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Prime Mover

Improving Customer Satisfaction

Case: Compass Foreign Language Training Centre, China

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Today, the competition among enterprises is growing in intensity and organizations of all types and sizes have increasingly come to understand the importance of customer satisfaction and good services. The purpose of this study is to investigate the present level of customer satisfaction with language training institutes and find out any possible areas of improvement. This thesis will discuss and analyse the factors that influence the customer's level of satisfaction and assist the case company to analyse the current situation and identify any existing problems with their services.

The theoretical background of this thesis comprises theories concerning service, service quality, and customer satisfaction. Service characteristics, service classification, the four elements of good service are introduced in the beginning of the theoretical section. The core discussion concerns the main factors influencing customer satisfaction: customers' expectation, customers' perception, and service prices.

The empirical study of this thesis was accomplished by quantitative research using a questionnaire. The questionnaire was designed on the basis of theoretical study related to service quality and customer satisfaction. It was distributed at the case company for a period of one month.

Based on the research results, the level of customer satisfaction level in Compass would be judged as positive. Although the majority of customers were satisfied with the overall service quality of the case company, several areas for improvement were found. In order to improve customer satisfaction, it is recommended that Compass should improve the service environment, adjust the service price, increase the employee's training in order to serve customers better, keep promises to the customers, and adjust marketing communication promptly.

Key words Customer satisfaction, Service, Service quality

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1 Introduction

1.1 Study background

Nowadays, the competition among enterprises is growing in intensity. Organizations of all types and sizes have increasingly come to understand the importance of customer satisfaction and good services. In general, satisfaction is a person's feeling of pleasure or disappointment resulting from comparing products' or services' perceived performance in relation to his or her expectations (Bashir 2009-2010). If the performance falls short of expectation, the customer is dissatisfied. If the performance matches the expectation, the customer is satisfied. If the performance exceeds the expectation, the customer is highly satisfied (Bashir 2009-2010). Most businessmen know that the management concept of quality first and customer paramount is essential. It is an important factor influencing the enterprise's profitability. In today's economy, customers demand better products, better services, and better value for their money. In order to satisfy the consumers, companies have to understand customer feedback of their products or services. Therefore, customer satisfaction surveys are conducted constantly in order to understand the wishes and needs of customers, thereby improving the quality of products and services.

In recent years more and more people consider that studying abroad or working abroad would be a way for further development in China. More and more parents hope their children have an opportunity to go abroad to pursue their studies. Passing IELTS, passing the TOFEL, passing other foreign language tests are becoming a necessary channel which leading to study abroad or work abroad. For that reason language training institutions are gradually becoming a popular educational industry in China. This thesis will research the level of customer satisfaction at a small language training institution concerning their service quality.

1.2 Case company overview

The case company of this research was chosen to be Compass Foreign Languages Training Centre, Tianjin, China. The author has participated in the IELTS training courses for half a year at Compass before she came to Finland and this is how the author found the subject for her thesis. Compass Foreign Languages Training Centre is one of the study abroad training organizations which offer language training and study abroad services. The business scope of this company covers IELTS training and the application service to studying or working abroad.

Compass Foreign Languages is Tianjin's leading English language training centre, operating since 1999 and located in Heping District, a central, up-market area of Tianjin. It is a privately-owned company run by Chinese and western managers.

1.3 Purpose of the thesis

The purpose of the study is to investigate the present level of customer satisfaction with language training institutes and find out any possible areas of improvement. This thesis will discuss and analyse the factors that influence a customer's the level of satisfaction and assist the case company to analyse the current situation and find out any existing problems with their services. The study will also be combined with empirical study in order to solve the practical problems and give useful suggestions and solutions about how to improve and promote customer satisfaction. The research questions are to find out the current level of customer satisfaction with the services offered by the case company and to find out which areas of the services could be improved according to the survey of customer satisfaction.

1.4 Research approach

The main research context is to investigate if the customers were satisfied with two services provided by the case company, which are IELTS courses and the application services to studying or working abroad. The quantitative research method, which often uses the questionnaire, is used in this thesis. All the data will be collected and analyzed by SPSS software. Based on the result of the study, the author will give the findings and suggestions to help the case company improve their level of customer satisfaction.

1.5 Theoretical approach

In this thesis, the author focuses on three primary studying areas in the theory background. These include the areas of services, service quality, and customer satisfaction.

In the services area, the concept of services, service characteristics, service classification and the elements of good service will be discussed. The area of service quality will cover the dimensions of service quality, a gaps analysis of service quality, and the relation between service quality and customer satisfaction. The definition and importance of customer satisfaction, measuring customer satisfaction and factors affecting customer satisfaction will be discussed in the customer satisfaction area.

1.6 Framework of the thesis

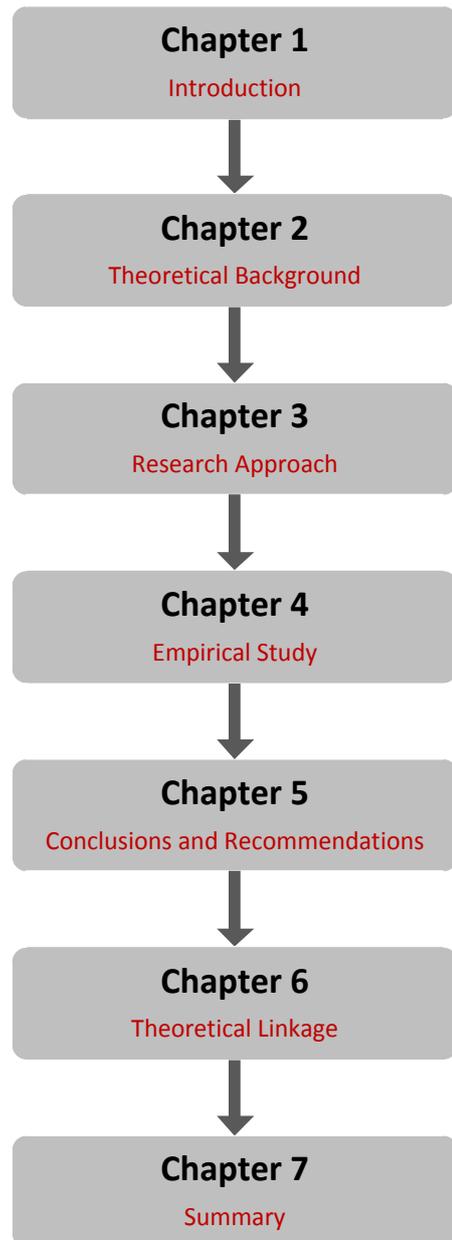


Figure 1: The structure of the thesis

As is shown in figure 1 above, this thesis consists of six different chapters.

The first chapter is the introduction, which includes the study background, case company overview, purpose of the study and research problem, the research approach, theoretical approach, and the framework of the thesis.

The second chapter is the theoretical background, which primarily introduces the necessary theories of services, service quality, and customer satisfaction to support the research. The summary of the theoretical discussion will be offered at the end of chapter 2.

In chapter 3, the research approach explains various research methods with their requirements, the validity and reliability of the research, the methodology of this study including the chosen method, the questionnaire design, and data collection.

Chapter 4 formulates the current situation and presents a SWOT analysis of the case company and illustrates the analysis of the research results with comments.

The fifth chapter presents the conclusions and recommendations, which provides the correlative findings and suggestions based on the results of the study which are included in chapter 4.

The sixth chapter is the theoretical linkage, explaining whether the chosen theory matches the empirical study.

The final chapter is the summary of this thesis.

2 Theoretical background

2.1 Services

2.1.1 Defining services

In today's economic world, service industries are everywhere. The government sector, the private nonprofit sector, a good part of the business sector such as airlines, banks, and insurance companies are in the service business. Many people in the manufacturing sector and retail sector, are really service providers. Kotler and Keller (2006, 402) define a service as "any act or performance that one party can offer to another that is essentially intangible and does not result in the ownership of anything." (Kotler & Keller 2006, 402)

In a book on service management and marketing, Grönroos (1990, 27) specifies a service as an activity or series of activities of more or less intangible nature that normally, but not necessarily, takes place in interactions between customers and service employees and/or physical resources or goods and/or systems of the service provider, which are provided as solutions to customer problems. (Fitzsimmons 2006, 4)

Earl Sasser et al. (1978, 8) in their book on the management of service operations give a precise definition of goods and services which should distinguish them on the basis of their attributes. A good is a tangible physical object or product that can be created and transferred; it has an existence over time and thus can be created and used later. A service is intangible and

perishable. It is an occurrence or process that is created and used simultaneously or nearly simultaneously. While the customer cannot retain the actual service after it is produced, the effect of the service can be retained. (Fitzsimmons 2006, 4)

2.1.2 Service characteristics

Lahtinen and Isoviita (1994, 109) mentioned the most important differences between products and services in their book on customer relationship marketing: 1) service is intangible, so it cannot be touched or displayed. 2) Service is produced and consumed almost simultaneously. 3) Service is an activity. An individual service is produced for every customer and service quality may diversify. 4) A customer is the most participant of service and he or she has direct contact with the service provider. 5) Every employee participates in service marketing. 6) The purchase of a service gives the customer access to an activity or facility, but not ownership. 7) The service cannot be resold. (Lahtinen & Isoviita 1994, 109)

Services have four distinctive characteristics: intangibility, inseparability, variability, and perishability. Intangibility is one of the most important features of services and it is the common ingredient in the various definitions of services. It means services cannot be seen, tasted, felt, heard, smelled or touched. Services are intangible and always difficult to describe. With the inexact description of services, customers are not sure how services are before the purchase and consumption. The inseparability of services indicates that production and consumption occur simultaneously. It means the service is being produced at the same time that the client is receiving it. The inseparability of production and consumption increases the importance of the quality in services. The third characteristic is variability that the service cannot be standardized as tangible products. This characteristic is mainly reflected in three aspects: firstly, due to service personnel's reasons such as psychological status, service skills, even if the same staff offers the service, service quality may differ. Secondly, the personal reasons of customers also affect the quality of services such as the level of knowledge or hobbies. The third aspect is the fact that interaction between service providers and customers will affect service quality. Between services and tangible products, the fourth major characteristic is perishability. Products can be stored and have a longer life-cycle, but services cannot be stored. The services go waste if they are not consumed simultaneously. (Kotler & Keller 2006, 405)

2.1.3 Service classification

According to Kotler and Keller (2006, 403), the service component of a company's offerings can be divided into five categories. The first is pure tangible good without accompanying services, such as soap, toothpaste. The second is tangible good accompanied by one or more services.

The third one is equal parts of goods and service. For instance, customers go to restaurants for both food and service frequently. The fourth type is a major service along with additional services or supporting goods. For example, the airline company provides the trip including some tangible products such as food and drinks. The last one is pure service such as baby-sitting. (Kotler & Keller 2006, 403-404)

Lahtinen and Isoviita (1994, 110) defined the three most important classifications of services: standard and customized service, consumer and industrial service, personal and non-personal service. An example of standard service is a newspaper company that provides the same services to all customers, and customized services are affected by insurance companies, which may provide tailor-made services according to the customer's individual needs. The second type is consumer and industrial service. Consumer service is the service provided to the final buyer. Industrial service is service provided from one business to another. Personal and non-personal service is based on whether personal contacts are needed in the service transaction. (Lahtinen & Isoviita 1994, 110-111)

2.1.4 The elements of good service

In a customer-oriented service company, the most important resources are customers and their personnel. The key is maintaining customer contact in all operations. Other departments provide internal services in order to support the customer; contact personnel can serve the customers better. Figure 2 shows good service consists of four elements: providing service, service package, service quality and service culture. (Lahtinen & Isoviita 1994, 112)

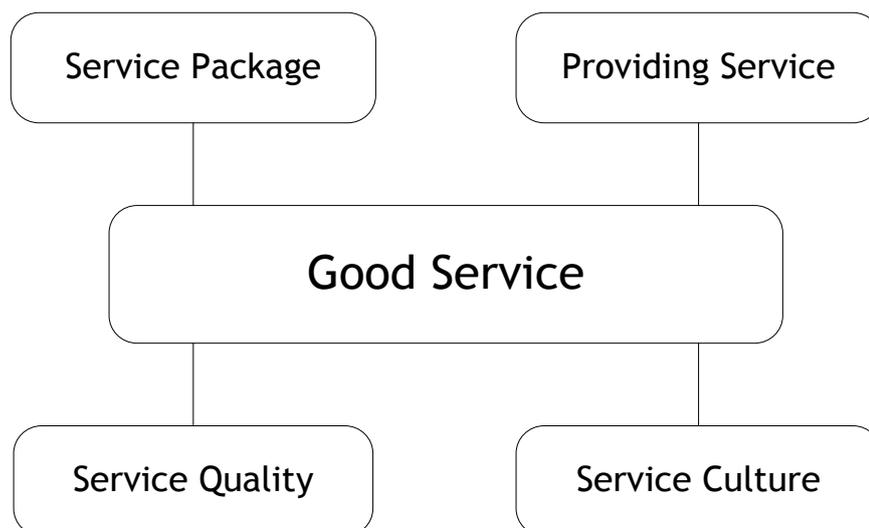


Figure 2: Elements of the service system- a basis for good service (Lahtinen & Isoviita 1994, 111)

