussions about customer experience management and the role of feedback management in creating high quality customer experience. The chapter consists of two main sections: customer experience management (section 2.1), in which the notion of customer experience management will be clarified holistically with an elaboration on generators of a quality customer experience management, and feedback management (section 2.2) presenting the definition of feedback management and its function in producing quality customer experience.

The main objective of chapter 3 is to design a feedback management system for Långvik employing gathered information. The chapter consists of three main sections: methodology (section 3.1), introducing the procedure through which this study is conducted, company's profile (section 3.2), presenting the hospitality industry Långvik is operating in, its current approach to feedback management and how a feedback management can improve the hotel's position and direction of designing the system, producing the concrete design of a feedback management system for the hotel.

2 Literature review

The targets of this chapter are to review the concept of customer experience management in details and reveal the roles of feedback management in creating quality customer experiences.

2.1 Customer experience management

A customer experience is synthesized with accumulated sensory information from every interaction the customer has with the commodity (either product or service) (Carbone & Haeckel 1994). It engenders a sense of connection in customers, through which they can interpret their independent appreciation to the values of the commodity (Hislop 2001).

2.1.1 Customer experience as the key to customer loyalty

It is critical to bear in mind that customer experience is simultaneously tangible and intangible (Carbone 2004, location 370). For instance, a typical experience of a customer at Starbucks includes not only freshly brewed coffee but also the atmosphere originated by the spaciousness in the shop design, the intentionally preserved aroma from the ingredients, the music play list that is designated specially for Starbucks, the personalization of every order and the cordial welcoming from well-trained staff (Schwartz, 2008). This holistic experience Starbucks provides to its customer is the crucial element in the company's customer-centric approach and the worldwide leading position in coffee chain with revenue of 13,3 billions USD of revenue in 2012 (Jadhav 2014). Moreover, it indicates the willingness of customers to pay for the experience instead of only the tangible products or services (Carbone 2004, location 795). Values, both functional and emotional, that customers obtained from personal reflections upon their experiences with the commodity are the principal inputs for customers to decide their predilection for one specific experience over others. Customers with predilection have tendency to seek for their preferred experiences repeatedly, which eventually converts them into loyal customers (Carbone 2004, location 1262).

For first time customers, the initial experience with the commodity ascertains the level of loyalty they should have for the company (Griffin 2002, 19). Customer loyalty is simplistically defined as the repetition of purchases of one particular product or service by a customer (Griffin 2002, 05). Much research has demonstrated that customer loyalty is a significant element in generating more profits and eventually determines success for businesses across sector (McGovern & Moon 2007). Jill Griffin, in his book "Customer loyalty: how to earn it, how to keep it" (2002, 18), identified occasions within the "purchase cycle" that customer loyalty is stimulated:

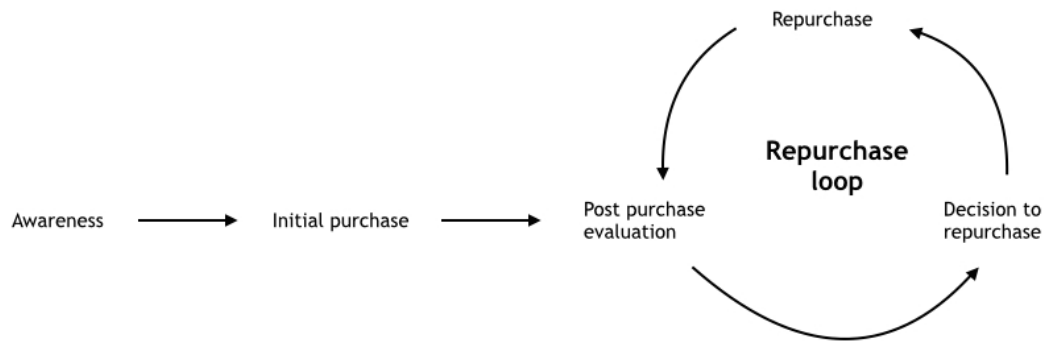


Figure 1: The Purchase Cycle (Griffin 2002, 18)

In the presented purchase cycle, Griffin (2002, 19) emphasized that loyalty is originated in the initial purchase, when a customer has an actual experience with the commodity, from which he/she will place his/her own assessment on the commodity based on the quality of the experience. This assessment is the crucial material for the customer to determine whether to repurchase or not in the succeeding stages of the purchase cycle (Griffin 2002, 19). Consequently, companies desiring to leverage the customer loyalty for their products or services should identify what type of experience would induce customers to repurchase.