2.1.4.1 Providing service

Figure 3 illustrates how providing a service is a series of events which includes service environment, contact personnel and other customers. During the whole service process, each customer needs to be served differently since the customer is the most important judge of service. Any companies in the service industry should pay attention to the service environment. Elaborately designed service surroundings can create atmosphere and a comfortable environment which customers enjoy. Products display with appropriate service equipment can create a positive company image and attract customers to buy. The contact personnel's professional competence and willingness to serve play an important role in the service process. The service level of contact personnel has a direct impact on whether customers are willing to purchase. Other customers can communicate their experiences to other potential customers and they have an enormous influence on the company image. (Lahtinen & Isoviita 1994, 112-113)

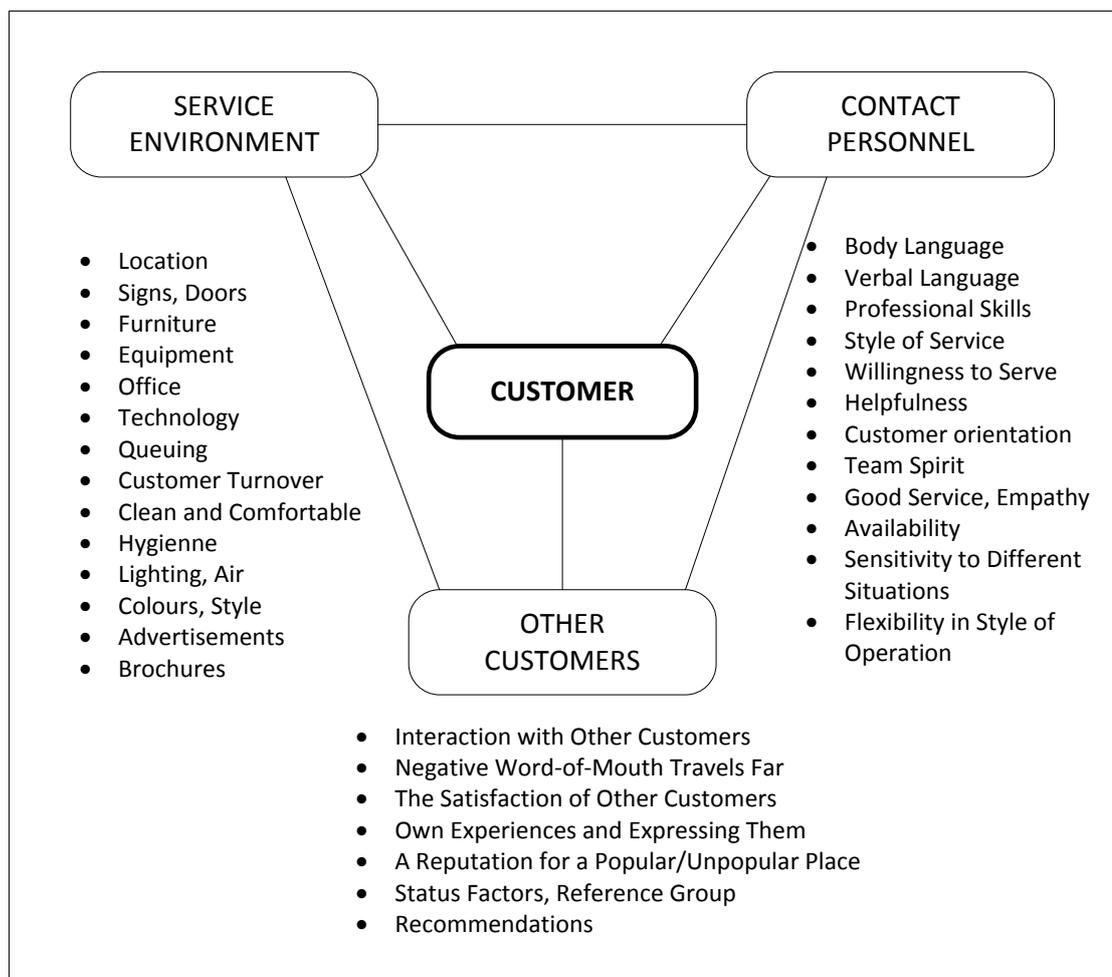


Figure 3: The elements of the service process (Lahtinen & Isoviita 1994, 37)

2.1.4.2 Service package

A service company markets service packages which consist of several services. Service packages are built around a core service and design to satisfy the customers' needs. Figure 4 presents three elements in a basic service package. The core service is the focus of the service company. For example, the core service of a hotel is providing overnight accommodations. Facilitating services cannot be performed without the core service and it makes it possible for customers to use a core service, such as the fact that a hotel requires bedroom, bathroom and other equipment to provide accommodations services. Supporting services can increase the value of the service offering such as a restaurant can be operated in a hotel. (Rao 2007, 123-124)

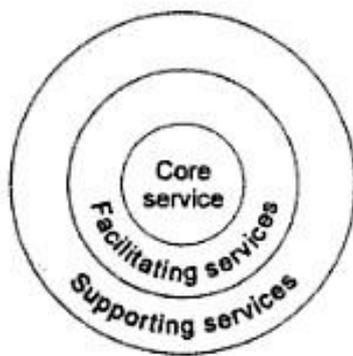


Figure 4: Basic service package (Rao 2007, 123)

2.1.4.3 Service quality

Customers evaluate service quality throughout the service process. Service quality image is affected by expectations and a service company's image and service experience (figure 5). Customers form a quality image of services when they compare service experiences with their expectations. Customers do not care about shortcomings when customers' expectations and image of the company are positive. When customers have negative expectations, they will be sensitive to enhance their previous attitudes. Expectations consist of customers' previous experiences, values and needs; other customers' experiences and opinions; advertising and other marketing operations of company. Service experience includes service output, interaction quality and the quality of the service surrounding. Service surrounding of the company affects customers' first impression. Contact personnel, technical equipment and other customers influence the quality of interaction relationships. All of these three parts which are expectations, service experience and company's image are connected to each other. (Lahtinen & Isoviita 1994, 114-116)

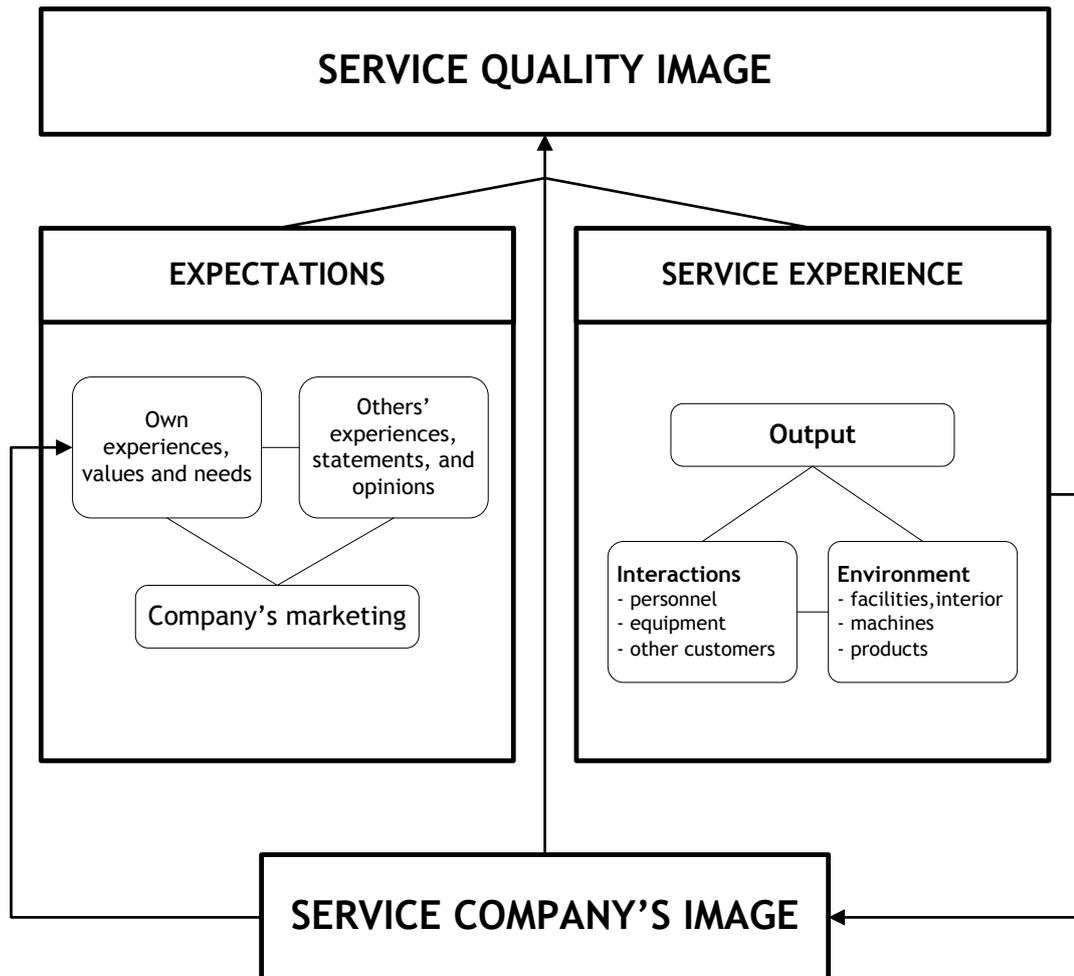


Figure 5: The elements of service quality (Lahtinen & Isoviita 1994, 115)

2.1.4.4 Service culture

Lahtinen & Isoviita (1994, 116) point out that service culture is the service atmosphere of a company or an organization. It reflects the values and standards of a company. Service culture is what the customer sees, feels and experiences in the organization and it is an implied agreement of what is allowed and prohibited in the service environment. (Lahtinen & Isoviita 1994, 116-117)

2.2 Service quality

2.2.1 Dimensions of service quality

Zeithaml and Bitner (1996, 117) defined service quality as the delivery of excellent or superior service relative to customer expectations. The evaluation of service quality is formed during the service supplying process. Customer satisfaction with a service is involved with perceptions of service received and expectations of service desired. As shown in figure 6, when perceived

service exceeds the expectations, customers feel surprised. When the perceived service meets expectations, customers are satisfied with the service quality. When expectations cannot meet the perceived service, service quality is considered unacceptable by customers. Customers' expectations of the service are based on word of mouth, personal needs and past experience. (Fitzsimmons 2006, 128)

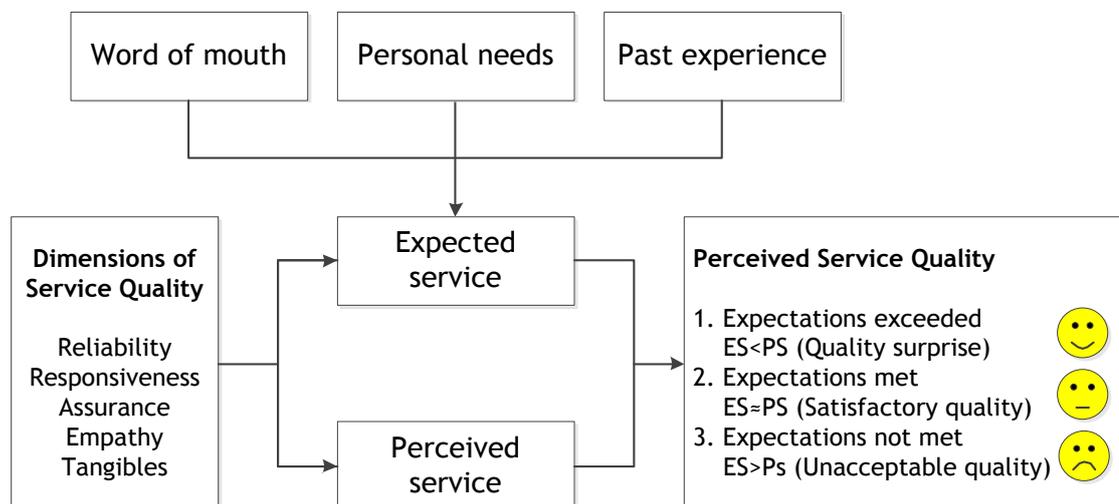


Figure 6: Perceived service quality (Fitzsimmons 2006, 128)