According to Carbone (2004, location 1001), customers resonate with their experiences with both emotional and rational experiential memories occurred while directly interacting with the commodity, which differentiates customer experience from brand experience. Brand experience is accumulated via four factors: impression a brand leaves for the customers through its visual appearance or referrals, interaction that it has with the customers either indirectly or directly, its responsiveness to the needs of the customers through the display of its value propositions either during a physical contact with the customers or other promotional channels and its vision to contribute to the future (Anand n.d.). In précis, brand experience reflects the overall perceptions of people (including both customers and potential customers) assembled through a variety of direct and indirect contacts with the brand, while customer experience is conceived by the customers at one particular occurrence of commodity interactions. According to Leonard Berry (1999, 201), this difference distinguishes the impacts of the customer experience on the perception of brand values from those of brand experience. Customer experiences directly influence purchase decisions and referrals of existing customers (Goodman 2009, 05) while brand experience, to a subtler extent, affects the purchase decisions of both existing and potential customers. Brand experience can attract customers to consume the commodity, however, it is customer experience that determines the recommendations customers will give about the company and eventually leads to the authentic success of the business (Carbone 2004, location 1051). Thus, customer experience has the ability to

direct brand experience while the converse does not apply. Comprehending this, companies should painstakingly select suitable approaches to develop both customer experience and brand experience without compromising any benefits of both (Carbone 2004, location 1078).

For recent businesses across sectors, the definition of customer loyalty extends further from purchase reoccurrences to positive referrals (Reichheld 2011, 47). According to Reichheld in his HBR review article (2003), “loyalty is the willingness of someone to make an investment or personal sacrifice in order to strengthen the relationship”. This definition derives from the fact that in numerous industries, the commodity has enduring values prompting no request for second transaction in a relatively near future. From this viewpoint, defined loyal customers not only repurchase but also risk their reputations to recommend the experiences they have had with the commodity to their networks (Reichheld 2003.). This extended definition of customer loyalty also presents further approaches towards customer loyalty and experience management as the referrals from customers are largely influenced by the experiences they have had. There are various channels for customers to recommend their experiences to others, classified into two primary categories: virtual and offline word-of-mouth (Goodman 2009, 17). According to Goodman (2004, 17) 4 out of 10 people actually become consumers after hearing good recommendations from their friends when while 12% of online customers who have had bad experiences inform at least 60 more people on their friend lists (TARP 2008).

In short, customer experience is a crucial factor in maintaining and elevating customer loyalty. Companies should focus on generating meaningful experiences that connect to and generate additional values for their customers.

2.1.2 Components of customer experience

As discussed in previous section, customer experience is the crucial ingredient to customer loyalty and authentic business success, yet it is a complex combination of intangible and tangible elements, intertwined with each other (Carbone 2004, location 1545). Before deciding on any strategies or initiatives on customer experience management, besides understanding its definition and basic fragments (as presented in section 2.1.1), companies should understand the originators and classifications of customer experience to determine a holistic customer experience management strategy (Carbone 2004, location 1262).

2.1.2.1 Experience originator

A complete customer experience involved three elements: expectations, the actual transaction and concurrent observation. (Berry et al. 1985, 44-52).

Before the actual transactions, customers have particular perceptions of the commodity derived from the promotion materials, their own comparison of different brands and referring sources (Berry et al. 1985, 44-52). Customers before the actual encounter with the commodity have expectations that they anticipate the companies to fulfill. Companies should thoroughly comprehend their customers' expectations to invest in the necessary services, which maintains the expenditures reasonable. In addition, this knowledge enables the companies to create the first good impressions, which stimulate customers to continue with the same commodity and give positive recommendations to others (Wilson et al. 2008, 55.).

The most influential experience originator is the actual transaction, which includes every direct touch points between the customers and the vendors (either salespeople or virtual checkout) (Berry et al. 1985, 44-52). During the transaction, customers alter their expectations continuously in accordance with their instantaneous observations and constantly have judgments consciously and subconsciously through their corporeal sensing channels (Carbone 2004, location 1290). The output of the transaction is the last impression that customers mainly reconnect to while rationalizing sensory experiences. If compared on the same scale, the last impression is more prominent than the first impression in term of determining repurchase behaviors (Chase & Dasu 2001, 172-176.).

The third experience originator is the concurrent observations of customers of the transaction environment (Berry et al. 1985, 44-52). Customers consciously and subconsciously observe their surrounding including parts of the stores or virtual platform, which are not in direct contact with them and other customers (Berry et al. 1985, 44-52). These observations are not typically what customers recall unless there was an exceptional incident that generate vivid and long lasting flashbulb memories for customers (McCloskey et al. 1988, 171). In the later situation, customers will mainly base their general opinions about the commodity using this observation as the main anchor (Berry et al. 1985, 44-52).