Parasuraman, Zeithaml and Berry (1988) identified five dimensions that customers perceive in service quality: reliability, responsiveness, assurance, empathy and tangibles (Table 1). Reliability refers to the ability of the company to complete the promised service dependably and accurately. Reliability is considered as the most important determinant of customer perceptions of service quality. It means the company fulfils its promises about service provision, price, and problem resolution. Responsiveness is the willingness to help customers and to provide prompt service. It focuses on coping with customer requests, complaints and problems quickly. Assurance is defined as the knowledge and courtesy of employees and their ability to inspire trust and confidence. It makes the customer to enhance confidence and safety concerning to service quality of enterprises. Empathy is the provision of caring, individualized attention to customers. The essence of empathy is treating customers as individuals. Tangibles are the appearance of physical facilities, equipment, personnel, and communication materials. (Kotler & Keller 2006, 413-414)

<p>Reliability</p> <ul style="list-style-type: none"> • Providing service as promised • Dependability in handling customers' service problems • Performing services right the first time • Providing services at the promised time • Maintaining error-free records 	<p>Empathy</p> <ul style="list-style-type: none"> • Giving customers individual attention • Employees who deal with customers in a caring fashion • Having the customer's best interests at heart • Employees who understand the needs of their customers • Convenient business hours
<p>Responsiveness</p> <ul style="list-style-type: none"> • Keeping customer informed as to when services will be performed • Prompt service to customers • Willingness to help customers • Readiness to respond to customers' requests 	<p>Tangibles</p> <ul style="list-style-type: none"> • Modern equipment • Visually appealing facilities • Employees who have a neat, professional appearance • Visually appealing materials associated with the service
<p>Assurance</p> <ul style="list-style-type: none"> • Employees who instill confidence in customers • Making customers feel safe in their transactions • Employees who are consistently courteous • Employees who have the knowledge to answer customer questions 	

Table 1: Determinants of service quality (Kotler & Keller 2006, 414)

2.2.2 Gaps in service quality

Figure 7 shows the service quality gap model, developed by Parasuraman, Zeithaml and Berry, is an important customer satisfaction framework. Gap analysis offers a good way to assess and improve the quality problems of the company. As seen in the model, gap 5 between customer expectations and customer perceptions is the core of the gap model. Expectations are the reference points customers have coming in to a service experience. Perceptions reflect the service as actually received. Other four gaps belong to the service provider. (Fitzsimmons 2006, 131)

Gap 1 is the distance between what customers expect and what managers think they expect. It results from management's lack of full understanding about what the customers need and expect from service. It can be closed by improving market research, fostering better communication between management and its contact employees, and increasing direct

interactions between managers and customers to improve understanding. (Fitzsimmons 2006, 131)

Gap 2 arises from the lack of development between management perception and service quality specification. Managers are not committed enough to utilize the knowledge of customer needs and expectations as the basis for defining and specifying service quality standards. Strategies for closing this gap include setting goals and standardizing service delivery tasks. (Fitzsimmons 2006, 131)

Gap 3 indicates the gap between actual delivery of the service and service quality specifications. It results from several reasons such as lack of teamwork, poor employee selection and inadequate training. Closing this gap by ensuring that service performance meets service standards through clarifying employee roles, ensuring that all employees understand the importance of their jobs, providing employees with technical training, training employees about interpersonal skills for dealing with difficult customers, encouraging teamwork. (Gap Analysis 2010)

Gap 4 refers to the gap between what is actually service delivered and what is promised in external communications. It arises from lack of information provided to contact personnel and exaggerated promises. Solution for this gap is to integrate planning and implementation of marketing communication with the actual operative part. (Fitzsimmons 2006, 131)

Gap 5 is the gap between customer expected service and perceived service. Expected service is shaped by word-of-mouth, personal needs and past experience. Perceived service is a product of service delivery and external communications to customers. It can be effectively closed by minimal promise and maximum performance. (Gap Analysis 2010)

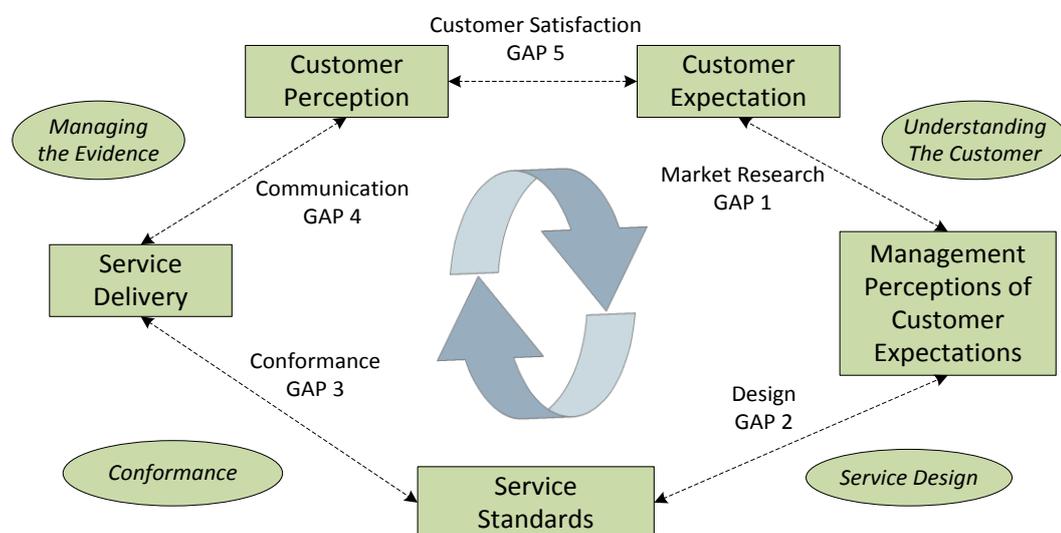


Figure 7: Service quality Gap Model (Fitzsimmons 2006, 131)

2.2.3 Service quality and customer satisfaction

Crompton and Mackay (1989, 68) mention “Satisfaction is a psychological outcome emerging from an experience, whereas service quality is concerned with the attributes of the service itself.” Zeithaml and Bitner (1996, 123) state that “Service quality is a focused evaluation that reflects the customer’s perception of the five specific dimensions of service. Satisfaction, on the other hand, is more inclusive: It is influenced by perceptions of service quality, product quality, and price as well as situational factors and personal factors.” In general, service quality is a great influence component of customer satisfaction. However, customer satisfaction has effect on perceived service quality as well. There are several distinctions between service quality and satisfaction. Oliver (1997) refers to the differences in how customers judge service quality and customer satisfaction (See Table 2). (Williams & Buswell 2003, 59)

Service quality	Customer satisfaction
Evaluated using specific clues	Evaluated more holistic
Based on perceptions of ‘excellence’	Based on needs
Cognitive	Emotional

Table 2: Customer judgement of service quality and customer satisfaction (Williams & Buswell 2003, 60)

2.3 Customer satisfaction

The importance of customers has been highlighted by many researchers and academicians. Zairi (2000) states that “Customers are the purpose of what we do and rather than them depending on us, we very much depend on them. The customer is not the source of a problem, we shouldn’t perhaps make a wish that customers ‘should go away’ because our future and our security will be put in jeopardy”. (Singh 2006) Customer is the requisite part for any business. Enterprises cannot operate without customers. The customer has diverse roles in commerce. One of the most important roles is to bring profit and good reputation to companies and organizations. From the enterprise’s point of view, satisfied consumers who buy a lot and are easy to keep with low resources are the best customers. (Flinck-Heino 2009, 9)

Customer satisfaction has long been recognized as an important objective of all business activities in marketing. It serves as an indicator of the success of a company in the past, present and future. Customer satisfaction is the most successful leading signal of the success of a company with a certain product or service in the future. The easiest approach to forecast the future success of a product or service is through monitoring customer satisfaction with these products or services. Customer satisfaction will promote the consumers' repeat purchase and customer loyalty. Satisfied customers will be loyal to a product, service or company than dissatisfied ones. (Vranesevic & Vignali 2003, 120)

2.3.1 Defining customer satisfaction

Customer satisfaction can be defined in the following ways:

Nigel Hill and Jim Alexander (2006, 2) have defined customer satisfaction as a measure of how the organisation's total product performs in relation to a set of customer requirements.

Johnson and Gustafsson (2000, 50) define satisfaction as a customer's overall evaluation of the purchase and consumption experience with a product or service. Customer satisfaction can be defined as a positive reaction towards a product or service. If the outcome does not meet the expectation, the customer is dissatisfied. If the outcome meets the expectations, the customer is satisfied. (Flinck-Heino 2009, 9)

Codotte, woodruff and Jenkins (1987) define customer satisfaction as "conceptualized as a feeling developed from an evaluation of the experience." There is general agreement with Kotler (2003) that "customer satisfaction is a person's feeling of pleasure or disappointment resulting from comparing a products perceived performance in relation to his or her expectation." (Bashir 2009-2010)

Another definition is "Customer satisfaction, a business term, is a measure of how products and services supplied by a company meet or surpass customer expectation." (Wikipedia 2011)

2.3.2 The importance of customer satisfaction

In today's world, customer satisfaction is one of the most important issues concerning business organizations of all types and sizes. If customers are not satisfied, they will stop doing business with traders. If enterprises do not work to satisfy the customer, all the tasks they do to produce good quality goods and provide excellent service are not important at all. Satisfied customers will do more business with the enterprises more often. They will purchase more than once,

even repeat purchase more often. They can also be good propagators, because satisfied customers can recommend good products or services to their relatives and friends. Therefore, the more customers are satisfied, the more customers spend, the more enterprises sell, and the more profits obtained by enterprises. Dissatisfied customers often switch to enterprises' competitors and belittle the products or services to others. (Gerson 1993, 5)

The importance of customer satisfaction has been emphasized by many researchers. There are main three reasons why customer satisfaction should be considered exceedingly important. Firstly of all, customer satisfaction is important because according to La Barbera and Mazursky (1983), "satisfaction influences repurchase intentions whereas dissatisfaction has been seen as a primary reason for customer defection or discontinuation of purchase". Secondly, customer satisfaction has a positive effect on an organization's profitability. Hoyer and MacInnis (2001) states that satisfied customers form the foundation of any successful business as customer satisfaction leads to repeat purchase, brand loyalty, and positive word of mouth. Thirdly, customer satisfaction plays a very important part in ensuring customer loyalty and retention. Gechoed et al. (2001) points out "customer satisfaction is a direct determining factor in customer loyalty, which, in turn, is a central determinant of customer retention." (Singh 2006)

2.3.3 Measuring customer satisfaction

Measuring customer satisfaction offers an indication of how successful the company is at providing products or services to the marketplace. It helps the company make great improvements. Measuring customer satisfaction helps the company to find the gap between customers' current needs and future needs and keep changing on it. A company or an organization can understand how the customer feels about its products or services and can know customers' expectation through measuring customer satisfaction. Enterprises' commitment to quality service and enhanced customer experience can be difficult to complete without measurement. The purpose of measuring customer satisfaction is to see where a company stands in this regard in the eyes of its customers, thereby enabling service and product improvements which will lead to higher satisfaction levels. One way of measuring customer satisfaction is obtain customer input from several channels such as surveys, or customer complaints and combine this information to get an accurate measurement. (Measuring Customer Satisfaction)

Customer survey questionnaire is one of the best ways of determining customer expectations and measuring satisfaction. It ensures the company can collect valuable information from their customers so improving the products or services at any moment. A few of the possible dimensions the company could measure include quality of service, speed of service, pricing, complaints or problems, trust in employees, the closeness of the relationship with contacts in

the firm, types of other services needed, and positioning in clients' minds. (Why and How to Measure Customer Satisfaction)

2.3.4 Factors affecting customer satisfaction

Customer satisfaction is the evaluation of customers' perception concerning the products or services. When the service exceeds customers' expectations, customers are satisfied. Conversely, when the customers' expectations exceed the service, customers are unsatisfied. There are a number of factors influencing customer satisfaction. Factors influencing customer expectations and influencing of prices will be focused on discussing in this part.

2.3.4.1 Customer expectations

Expectations play a significant role in customer evaluation of services. Customer expectations can be described as the desires or wants of the customers. They are what the consumer expects from the products and services of the company. Customer expectations are influenced in major four ways: word-of-mouth, personal needs, past experience, and external communication.

1. Word-of-mouth

Word-of-mouth refers to the information people tell each other about products or services of organizations. People can get good or bad evaluations of a company's products or services from other customers who have already experienced them. They can exchange their feeling and opinions through friends, family, other acquaintances or internet platform. Word-of-mouth communication is very important in services which are difficult to evaluate before purchase and direct experience of them. Customer will easily to accept and trust other people's opinions when the customer is interested in some products or services. This phenomenon highlights to the great effect on customer's attitudes and buying behavior through word-of-mouth communication (McColl-Kennedy 2003, 254). From the company perspectives, if the customer gets a bad service and people talk about it. It is more likely that one customer lost will result in a group of customers lost. Therefore, the company should focus on establishing a good reputation with the public through well-designed customer service. (Lovelock & Wirtz 2004, 141)

2. Personal needs

In the 1940s Abraham Maslow published with his theory of the Hierarchy of Needs. He introduced five categories of needs. The first part relates to for the physiological needs, these are the basic needs such as food, water and sleep. These are all things that people have to

possess in order to survive. The second part is consists of safety needs including security of body, employment, property. The third level is for the social needs such as need for love and belonging. The fourth level is for esteem needs. People have a need to feel that they are worth something and are doing something important. The fifth level is for the self-actualizing needs, a need to have personal growth and to fulfill your potential. (Barnes 2000, 66)

Maslow's hierarchy of needs can also be used when it comes to achieving customer satisfaction. In this version the first level is the core product. It is the reason for the customer coming into the company, but many times this part is not paid a lot of attention. The second level is that of the supporting services and support systems such as extra services and the way problems are handled. The third level is of technical service, and this mostly comes into use when something in the first or second level fails and people need to be able to fix the problem smoothly and to realize to their word. The fourth level is made up by the elements of customer interactions, or how the employees treat the customer. The fifth level concerns the emotional elements such as where the feelings of the customer are considered. (Barnes 2000, 67)

3. Past experience

People form an expectation of the future based on their past experiences. Contrast to past experiences, if people have frequent contact or used that particular service for a long period of time, they will have higher expectations than that of new customers. The expectation between long standing customers and new customers will be different too, also the expectation will be higher if the customer's previous experiences were positively rather than previous negative. Therefore, in some cases, it is important to customize the service depending on the loyalty of the customer. (Factors of customer satisfaction 2009)

4. External communication

External communication by the service provider refers to the promises made by advertising, personal selling, and public relations. Therefore, it is important in any promotional activities not to overpromise to the customers. The successful implementation of the promise will be based on such activities as communication between advertising and operation, communication between salespeople and operations, communication between human resources, marketing and operations, difference in policies and procedures across branches or departments. (Factors of customer satisfaction 2009)

2.3.4.2 Influence of prices

Price as an indicator of quality to aid customers in forming expectations of service levels and

later to help them to evaluate actual quality and value received. If the price is very high, customers will expect high quality of products and services, and their actual perceptions will be influenced by this expectation. According to Zeithaml and Bitner (1996, 491), the customers' use of price as a signal to quality depends on several factors, which include accessibility of services cues to quality, brand names that offer evidence of a company's, the level of advertising and the risks associated with the services purchase. (Zeithaml & Bitner 1996, 116, 128, 491).

Service prices must be set carefully by service providers, because price has an effect on customer expectations and customer perceptions of service quality. When setting prices, the company should consider customer needs, cover cost, compare with the prices of competitors and convey the appropriate quality signal. If the price is too high, the company may be sending a signal of unconcern to customers. Customers may be attracted to competitors' offerings. If the price is too low, customers may doubt the quality of the products or services and generate a negative impression. (Zeithaml & Bitner 1996, 116, 491)

2.4 Summary of the theoretical discussion

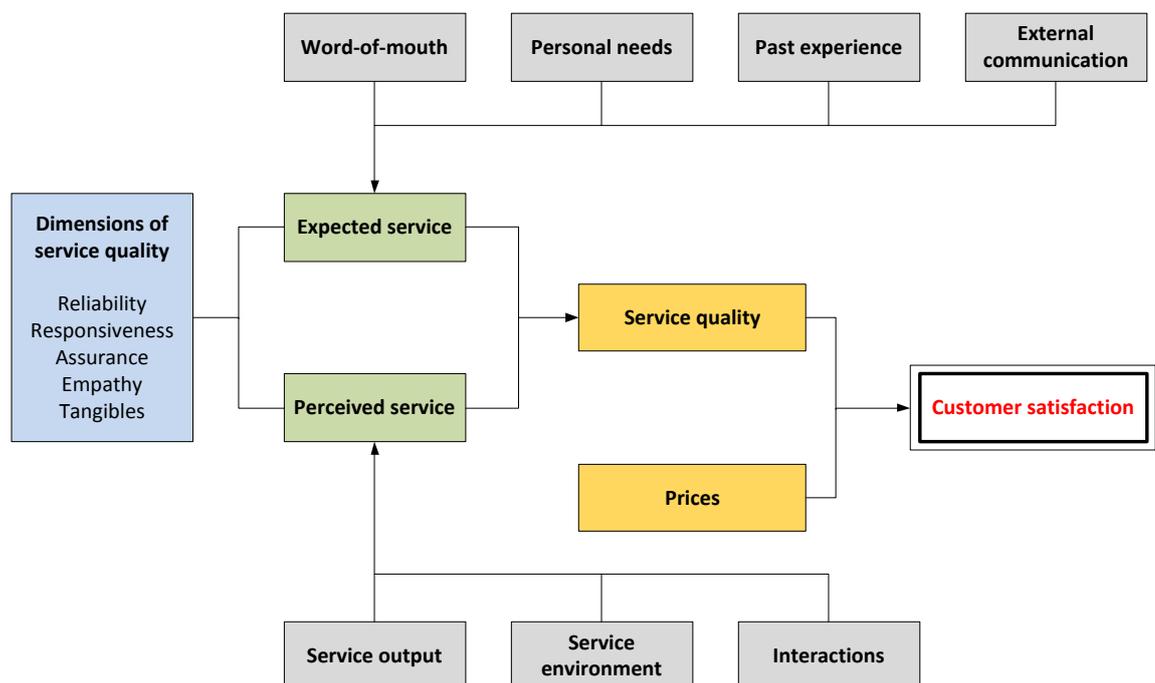


Figure 8: Summarizing in a theoretical framework

Based on the literature review in this thesis, the reader should be able to understand the most important differences between services and products, and the four characteristics of services:

intangibility, inseparability, variability, and perishability. A good service consists of four important elements, such as providing a service, a service package, service quality, and service culture. The five dimensions of service quality, gaps analysis, the relation of service quality and customer satisfaction are explained in the middle of the theoretical study. In the last chapter, the definition and importance of customer satisfaction, measuring the customer satisfaction are introduced to the readers. It can be seen from figure 8, the reader should be able to learn that improving customer satisfaction mainly depends on the improvement of service quality and the influence of prices. Service quality is formed by customer expectations of service and customer perceptions of service. Customer perception of service quality is affected by service output, the quality of service environment, interaction quality between contact personnel and customers. Customer expectations of service quality are affected by word-of-mouth, personal needs, past experience and external communication.

3 Research approach

3.1 Research method

Rajendar Kumar (2008, 1) in his book on research methodology describes research as an intensive and purposeful search for knowledge and understanding of social and physical phenomena. Research is a scientific activity undertaken to establish something, a fact, a theory, a principle or an application. According to Clifford Woody, “research comprised defining and redefining problems, formulating hypothesis of suggested, solutions, collecting, organizing and evaluating data, making deductions and reaching conclusions, and at last carefully listing the conclusions to determine whether they fit the formulating hypothesis.” Actually, many researchers do research for various purposes. Rajendar Kumar (2008, 2) states the main purpose of research is to discover answers to questions through and application of scientific procedures. It is to find out the truth which is hidden and which has not been discovered so far. (Kumar 2008, 1-3)

According to the purpose of the research, there are four different types of research methods which are exploratory research, descriptive research, explanatory research, and the predictive research. (Jill & Roger 2003, 10)

Jill and Roger (2003, 10) in their book on business research state that exploratory research is conducted into a research problem or issue when there are very few or no earlier studies to which the researcher can refer for information about the issue or problem. The aim of this type of study is to look for patterns, ideas or hypotheses, rather than testing or confirming a hypothesis. In exploratory research the focus is on gaining insights and familiarity with the subject area for more strict investigation at a later stage. (Jill & Roger 2003, 10)

Descriptive research is research which describes exist phenomena. It is used to identify and obtain information on the characteristics of a particular problem or issue. The data collected is often quantitative and statistical techniques are usually used to summarise the information. (Jill & Roger 2003, 11)

Explanatory research is a continuation of descriptive research. It aims to understand phenomena by discovering and measuring causal relations among them. An important element of explanatory research is identifying and, possibly, controlling the variables in the research activities, since this permits the critical variables or the causal links between the characteristics to be better explained. (Jill & Roger 2003, 11)

Predictive research goes even further than explanatory research. It forecasts the possibility of a similar situation occurring elsewhere. Predictive research aims to generalize from the analysis by predicting certain phenomena on the basis of hypothesized, general relationships. (Jill & Roger 2003, 12)

The above types of research approaches involve with two basic research methods, which are qualitative research method and quantitative research method. Researchers can use one of them or both of them to do the research.

Qualitative research is especially important in the behavioral sciences where the aim is to discover the underlying motives of human behavior (Kumar 2008, 8). It also uses strategies of inquiry such as narratives, phenomenologies, ethnographies, grounded theory studies, or case studies (Creswell 2003, 18).

Quantitative research is based on the measurement of quantity or amount. It is often aimed at testing a research hypothesis through the analysis of numerical data. It employs strategies of inquiry such as experiments and surveys, and collects data on predetermined instruments that yield statistical data (Creswell 2003, 18).

3.2 Validity and reliability

Validity and reliability are the two most important criteria which can evaluate and test the measurements of research variables, raise the accuracy of research results, ensure the quality of data.

Validity and reliability are the fundamental criteria for judging the quality of measures used in collecting research data (Thomas et al. 2010, 193). Validity is an important key to effective

research. If a piece of research is invalid then it is worthless. Validity is a requirement for both quantitative and qualitative research. According to Thomas, Nelson, and Silverman (2010, 193), validity of measurement indicates the degree to which the scores from the test, or instrument, measures what it is supposed to measure. In other words, the validity of a research can be considered as indication of the strength and the accuracy of researchers' measurement. (Thomas et al. 2010, 193)

Joppe (2000, 1) defines reliability as: "The extent to which results are consistent over time and an accurate representation of the total population under study is referred to as reliability and if the results of a study can be reproduced under a similar methodology, then the research instrument is considered to be reliable." Kirk and Miller (1986, 41-42) identify three types of reliability referred to in quantitative research, which relate to: (1) the degree to which a measurement, given repeatedly, remains the same (2) the stability of a measurement over time; and (3) the similarity of measurements within a given time period. (Golafshani 2003)

3.3 Methodology of this research

3.3.1 Chosen method

As the research in this thesis aims at collecting basic information and satisfaction levels of the customers from the case company and to find out what elements could be improved. The target group of this research is all the customers who study the IELTS courses or apply for the studying abroad service at the case company. Because the entire target group consists of a large number of customers, the author adopted a quantitative research method in this thesis. In addition, the questionnaire is used to collect primary data from the target group, and then the collected data will be analyzed with the SPSS program and, the figures created within the Microsoft Office Excel 2007 environment based on the results obtained from SPSS. Finally, the finding and suggestion based on the result of the research will be offered to the case company as a reference for improving customer satisfaction in the future.

3.3.2 Questionnaire design

In order to ensure the validity and the reliability of the research, the author spent a long time designing the questionnaire. The final questionnaire was released on 6 March 2011. The objective of the designed questionnaire is to improve the service quality of Compass by investigating customer satisfaction levels of the customers of the case company. In front of the questionnaire, the author wrote a covering letter to explain who she is and what she is studying and the purpose of the research. The questionnaire was divided into three parts, comprising customers' background information, customers' business relationship with Compass, customer

satisfaction level. There were 16 closed questions and one open question. One or two questions will not be analyzed for research statistics, because they are not variables which can affect the research results. However, they will still possess the reference value for the case company in the future.

3.3.3 Data collection

Compass Foreign Languages Training Centre has approximately 500 adult students enrolled in full-time and part-time courses per year. Their students are young adults, most of whom are preparing to work or study overseas. The author was permitted to do the customer satisfaction research at Compass by the coordinator Ms. Lijuan Yang, who is the manager of IELTS training department at Compass. The target group of this research includes approximately 200 customers out of all 500 students at Compass, because around 200 students had business with Compass during the specific period in which this research was being conducted. Therefore, the author sent the final questionnaire to Ms. Lijuan Yang on March 6th, and then she helped the author to collect customers' feedbacks and opinions from March 7th to April 10th, 2011. After that, the collected data was sent via email to the author by the coordinator at the case company. During the research period, the coordinator entrusted certain teachers, who are teaching IELTS courses, to help distribute the questionnaires to the students in their currently running courses. Therefore, every student has the same opportunity to get the questionnaire during this one month.

In this thesis, in order to ensure the validity of the research, careful consideration was given to the design of the questionnaire. Each question can be logically and theoretically related to the key research question of this dissertation. It is believed that the similar research results can be obtained with the same research method by other researchers in the future. For the reliability of this research, all the data was collected from reliable channel which is getting all the information and feedback from the students of Compass, also the relatively tight correlation is able to be discovered via repeated literature review between the research results and research questions. Moreover, as mentioned earlier the 200 questionnaires were given out at the case company for one month and 133 were received but 118 were the valid questionnaires, so the valid response rate was 59%. To guarantee the reliability of this research, the author sorted out all the data carefully and confirmed the results of the research several times.