Although the three originators have various scopes of influence on the customer experiences, companies should ensure that all of them leave positive remarks for the customers to avoid situations where extraordinary segments of the experience are nullified by the negative ones, resulting in average customer experience, not worth repurchasing for the customers (Carbone 2004, location 1327).

2.1.2.2 Customer experience classification

Based on customers' perception about quality, customer experiences are listed in three categories: rejection, acceptance and preference (Carbone 2004, location 1279).

Rejection reflects the experiences that fail to fulfill customers' experiences or cause unexpected disappointment during the transaction for the customers. Customers with experiences listed in this category have tendency to refuse or even give negative referrals about the companies (Carbone 2004, location 1379.).

Customers with acceptable experiences perceive the transaction as mediocre and do not voluntarily endorse the companies authentically. There is no exceptionally unsatisfactory or great factor in acceptable experiences, which turn the customers away from repurchasing the commodity (Carbone 2004, location 1379.).

In opposition to the previous two categories is preference experience, which happens when the three originator elements are well conducted and there is at minimum one outstanding one among the three that leaves a distinct impression. Customers with preference experiences have tendency to positively advocate the companies to their networks, are more likely to commit to the brands and eventually become loyal customers (Carbone 2004, location 1379.).

As negative recommendations are as powerful as positive ones (Carbone 2004, location 1327), companies should identify the sources of nuisance for customers to reduce the rejection experiences, mitigating the detrimental word-of-mouths; at the same time recognize features in their services or products that generate preference experiences to obtain more loyal customers.

2.1.3 Quality customer experience management

Quality customer experience management is consisted of three principles: experience considered the value proposition of the commodity, measures of the experience and system to administer those measures (Carbone 2004, location 1388).

Value proposition is conventionally defined as the functionality of the product or service, which will be consumed and paid for by the customers (Lincoln 2011) while the customers actually expend for the overall experience of using the commodity as in the case of Starbuck, when customers are willing to spend more for a cup of coffee whose original cost is at most 2 pounds (Carbone 2004, location 795). This approach to value proposition of a commodity can refine the margin of expenditure and returning to the company of a customer. Thus companies should expand their management scope of value proposition while defining the portfolio of their products (Lincoln 2011.).

Once defining value proposition as experience, companies should determine measures of the experience (Carbone 2004, location 1388). Experience is measured in two dimensions: hu-

manic (sentiments from interacting with people during the experience) and mechanic (sentiments from responding to the actual commodity) (Carbone 2004, location 1441). These two dimensions are further classified into details such as the décor of the store or the manner of the staff (Carbone 2004, location 1464); the balance between mechanic and humanic measures varies in accordance to the nature of the commodity, yet it is important for companies to fully identify all experience measures as each of them can influence the purchase behavior along with the referrals of the customers (Carbone 2004, location 1464).

The third principle in quality customer experience management is to design administrative systems based on measures of the experiences. Systems are generally costly and demote the flexibility of the business; therefore, they must be designed based on the needs for their functionality and synergy within the companies (Ackoff 1999, 16.). Applied this notion to system design for customer experience management, Stephan Haeckel (2003) introduced the concept of backward design, in which experience as value proposition is the starting driver that generates both existing and desirable measures of the experience, which eventually depicts the back office management mechanism of the experience. The system shall be evaluated and adjusted based on the end result of customer experiences, which appeals for the need of an effective customer experience evaluation tool. (Carbone 2004, location 2073.)

2.2 Feedback management

Feedback is the response to product's quality and can either be in the form of compliment or complaints (Oxford advanced learner's dictionary 2005,563). In the corporate world, feedback is used as the measure of customer experiences and crucial material for further improvements in customer experience management (Nail & Zabin 2010, 2). As customer experience is the key to customer loyalty and ultimate growth in business (chapter 2, section 1.1), feedback management is the most essential tool to refine customer experience that builds up the desirable customer loyalty. Moreover, it is considered catalyst for customer centricity in companies' approaches (Inc, 2010). In order to utilize feedback, companies should entail essential consideration of their ultimate objectives of installing a feedback system (Inc 2010). This chapter will discuss about the importance of feedback management and its design through reviewing feedback logics.

2.2.1 The role of feedback management

Before investing into any feedback system, companies should understand how the system could translate customers' opinions into growth in customer loyalty. Nail and Zabin, in their article published in 2010, pinpointed a few essential benefits that a well-managed feedback system can induce, which are to improve market research effectiveness, operational process

efficiency and the quality of customers' problem solving. These all lead to quality customer experiences and eventually business growth (Nail & Zabin 2010.).