4 Result of the empirical study

4.1 Case company introduction and SWOT analysis

Compass Foreign Languages Training Centre is one of the studying abroad training organizations which offers language training and studying abroad services. The business scope of this company covers IELTS training and the application service of studying or working abroad.

Compass Foreign Languages is Tianjin's leading English language training centre, operating since 1999 and located in Heping District, a central, up-market area of Tianjin. It is a privately-owned company run by Chinese and western managers. Since 2006, on the basis of the IELTS training, Compass extended its business scope. The application service for studying or working abroad was also established in that year.

The institution's mission is to provide tailored language training to enable its students to become competent users of English in an international environment. They offer the IELTS courses to the customers who want to study abroad and train them in English in order to make them pass the IELTS test. Moreover, they provide the application service of studying or working abroad for the students such as applying for overseas schools for their students or seeking for the working opportunities for their customers. (Compass Foreign Languages 2011)

	Positive	Negative
Internal Factors	<p><u>Strengths</u></p> <ul style="list-style-type: none"> • Location • Teaching by professional foreign teachers • Service diversification 	<p><u>Weaknesses</u></p> <ul style="list-style-type: none"> • Single training product • high turnover of teachers • The lack of brand promotion
External Factors	<p><u>Opportunities</u></p> <ul style="list-style-type: none"> • The upsurge of studying abroad phenomenon • Marketing demand 	<p><u>Threats</u></p> <ul style="list-style-type: none"> • Marketing competition • Threat by IELTS test organization • The change about the policy of working or studying abroad.

Figure 9: SWOT analysis of case company

As is shown in figure 9, the strengths of Compass are that the location of the company is good; it has a strong educational team, consisting of authoritative foreign teachers and experienced Chinese teachers; and service diversification. These advantages provide Compass the constant income and attract a large numbers of customers. However, the single training product is a weakness point for Compass such as the IELTS training, and lack of other language training. Also the turnover of the teachers is high that could lead to instability of the educational level of Compass. Moreover, the lack of brand promotion can result in the company losing more customers. For example, Compass is only established in Tianjin, so a lot of people living in other cities were not familiar with this company.

In terms of the external factors, the opportunities for the case company are the result of the upsurge in demand of studying abroad. Nowadays, Chinese people represent a huge market and more and more people plan to study or work abroad. The phenomenon reveals that the language training institutions will help these kinds of people realize their dream. People hope that they can achieve the objective of going abroad through language training organizations. Furthermore, language training also becomes a requirement for people's employment. More and more people want to improve themselves through learning foreign language. On the other hand, marketing competition, IELTS test organization, the change of working or studying abroad policy are the threats of Compass. More and more training institutions such as New Oriental, English Enjoy are gradually occupied the market share. These competitors pose a grave threat to the expansion of Compass. Due to the fact that the IELTS training closely connects to the IELTS examination, Compass will be influenced by changes in the examination policy of the IELTS test organization. In addition, changing on the policy of working or studying abroad by the government is a threat to the studying abroad service of Compass.

4.2 Customers' background information

At the beginning of the questionnaire are general questions which are related to the customers' basic personal information such as gender, age, educational background, occupation and so on. The aim of this part is to get actual figures on customers' profile of Compass. It is very important for case company to know what kind of customers studying at Compass and understand different needs of different customers, so that it can provide corresponding services for different customers in the future.

4.2.1 Gender

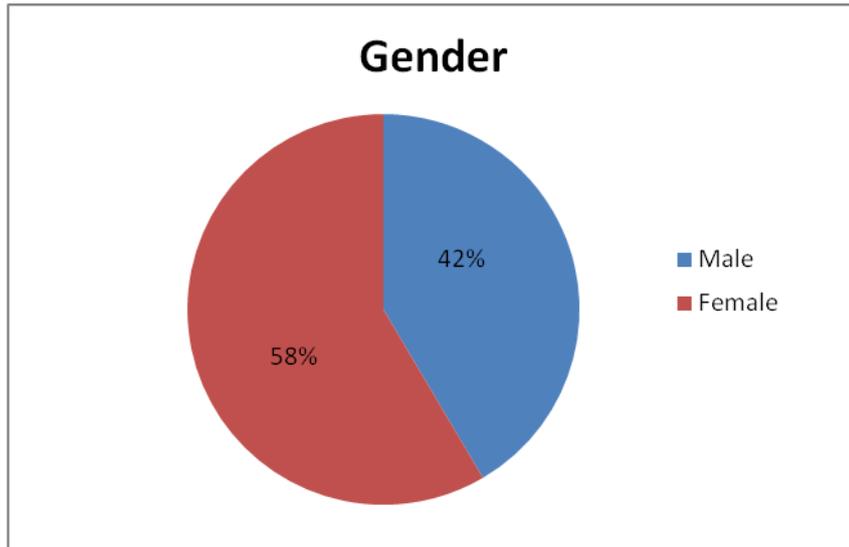


Figure 10: Gender of the respondents

The first question asked for the gender of the respondents. All 118 customers answered the question. Figure 10 shows that 49 were male, which accounts for 42%; 69 of the respondents were female, which was slightly more than the figure of male, accounting for 58%.

4.2.2 Age

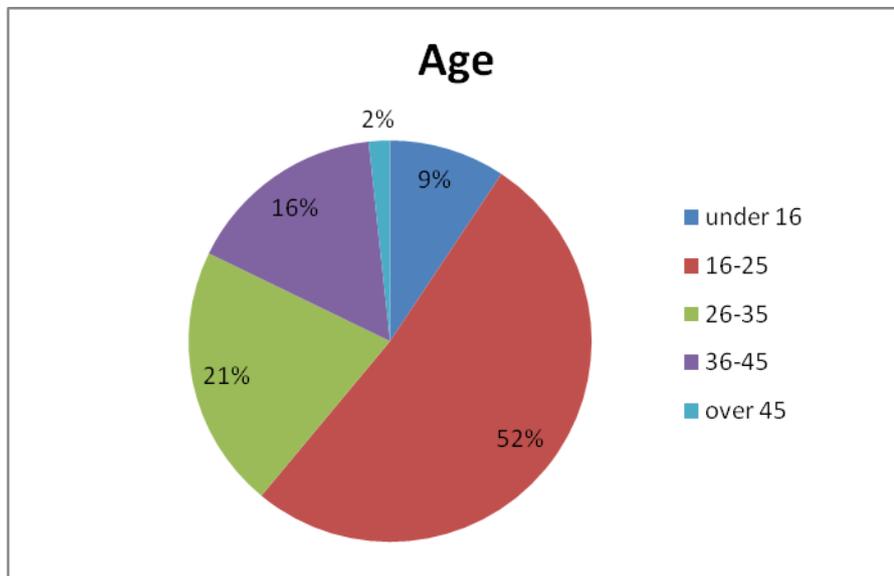


Figure 11: Age groups of the respondents

As can be seen from figure 11 the majority of the respondents were in the 16-25 age group, which accounted for more than half of all respondents. The second largest group was the age group from 26 to 35 with the percentage of 21%, which almost reached a fourth of the customers. At the moment of the survey 9% of the respondents were under 16, 16% were the

age group 36-45. The oldest age group was the smallest group of the respondents. Therefore, age groups of 16-25 and 26-36 were the main customer groups for case company, which totaled 73%.

4.2.3 Educational background

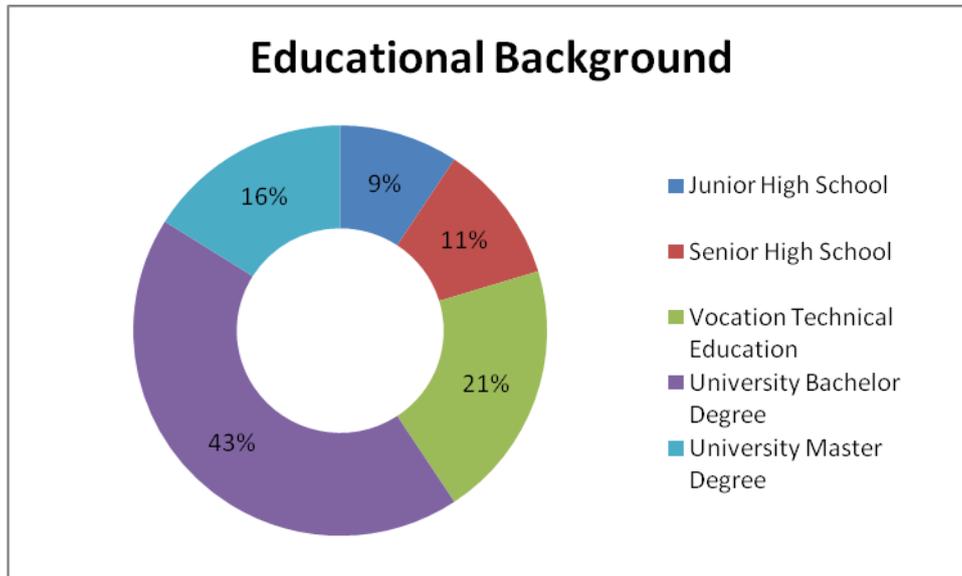


Figure 12: Educational background of the respondents

As is described in figure 12, the majority of the respondents have finished their bachelor degree studies, which accounted for 43%. Customers graduated from vocational school were the second biggest group, which made up 21%. Only 5% of master degree group was less than the group for vocational education. The smallest group was the junior high school, which was less only 2% than the senior high school group. This result reflects the concept of Chinese parents that junior high school students are too young to study abroad.

4.2.4 Occupational groups

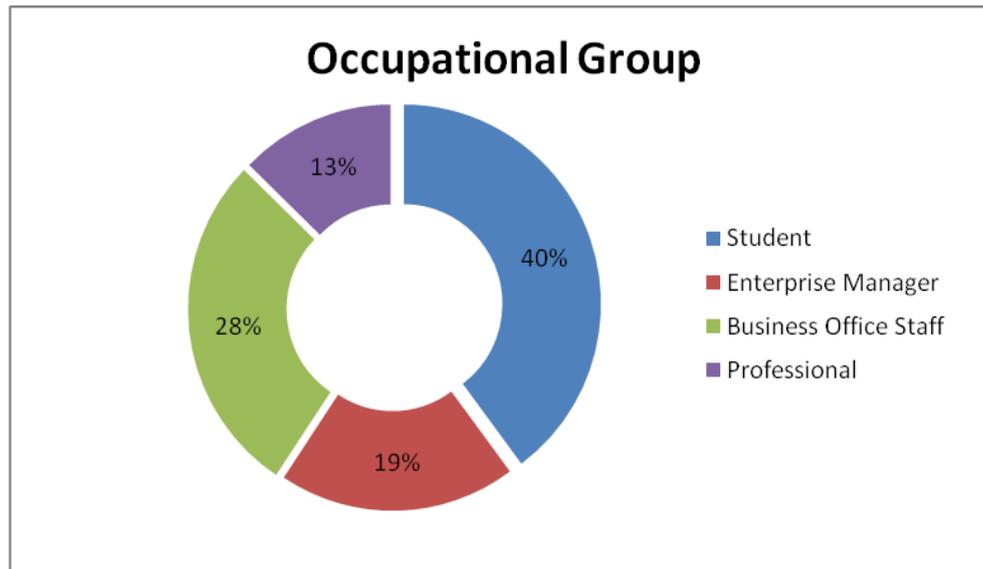


Figure 13: Occupational groups of the respondents

It is clear from figure 13 that 40% of the customers were students. The next largest group consisted of business office staff; 28% of the respondents belonged to this group. The third biggest group was enterprise managers, which accounted for 19%. 13% of the respondents, which belonged to the smallest group, engaged in a professional industry, such as lawyers, teachers, doctors and so on.

4.3 Reasons for Customers choosing Compass

In this section, the aim of the questions was to investigate how the customers reviewed the information about the case company and which factors influenced customers' decision to choose the case company and which services did the customers choose at the case company.

4.3.1 Customers find out about Compass from different channels

The objective of this question was to find out where the customers got information about Compass and to help the case company examine the extent of customers' interest in different channels in order to establish effective ways for the company's promotion and advertising activities in the future. The five channels or options for this question were scaled according to the different importance attached by customers to the internet, newspapers, recommendation from friends or acquaintances, advertisements on TV, and promotion activities.

According to the bar chart below from figure 14 to figure 18, 57% of the respondents deemed the information sources of Compass from friends or acquaintances as the most important and useful channel. This points out how the information flows through word of mouth. The second most important channel was the internet, which was considered very important by 20% of

customers. 21% of the customers considered advertisements on TV as well promotion activities important, but 10% of customers thought advertisements on TV to be more unimportant than promotion activities. Newspaper channel was deemed to be unimportant by more than half of customers. Conclusively, the order of these channels in terms of the importance from high to low is: friend or acquaintance, internet, promotion activities, advertisement on TV, and newspaper respectively.