Market research is perceived as a complicated process of collecting and consolidating information about potential market to develop products and services that best fit the market demands (Nail & Zabin, 2010, 4). The effectiveness of market research is largely influenced by the size of the research groups and the cost of approaching them, which commonly prolong the research time. Nail & Zabin suggested these problems should be resolved by using feedback as an information gate to collect data on demand of target customers (2010, 4). In this case, the market research cost is reduced as the target group, existing customers, is already interacting with the companies. Moreover, they provide more comprehensive and truthful insights as they have experienced the product/service (2010, 4.).

In addition, using feedback as a market research tool increases the operational process efficiency (Nail & Zabin 2010, 4). Implementation of changes coming from feedback analysis can be reflected timely through the change of customer behaviors, which helps companies to react instantly: either to amend or to amplify the change.

Besides supporting the development of product/service, a well-structured feedback system allows company to resolve customers' problems on time through recognizing precisely the problem their customers are facing and connecting to the right personnel, who, in turn, can respond with reasonable recompenses for the customers (Nail & Zabin 2010, 4). Customers who have made an effort to send in complaints expect to receive reasonable responses on their problems (Barlow & Moller 2010, 63). A research conducted by TARP in 2008 showed that customers receiving unsatisfying replies to their problems averagely share their disappointments to 60 people in their friend lists (Goodman 2009, 17). It proves complaints that are not responded or responded poorly are the source of negative words of mouth. On the other hand, customers given extraordinary compensations for their problems reported have tendency to repurchase the services or products and promote their experiences positively to their friends (Barlow & Moller 2010, 105.). This can be explained in behavioral science as reciprocity: people react amiably to pleasant occurrences while turning hostile to unpleasant ones (Fehr & Gächter 2000, 159 - 181). On top of that, the experience of gaining special compensation per complaint encourages a stronger positive referral in customer, which was proved in the research of Barlow & Moller (1996) that customers received good recompense have tendency to recommend their experiences to five people while customers with initial good experiences only recommend to three people (Barlow & Moller 1996, 42).

The common basis of these three benefits lies in their contribution to better customer experiences. While using feedback as market research tool takes part in providing a fulfilling cus-

customer experience, its practicality in customers' problem solving ensures all customers will relatively end their experiences with positive memories (Nail & Zabin 2010, 5.). Companies that can integrate these three benefits in one feedback system will have a strong competitive advantage in the field of customer loyalty.

2.2.2 Feedback management design

Prior to choosing a feedback system, companies should understand its functionality and logic to ensure that the system can reach its optimal operation and meet the needs of the companies.

2.2.2.1 Compliments and complaints

The most essential classifications of feedback are compliments and complaints. They have equally important contributions to customer experience improvement, nevertheless, companies tend to either avoid complaints or only focus on resolving them while neglecting the positive feedback from customers.

Barlow and Moller research has showed that complaints vary per customer; they can be constructive or personal, solvable or irresolvable depending on the complaint givers' situations and personalities (2010). As indicated in the previous section (2.2.1), complaints influence customer loyalty directly and indirectly through the instant decisions of the customers suffering from the service malfunctions and their words regarding the incidents afterward. Inattentive attitude towards complaints can result in unfavorable reputation for the companies and long-term negative affect on their brands (Barlow & Mollew 2010.).

In the second situation, when companies focus on resolving complaints and neglect positive feedback, they squander an opportunity to identify and promote their unique market differentiators. These differentiators are outstanding features of the service/product that majority of purchasers remember from their own experiences and recommend to their networks. Companies can capitalize on these opinions to identify distinctive strengths of their services or products, develop them to outstanding level compared other companies in the same market and obtain unique brand positioning (Reichheld 2003.).

Complaints and compliments are two different spectrums of feedback, which should be gathered separately from two distinctively designed channels. It is important for companies to pay equal attention to them at the same time utilize them in according to their unique contributions to building customer loyalty.

2.2.2.2 Feedback loop

The purpose of collecting feedback is to issue corresponding response on the mentioned topics and install improvements if needed (Nail & Zabin 2010, 2). The translation of feedback from its original records (in form of words, numbers, images or sounds) to suitable actions is a continuous process called closed-loop feedback as demonstrated in the figure bellow (Hallett n.d)

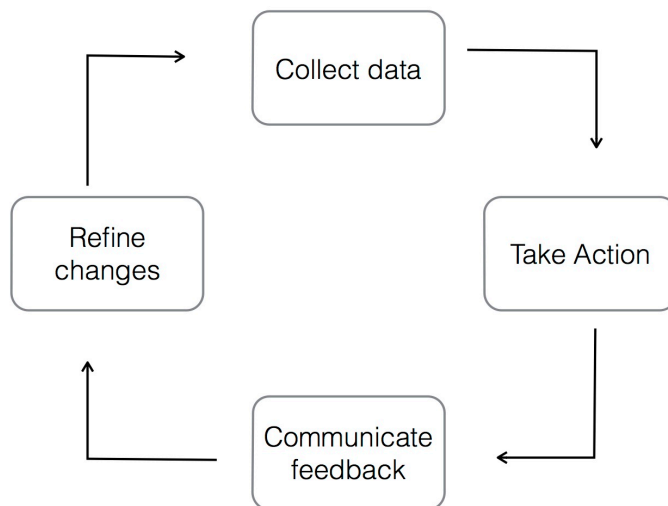


Figure 2: Closed-loop feedback (Hallett n.d)

The process starts with forming the interface of feedback system through defining the feedback group and the metrics needed evaluation, based on which the responsible personnel and communication channels will be determined.