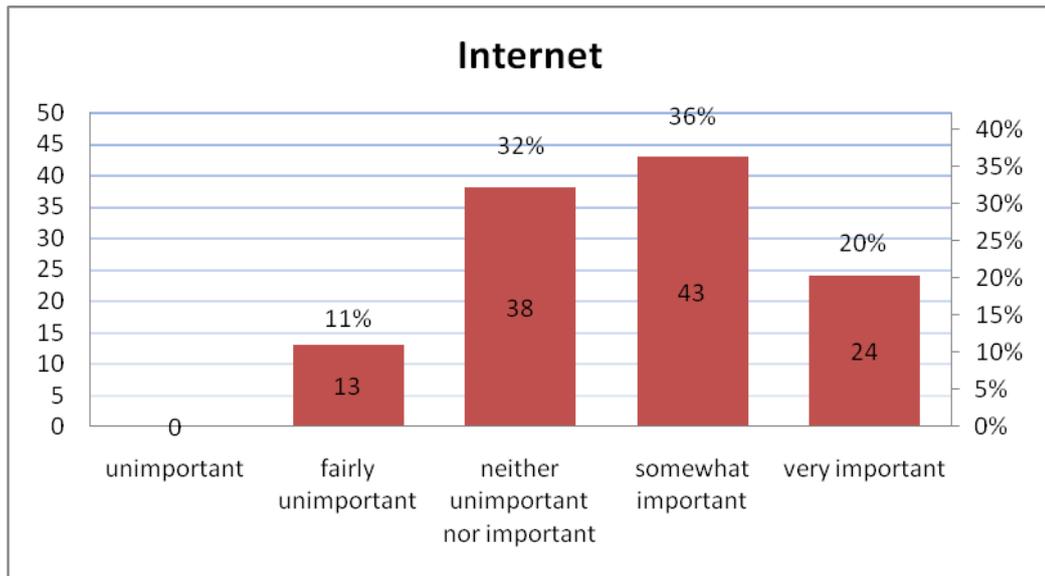


Figure 14: Internet communication channel

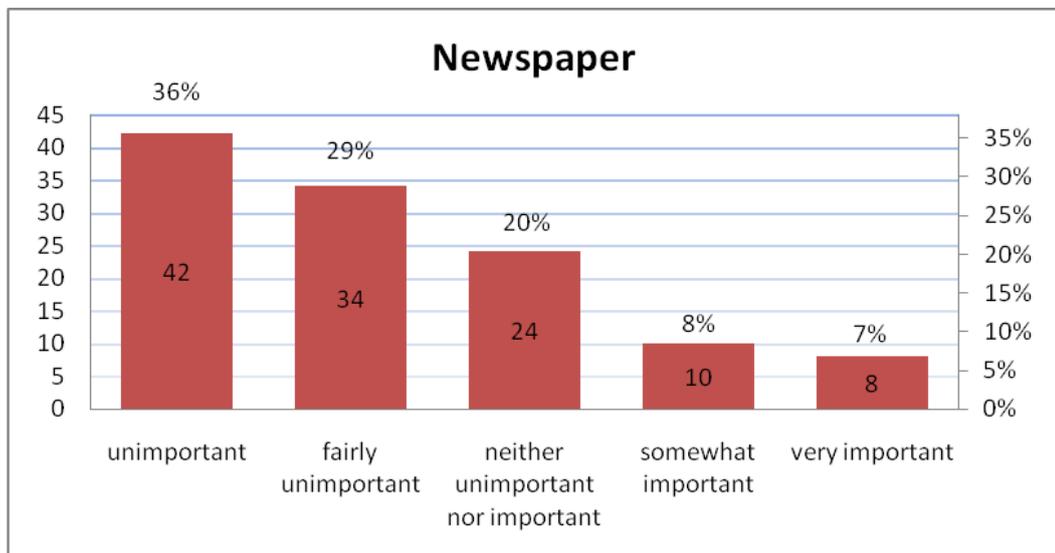


Figure 15: Newspaper communication channel

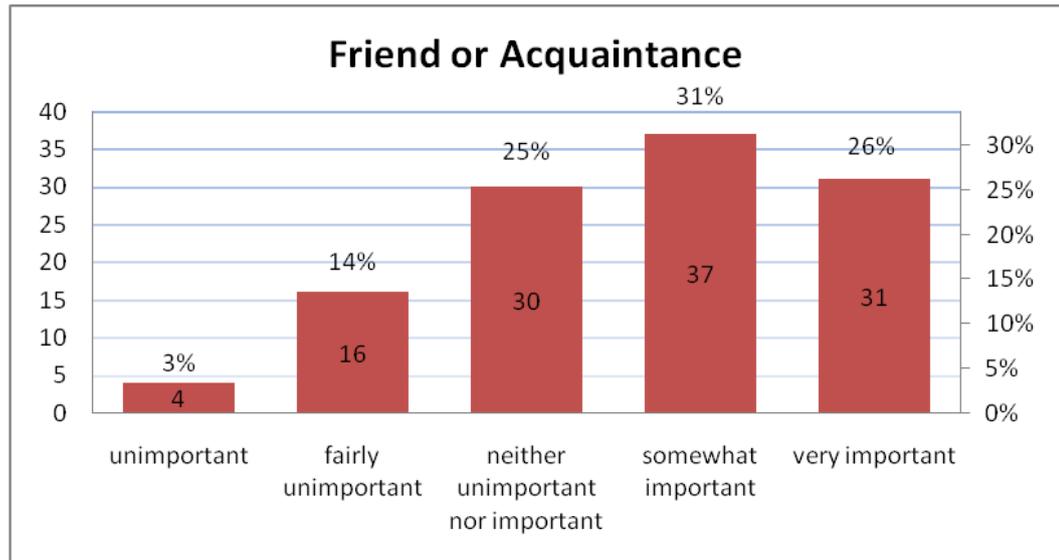


Figure 16: Communication channel of friend or acquaintance

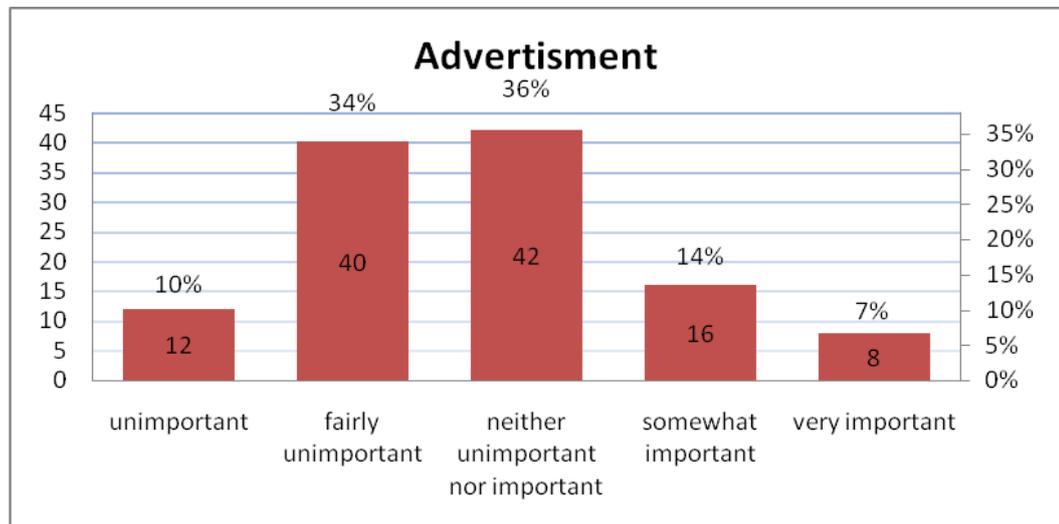


Figure 17: Communication channel of advertisement on TV

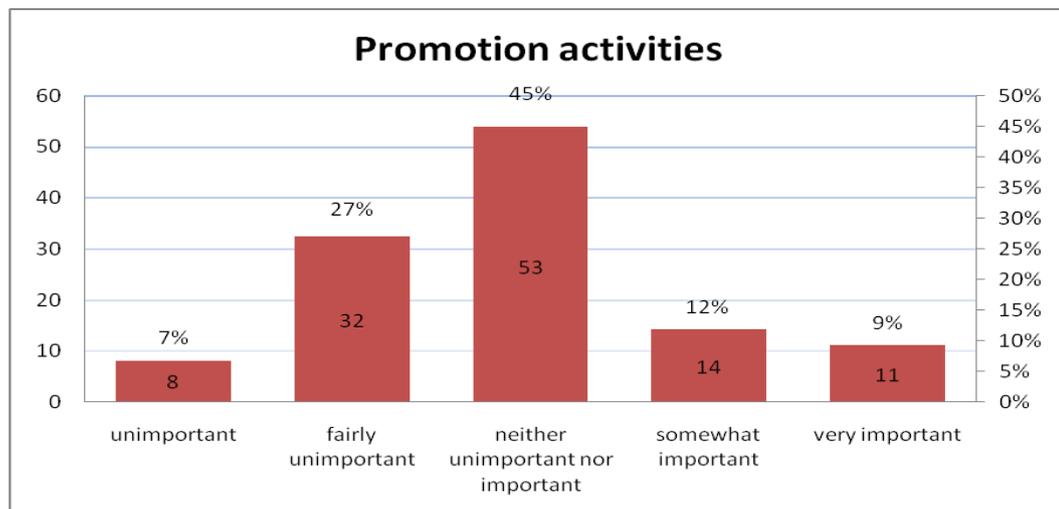


Figure 18: Communication channel of promotion activities

4.3.2 Service characteristics of the Compass Foreign Language Training Centre

In question number 9 the respondents were asked about how much the following factors have influenced the customers' decision to choose Compass. This question mainly examines the service features of Compass and identifies the key factors that influenced customers' choice. There are four alternatives for customers to choose from, including "reputation", "foreign teachers teaching", "success rate of passing IELTS and studying abroad application" and "other". For each alternative, customers can choose an appropriate number according to a scale from 1 to 5, in which 1 means not at all, 2 means little, 3 means neither little nor much, 4 means somewhat and 5 means very much.

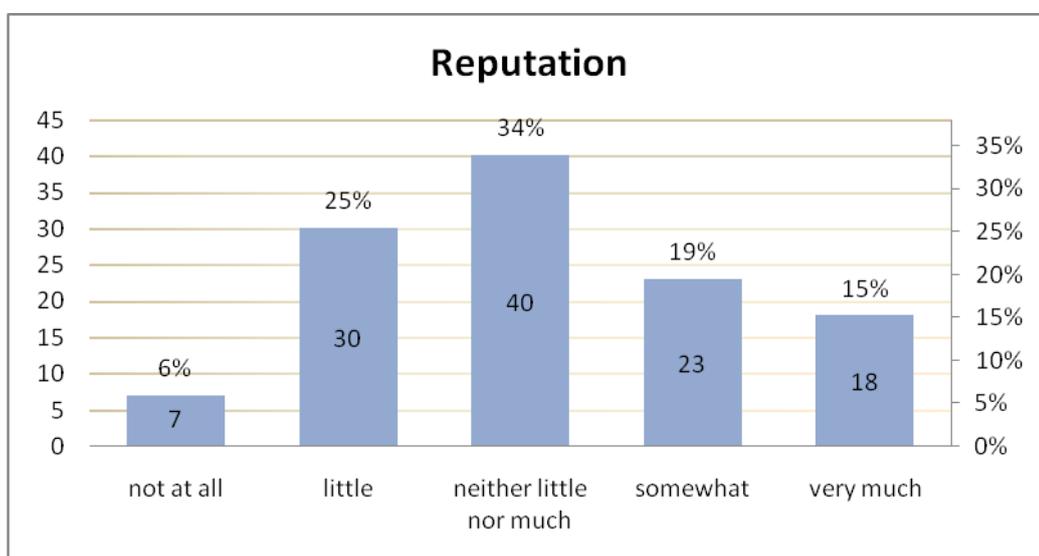


Figure 19: Reputation of Company

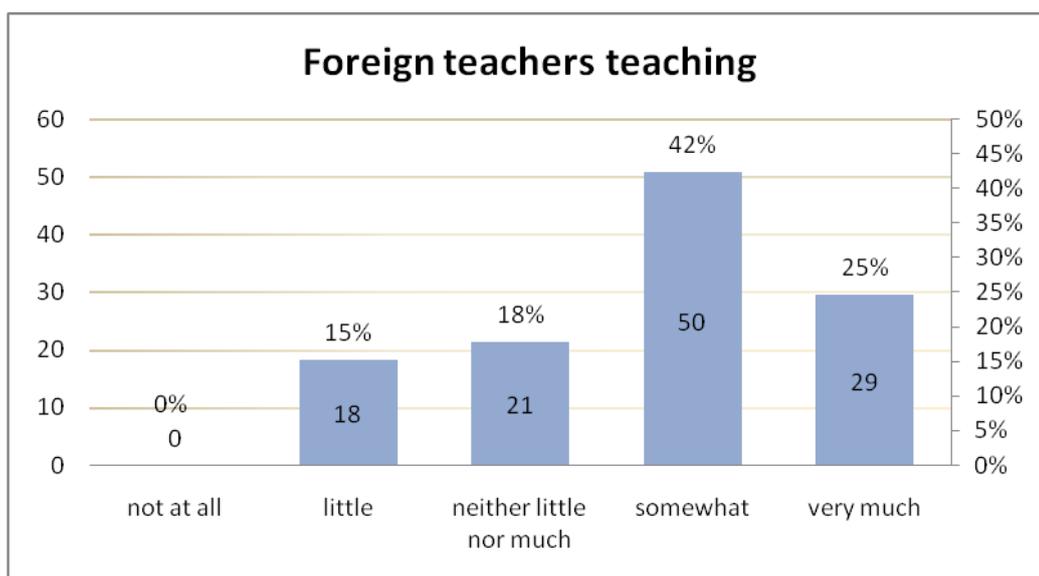


Figure 20: Foreign teachers teaching

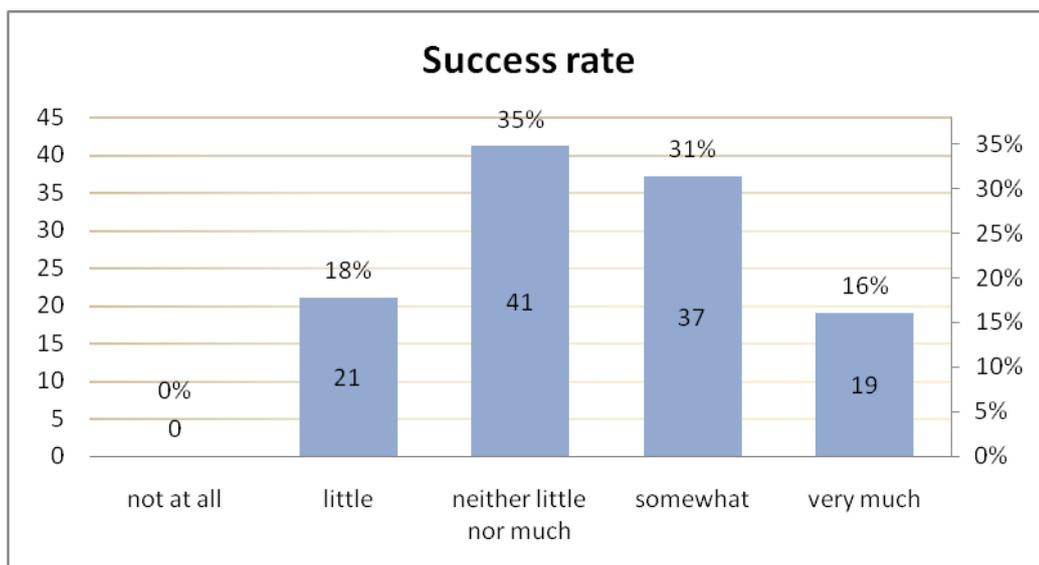


Figure 21: Success rate of passing IELTS and studying abroad application

These three charts above, figure 19 illustrates 31 percent of the respondents did not consider that the reputation of Compass was an important factor influencing their choice. In contrast, 34 percent of the respondents emphasized the reputation of Compass. In the aspect of reputation, the number of unsatisfied customers was almost as many as the number of satisfied customers. This figure showed that most of customers thought the company had a normal reputation. Only 15 percent of customers appreciated the reputation of Compass very much, but 6% respondents didn't care company's reputation at all. This index is a signal of company's brand building.

As figure 20 demonstrates, 67% percent of the respondents deemed that foreign teacher teaching was an excellent service characteristic of company. No one customer considered that this alternative was unimportant in influencing customers' decisions. As much as a quarter of the respondents decided to study at Compass because they valued this service feature.

As is shown in figure 21, regarding the factor of the success rate of passing IELTS and studying abroad application, almost half of customers considered this factor a significant reference when they decided to choose Compass. However, only 18 percent of the respondents did not focus on the success rate of the company's business cases.

Combining the statistics result of these three bar charts, foreign teacher teaching is the main competitive advantages of the Compass Foreign Language Training Centre. The company should enhance brand building and make greater efforts in the service achievement.

4.3.3 Services classification

In question 10 the customers were asked which services they choose at Compass Foreign Language Training Centre? With regard to this question, three different options are offered to respondents. They are IELTS courses, the application service to studying or working abroad, and both. It can be seen from Figure 22, 12% of customers only chose the application service of studying or working overseas. 43 percent of the respondents only chose the service of IELTS courses. It was almost equal to the percent of the respondents who chose both services. In a word, 88% of customers participated in the IELTS training courses at Compass. 57% of customers transacted the application service of studying or working abroad with Compass. Therefore, IELTS courses are the more primary service at Compass compared with the application service of studying or working overseas.

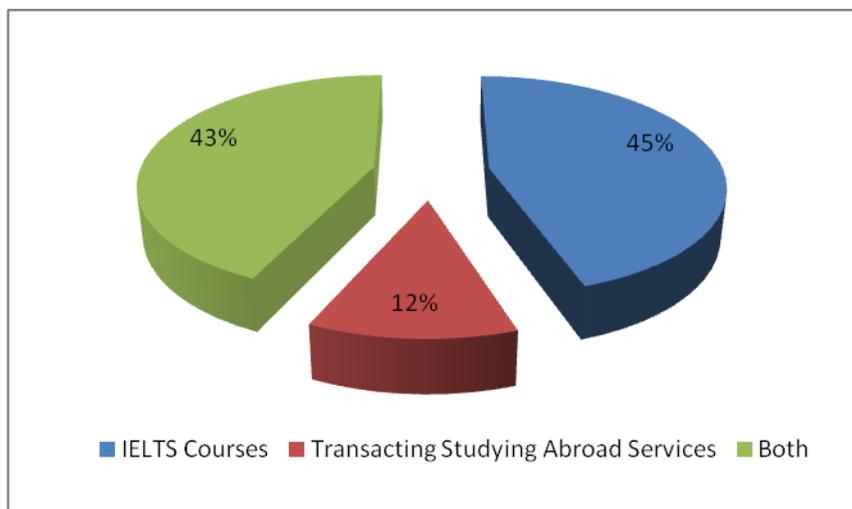


Figure 22: Service classification

4.4 Customer satisfaction level

4.4.1 Customer satisfaction with IELTS courses

This question mainly examines the level of customer satisfaction with the IELTS courses provided by Compass. The aim of this question is to investigate how the customers think of the service of IELTS training courses. The customers were inquired from six different aspects of IELTS courses, namely teaching environment, the qualifications of teachers and teaching level, the teaching material, price, size of the study group, and others. For each aspect, customers can choose an appropriate number according to a scale from 1 to 5, in which 1 means very dissatisfied, 2 means dissatisfied, 3 means neither dissatisfied nor satisfied, 4 means satisfied, and 5 means very satisfied.

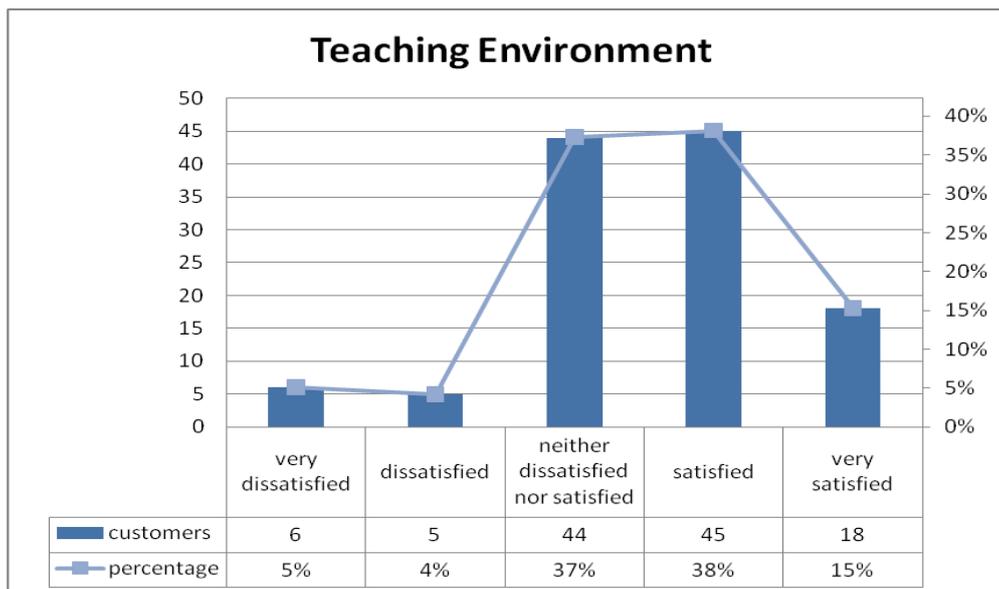


Figure 23: Teaching environment

Figure 23 presents 53% of the respondents were satisfied with teaching environment. The satisfied customers were almost six times more than the dissatisfied customers, which the percentage was 9%. 37% of the customers had occupied a neutral position.

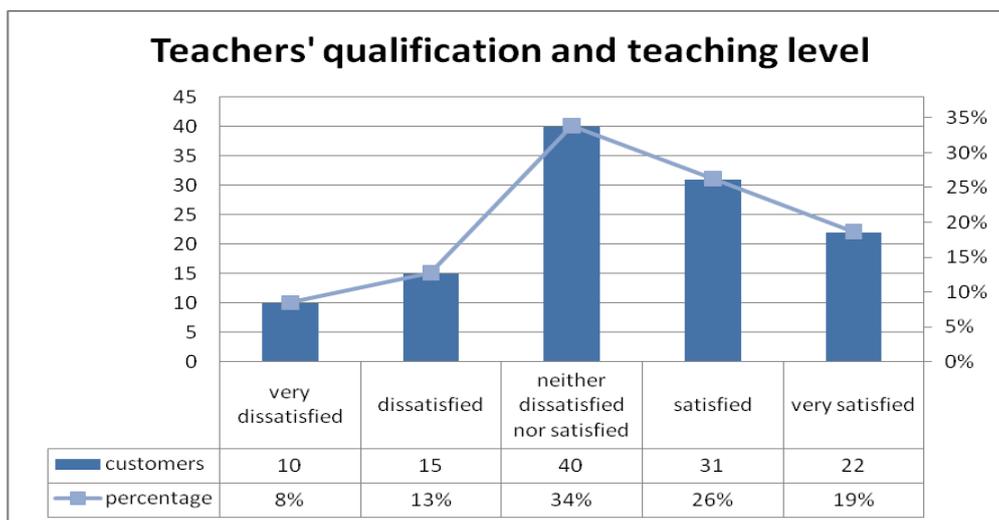


Figure 24: Teachers' qualification and teaching level

Figure 24 explains the satisfaction level of the students concerning the teachers' qualifications and teaching level. It can be seen from this bar chart, neither dissatisfied nor satisfied respondents was the largest group with 34%. The satisfied students occupied 45% and the dissatisfied students accounted for 21%.

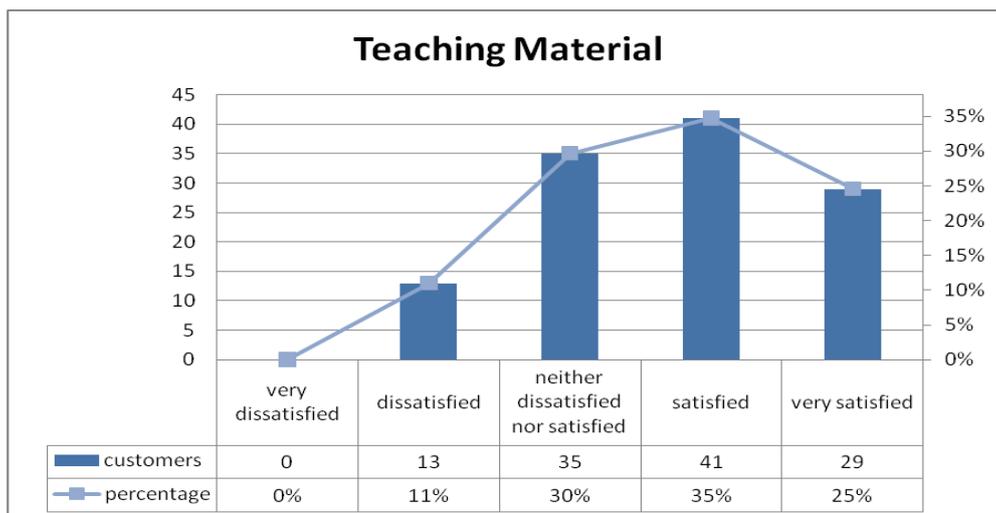


Figure 25: Teaching material (books and copies)

Figure 25 shows 60 percent of the respondents were satisfied with teaching material. 35% of customers said the learning material was good and 25% said it was very good. Only 11% of the respondents thought the teaching material was not as good as their expectations and no one was very dissatisfied. One third of the customers considered that the learning material was okay. From this result, most of the students are quite satisfied with the teaching material.