There are several metrics that can be measured through feedback loop; companies need identify which metric can satisfy the need for development in the companies (Hallett n.d). The most common metrics are customer satisfaction score, which directly measures how happy the customers are with the offerings, customer advocacy scores (net promoter score), measuring the basis of customers' recommendations regarding the services or products (features & frequency), and problem resolution rate, reflecting customer interaction efficiency (Nail & Zabin 2010, 9). There is no valid argument regarding which metric is the most beneficial or feasible, the choice is influenced by the customers' preferences and the development need of the companies (Nail & Zabin 2010, 9.).

The selection of metric and the average customer persona dictate the communication channels of the feedback (Nail & Zabin 2010, 7). Feedback channels are classified into human and non-human, in which the former happens through interactions with companies' personnel via phone calls, meetings or focus groups and the later takes place via automatic machinery system such as written form or online survey (Nail & Zabin 2010, 7). Another influential factor in

deciding feedback channels is the resources of the companies in both HR and financial capacities.

Data collection stage is finalized when data is analyzed and communicated to departments for further actions. These departments are mainly management boards, which have the power to decide on changes in customer experience management process of the companies based on the meaning of analyzed feedback (Hallett n.d). If there is no applicability for decision, the first stage should be revisited and adjusted to gather actual meaningful information (Nail & Zabin 2010, 7).

Decision made based on collected feedback, regardless of its scope of impact, should be communicated to department in charge of implementing the changes and the customers as expectation setting regarding upcoming change in the service or product and its delivery. This step provides the decision makers a glance through reactions to the change and elucidative suggestions to redefine the change (Hallett n.d.). Once the change has been in place for a reasonable period time that allows customers to adapt to and have objective opinions about it, the loop will start again (Hallett n.d).

Transparent and effective communication in both vertical and horizontal dimensions is recommended to maintain the feedback loop and measure its efficiency (Nail & Zabin 2010, 7). Both front office and back office should have the holistic understanding of the entire feedback loop and specific knowledge regarding their individual responsibility in the loop (Nail & Zabin 2010, 7). In addition, the effective communication can enable the response upon feedback to customers (Nail & Zabin 2010, 7). Responded feedback is proved

3 Feedback management system for Långvik

The empirical study of this thesis is conducted in form of development work for Långvik hotel. The hotel is launching an important partnership in their business peak in summer 2014, which shall remain undisclosed in this thesis due to the confidentiality of the information, and plans to improve its overall services, a part of which is to introduce new feedback system. The renovation is expected to fulfill the partnership requirements and increase customer visits (both new and return) over the summer time.

This chapter will describe the development of new feedback system for the hotel through reviewing all conducted research and analysis and present the feedback system, including the feedback form, and suggestions for front-office-back-office synergy to implement the system.

3.1 Methodology

The thesis takes the qualitative research approach through semi-structured interview with customers and the hotel executives and observations from the author and other classmates taking part in Långvik project course (not related to this thesis). Semi-structured interviews are prepared with topic and questions beforehand and allows the interview flow to be flexibly adaptable to the answers of the interviewees (Gillham 2005, 70). In addition to the mentioned information, this thesis employs secondary data collected from literatures and online sources related to the research topic.

All conclusions within this thesis are produced through deductive approach, in which specific statements are induced from general hypotheses tested with collected qualitative and quantitative data (Snieder & Larner 2009).

3.2 Hotel industry brief review

In Finland, hotel industry is predicted to grow continuously in the next few years due to the country's focus to develop the tourism sector (Finland's tourism strategy to 2020 n.d) and the increase in foreigners' visits (1,1% increase in 2013 compared to previous year) (Statistics Finland 2014). The dominant competitor in hotel industry is Sokos hotel with 16% market share in year 2013, followed by Radisson Blu with 4% market share (Euromonitor 2013). These statistics indicate an intense competition in hotel industry in Finland with a variety of players differing in size, offerings and prices. (Detailed information regarding Finnish hotel market share is not available.)

In Helsinki region, hotels are divided into two main streams: hotel chains (such as GLO, Sokos, Crowe Plaza and Scandic) with several premises and independent hotels (Långvik, Fabian, K Klaus) with only one facility (Palonpera n.d). Hotel chains are dominant group in term of luxurious quality as they have standardized services at all premises, which, on the contrary, leaves little space for innovation while the independent hotels are more diverse and are more inclined to changes. Belonging to the second category, Långvik should capitalize on this small margin of change to implement extraordinary features in their services before larger competitors could react.

Up until the present time, the majority of hotels in Helsinki region are still using printed feedback forms and online feedback surveys on their own websites or affiliated pages, which poses an appealing opportunity for innovation in this area for more effective feedback method. This information comes from personal experience and conversations with experts in the field, actual data is not available.

3.3 Customer profile in Långvik

There are two main customer groups staying at Långvik: business customers attending conferences or meetings hosted at the hotel or couples or group of friends staying for a weekend holiday. The main target group of this research is couples and groups of friends staying for a weekend, who are the major customers for the summer business peak of Långvik. This section will describe their personas and their preferences toward the hotel service and its feedback management. Findings in this section are the outcomes of Långvik-partnered course at Laurea University of Applied Sciences in January 2014 and interviews with the customers conducted by the author.

The average age of this target group is 30s, Finnish living in Helsinki region. Most of them are households with high incomes and have interest in healthy lifestyle and sports, which is satisfied with sophisticated wellness service of the hotel, well-equipped gym and outdoor sport facility in the summer. Most of them visit the hotel for weekend holiday, either for reunion with friends or quiet times away from work and children.

The interviews were conducted on a Saturday, the peak of business during the week. 25 customers with described profile, nearly 80% of the guests staying at the hotel on the chosen day, attended one-on-one semi-structured interviews. When surveyed about the most favorable part of the provided services (in form of open question), 20 guests, who are not related to each other, gave the same answer. This indicates there is one major positive service that are favored by most of the guests, which should be accentuated more through promotion channel of the hotel as one of its unique characteristics. During the interviews, 23 guests admitted that generally while staying at hotels, they do not fill in the printed out questionnaire truthfully unless there is a major incident that exceptionally disturbs their staying and revealed that small disturbances that they do not write down in the printed feedback form keep them from coming back. Verbal feedback to the staff is not a common practice for the interviewed guests, only 2 out of 25 interviewees reportedly have given the staff verbal feedback. Common reason for not giving feedback is their general assumption that feedbacks are not actually recorded and acted upon. Additionally, the interviews revealed that returning customers are more willing to give feedback to the hotel provided that they are responded. These statistics reveal that there is only a slight chance for the hotel to actually understand their customers' opinions towards provided services to improve the services timely so that the customers would revisit the hotel. Consequentially, this influences the prospect of creating loyal customers for Långvik.

3.4 Feedback system design

This session will focus on devising a new feedback system for Långvik with step-by-step approach, indicated in separate sub-sessions.

3.4.1 Current feedback system

The current feedback system at Långvik includes printed feedback forms provided in the room and virtual feedback form on the homepage and via affiliated websites. The feedback uses ranking method for three main categories: general hotel service, restaurants and wellness and is concluded by a freeform comment space. The feedback is recorded and analysis manually by the hotel manager, who subsequently reports to other hotel executive members. Below is the grid comparison of the 2 main feedback channels used by Långvik ranked in 1-5 scale. Authenticity indicator reflects the explicitness and honesty of the given opinions; customer responsiveness indicator reflects customers' frequency of responding to filling in a feedback form; back-office communications indicator reflects the effectiveness of information flow regarding received feedback in the back office sector and cost indicator reflects the implementation costs of current feedback channels. The indicators are chosen based on advice of the hotel executives and author's observations.

Table 1: Grid comparison of virtual and paper feedbacks

Indicator	Paper feedback	Virtual feedback
Authenticity	2	2
Customer responsiveness	2	1
Back-office communications	2	2
Cost	4	5

Both of the methods rank low in authenticity. Most of encounters with the hotel environment the guests have, except for shocking incidents, are recorded in short-term memories, which deteriorate within a short period of time before the customers have access to the feedback form (Interviews, 23rd March 2014). Therefore, information filled in these two feedback channels is general and ambiguous judgments, which do not allow the hotel to understand the root issues. Paper feedback ranks higher in customer responsiveness due to the physical presence of the feedback form in the room, yet it does not accumulate to absolutely high numbers of feedbacks from customers. Back-office communications of both methods are in low rank due the lack of analysis and follow-ups from the central information collector and the absence of vertical communications to the staff. This lack of transparency in communications

is not effective; it hinders the enforcement of changes and the expertise development of the staff. The only indicator that is ranked high for both channels is the cost.

In short, the current feedback management process of Långvik does not encourage customers to give the best possible feedback, which causes the hotel difficulties in identify the reason for customers return or not return to the hotel after the first staying. Customers who do not give feedback squander a chance for the hotel to resolve the disturbance or enhance their strong features to capture the interest of their customers for further service purchase. This is also proven in a TARP research conducted for Motorola that reveals unreturned calls, which customers rarely complain about, cause 20% - 30% drop in customer loyalty (Goodman 2009, 7).

3.4.2 Metrics suggestion

The current metric used in feedback system of Långvik is customer satisfaction. Nevertheless, this metric has not been measured attentively, does not capture the humanic aspect of hotel customers' experiences and is incapable of identifying the root causes for customer loyalty (Appendix A). This session shall present suggestion for new feedback metric to the hotel based on its needs for development.

The interviews conducted with hotel guests revealed that there are customers who are willing to return and recommend the hotel for certain extraordinary services they offer, while there are guests, who are generally satisfied with the service they receive but not absolutely convinced for a second stay at the hotel. Moreover, 10 out of 25 interviewed guests reported that they were recommended to visit Långvik by their friends or family members. This indicates the hotel needs a metric that can identify the factors that retain customers and factors that turn customers away after the first stay, which can be determined with Net Promoter Score (hereby referred as NPS).

NPS measures to which extent a customer is willing to recommend his/her experiences positively to others through their ranking on scale 1-10 about their inclination to endorse the experience. This metric functions with the primary principle of classifying customers into three categories: promoters, customers that answer NPS survey with 9 - 10 score and are highly likely to repurchase the experience or recommend it to their friends, passives, customers that answers NPS survey with 7 - 8 score and generally satisfied with the experience, yet will consider competitors for better alternatives, detractors, customers that answer NPS survey with 1 - 6 score and are generally unsatisfied with the service they have. In addition to measuring the level of customer advocacy, NPS is able to identify the roots of customers' evaluations via follow-up in form of either open-ended or multiple questions. Although here are a few more dimensions of customer advocacy that NPS can measure, this thesis will focus on its most pri-

mary features, which are measuring the willingness to recommend and identify the reasons implied in the given scores (Reichheld 2011)

3.4.3 Content

This session will present the actual content that will interact with customers with further analysis the applicability of NPS metric in Långvik hotel. The overall structure (table 2) of the feedback will be the same for different evaluate targets while the follow-up questions shall be tailored to the distinctive natures of each evaluation target (table 3).

Table 2: Structure of the feedback form

<ol style="list-style-type: none"> 1. Introduction 2. Information of the guest 3. Recommendation question 4. Problem identification questions 5. Closing

The purpose of the introduction is to express why the hotel is interested in their customers' opinions and the actions they will take upon given feedbacks. This outlines the values of taking the feedback for the customers and encourages them to fulfill the survey more constructively (Szwarc 2005, 127). This part will be drafted in Finnish by the hotel to ensure the brand alignment of all visual and verbal components.

Followed the initial part is the information of the guest to ensure that the hotel staff can follow up with the feedback if any action is needed. As detailed guests information can be found in the reception system, suggestively this part should be short and simple.

The main part of the survey is consisted of two crucial questions about the likelihood of recommending Långvik's services and the problem identification question.

The survey is concluded with the closing to appreciate the customers for answering the questions and reiterate the importance of their opinions. The notion of placing the closing at the end of the survey comes from reading about Chase and Dasu, who, in their article published in 2001, took the behavioral approach to explain why the closing should be appropriate that human being has inborn inclination towards chronic improvement of consecutive occurrences (Chase & Dasu 2001, 174). The staff of Långvik will be in charge of drafting the closing in Finnish to ensure all visual and verbal components of the brand are aligned. Suggestively, the contact information of the executive responsible for feedback should be included in the closing in case customers have concerns regarding the feedback. This also creates positive antici-

pation towards the feedback response and encourages the customers to participate in more surveys (Szwarc 2005, 138).

Table 3: Question lists

Area	Questions
Hotel facility	<ol style="list-style-type: none"> 1. How likely is it that you would recommend Långvik's facility to a friend or colleague? 2. What would you recommend/want to change in the hotel facility? (Multiple-choice question followed by open-ended question: "how can this item be better improved?") <ol style="list-style-type: none"> a. Atmosphere b. Hygiene c. Room facility d. Reception e. Overall staff performance
The restaurant	<ol style="list-style-type: none"> 1. How likely is it that you would recommend Långvik's facility to a friend or colleague? 2. What would you recommend/want to change in the restaurant? (Multiple-choice question followed by open-ended question: "how can this item be better improved?") <ol style="list-style-type: none"> a. Menu b. Price c. Restaurant hygiene d. Restaurant staff
Wellness area	<ol style="list-style-type: none"> 1. How likely is it that you would recommend Långvik's facility to a friend or colleague? 2. What would you recommend/want to change in the wellness area? (Multiple-choice question followed by open-ended question: "how can this item be better improved?") <ol style="list-style-type: none"> a. Spa treatment b. Gym c. Swimming Pool d. Jacuzzi area e. Amazon shower f. Sauna g. Salt room h. Wellness staff i. Hygiene of wellness area

Långvik focuses on three departments of its service: the hotel facility, the restaurant and the wellness area (spas and gym), each of which consists of distinctive components, thus, the recommendations or complaints from these departments are in different spectrums and need different question sets to measure. The suggested options for multiple-choice question are accumulated based on suggestions of interviewed guests, hotel executives and author's observations.

3.4.4 Physical display

This session will describe the physical display of the feedback at the hotel, including description and explanation about the location and use of technology in displaying the feedback survey.

The feedback survey will be coded into tablet application using the existing digital marketing technology. According to Jeffrey Rayport in his article published on Harvard Review Press, the technology of this century is capable of replacing manual operations effectively through their versatile interfaces and functionality. Jeffrey also supported his point with the example of Amazon's homepage, which has replaced largely the human contacts in customer interactions between buyers and Amazon from the beginning of the business and helped Amazon to claim one of the best customer service store title (Rayport & Jaworski 2004, 199,200). Tablet technology allows the hotel to update and the feedback form effectively in low cost and utilize this digital interface to communicate with the customers about changes made upon their feedback. As Barlow and Claus explained in their book, customers expect something to happen in response to their feedback, the open communications about changes based on feedback can motivate customers to express their opinions more frequently and feel their contribution towards the hotel's growth (Barlow & Claus 2010, 63).

Moreover, the application can simplify the data analysis process and generate consolidated records of raw feedback instantly, allows the hotel to make small reasonable changes immediately. The application shall be further developed by "Moodpointer", a digital marketing app development firm based in Finland. The firm has contacted Långvik to proceed on with the app creation.

There will be 3 tablets with 3 different survey targets installed respectively at the reception, restaurant area and the spa reception. According to the executives, these are the most visited locations within the hotel premise.

3.4.5 Back-office synergy

As mentioned in session 2.2.2.2, an effective feedback loop requires communications and actions from the back office (Hallett n.d). This session shall suggest essential synergy the back office department should have with front office to enforce an effective feedback management process at Långvik.

With the assistance of tablet application technology, back office manager is able to receive the feedback consolidation of the previous operation day. The manager should be able to identify the urgent issues to resolve promptly and classify remaining information into archives for further discussions with the executive board.

The most crucial part of this synergy is the vertical communications, both upward and downward. As Gibson and Hodget mentioned in their work published in 1991, vertical communication can flatten the organization, effectively delegate responsibility towards from the management level to the subordinates, which in turn fosters healthy autonomy from the low level employees and eventually enable changes to happen faster (Gibson & Hodget 1991). In order to create the vertical communications at Långvik, the hotel staff should be equipped with adequate understanding of the new feedback system and have their roles clearly defined and comprehended across all levels of management.

A long-term perspective that executive board of Långvik should consider is the change management for the hotel. Change management ensures that the organization can sustain through tremendous modification of the business (Marshak 2005). As mentioned in 3.4.2, NPS metric has more complex dimensions to employed, which confirms that the full enforcement of NPS metric requires executives with experiences in advanced statistic analysis and delegating autonomy to staff and the staff experienced in making autonomous decisions. These components are not in place at the hotel and require time and resources to establish them stably. Therefore, the author suggests Långvik to gradually introduce the new system to the hotel and have a long-term plan aiming at operating the fully advanced feedback system on NPS metric.

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Appendix 1 Current feedback form of Långvik

Name:

Telephone:

E-mail:

Address:

Time of the vacation:

Hotel world:

	1	2	3	4	5
Hotel room					
Hotel service					
Hotel atmosphere and ambience					
Expectations realization of hotel services					

Restaurant world:

	1	2	3	4	5
Food product					
Service of restaurant					
Restaurant atmosphere and ambience					
Expectations realization of restaurant services					

Wellness world:

	1	2	3	4	5
Spa department					
Wellness-treatment					
Service of wellness world					
Wellness department atmosphere and ambience					
Expectations realization of wellness services					

Freeform comments on our services:

Appendix 2 Interview questions for staying guest

What do you like most about Långvik?

How do you fill in the written feedback form?

Why don't you give detailed feedback?

What are the other forms of feedback you have given to the hotel?

Are you first time customer or return customer?