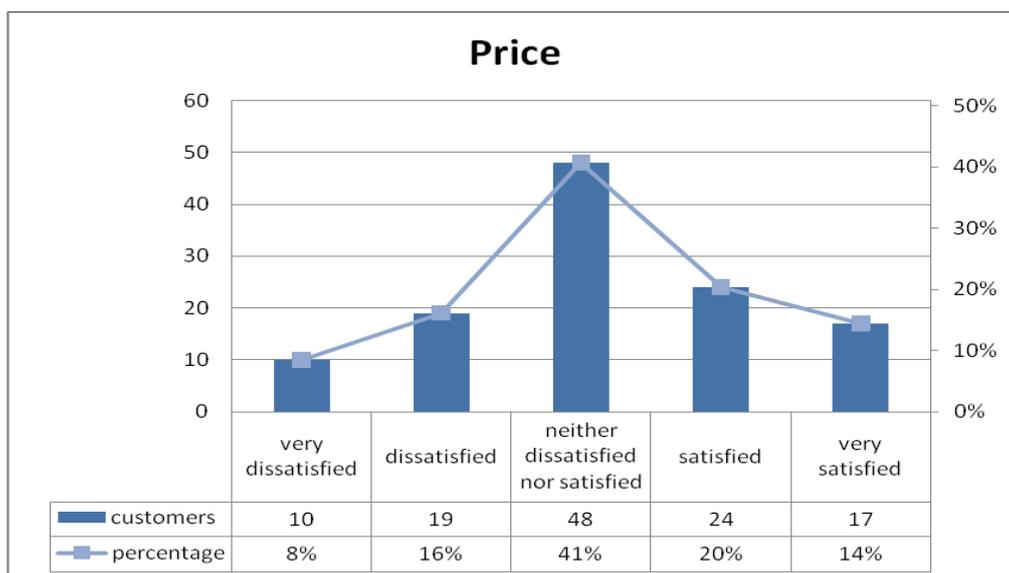


Figure 26: Price of the IELTS courses

Figure 26 displays 41 percent of the respondents felt the price of IELTS courses was neutral. The price was considered as reasonable by 34% of the customers while 24% of the respondents thought the price was beyond their estimate.

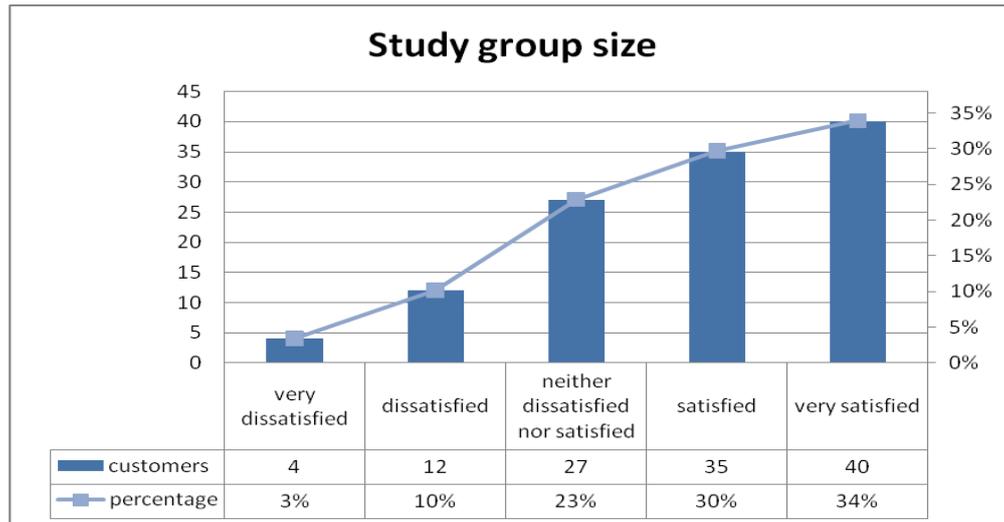


Figure 27: Size of the study group

Figure 27 indicates that the majority of the respondents were satisfied with the size of the study group, which accounted for 64%. Very satisfied customers constituted 34%. However, a few of the customers were unsatisfied with it, which made up 13%. 23 percent of the respondents did not very care about the study group size. Therefore, the size of the study group was generally accepted and satisfied by most of customers.

According to the data analysis of the five aspects, the overall customer satisfaction level of IELTS courses provided by Compass presents a better trend. Teaching material and the size of the study group are commonly accepted by the students. These two aspects are mainly the advantages of IELTS courses. Although most of the students were satisfied with the teaching environment, still 37% of the customers maintain a neutral position. The company needs to make efforts to satisfy this group by meeting their needs. Concerning the teachers' qualification and teaching level, despite the fact that almost half of the students were satisfied, every customer has his own opinion regarding different teachers. The company should do further research to investigate customers' judgments with regard to the teaching level of different teachers in the future in order to win over the 34% of students who were neither dissatisfied nor satisfied. For the price of IELTS courses, the company should adjust the price concerning its own situation, however the company is unnecessary to increase or decrease the cost at this moment.

4.4.2 Customer satisfaction with the application service of studying or working abroad

This question mainly examines the customer satisfaction level with the application service of studying or working abroad provided by Compass. Five alternatives were offered to the respondents to choose from; they are the professional level of consultants, attitude towards customers, the expense of service, valuable and reasonable advice, and others. For each

alternative, customers can choose an appropriate number according to a scale from 1 to 5, in which 1 means very dissatisfied, 2 means dissatisfied, 3 means neither dissatisfied nor satisfied, 4 means satisfied, and 5 means very satisfied.



Figure 28: The professional level of the consultants

Figure 28 illustrates that more than one third of the respondents were satisfied with consultants' professional level compared with 14% of the customers that were unsatisfied. 51 percent of the respondents were neither dissatisfied nor satisfied with the professional level of the consultants.

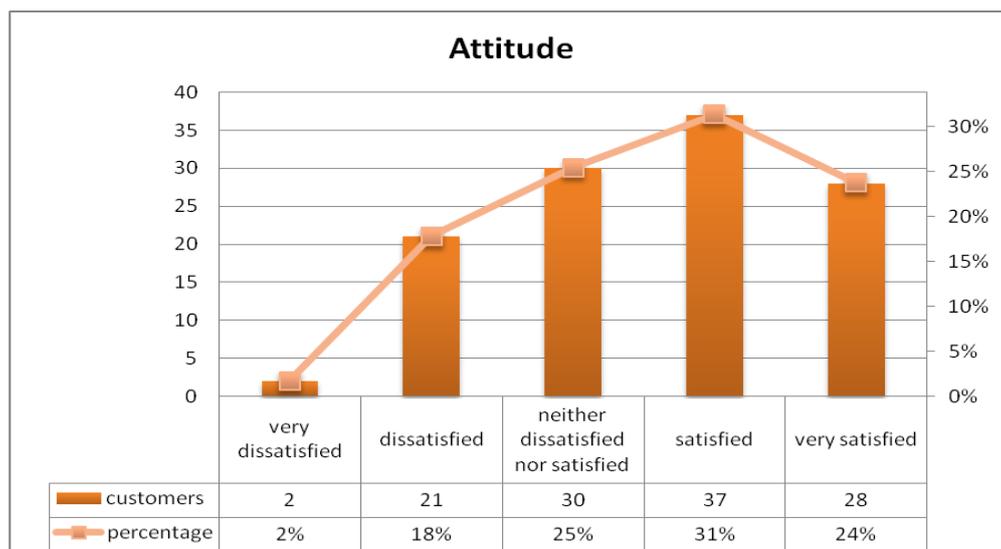


Figure 29: Consultants' attitude towards customers

Figure 29 demonstrates that most customers were satisfied with consultants' attitude during

the service process, which accounted for 55%, while 20% of customers were not. 24 percent of the respondents are completely satisfied. It is a good result that the satisfied customers were almost three times more than the dissatisfied customers on consultants' attitude.

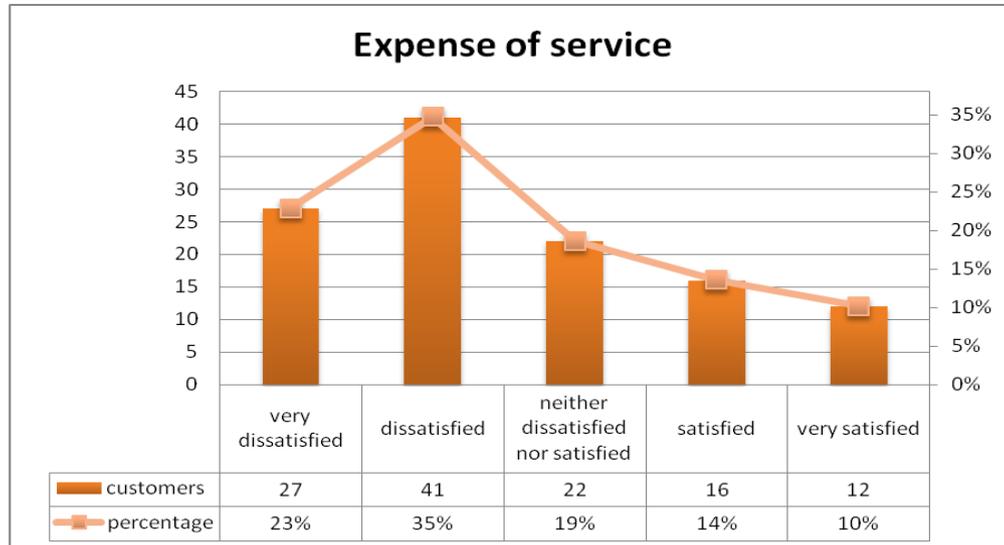


Figure 30: The expense of the service

Figure 30 shows more than half of the respondents were dissatisfied with the expense of service, only 24 percent of the customers were satisfied. The dissatisfied customers were two times more than the satisfied customers. This figure proves the cost expectation of most of the customers did not match with the customers' perception of the service.

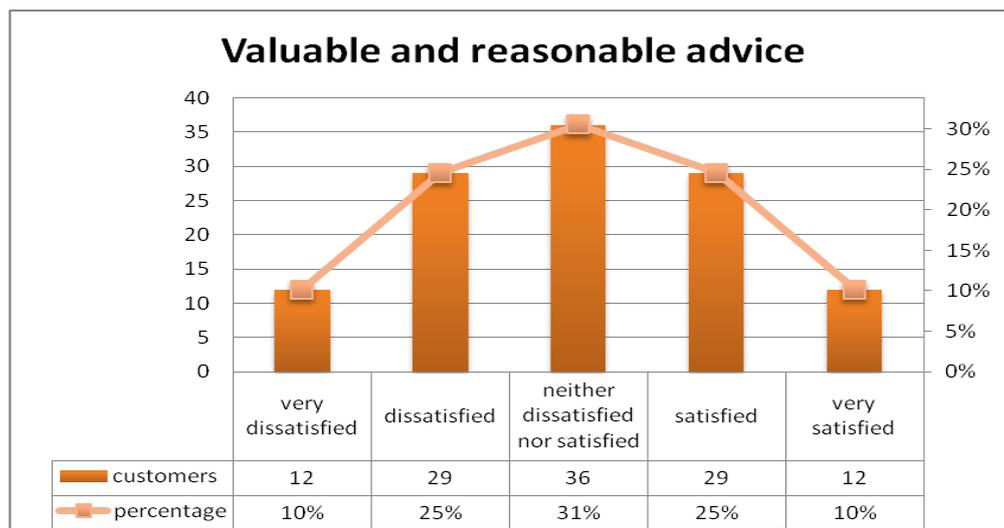


Figure 31: Valuable and reasonable advice

Figure 31 proves the result was a little surprising. The number of dissatisfied respondents was completely equal to satisfied respondents with the valuable and reasonable advice provided by

the consultants. In this case the company should pay more attention to the group, who were neither dissatisfied nor satisfied customers. If the company can give more useful information to them, this 31 percent of the customers will become satisfied customers; otherwise they will turn to the reverse direction.

With regard to the application service of studying or working abroad provided by Compass, the personnel of the company and the cost of the service were the primary factors influencing customer satisfaction. Combining these four aspects, most of the customers were satisfied with the consultants' attitude, but they take a neutral position with regard to the consultants' professional level and the value of the advice offered by consultants. For the expense of the service, 58 percent of the customers were dissatisfied with the cost, even very dissatisfied customers made up 23%. It can be seen from this result, the application service of studying or working abroad of Compass was not very optimistic. The company has to adjust the service price in order to approach the customers' expectation level and increase the staff training so as to strengthen professional business knowledge of consultants.

4.4.3 Additional services

This question examines the interest of customers in its additional services offered by Compass. From the bar chart figure 32 and 33 proves that the free English corner is more popular than study abroad consultation meeting. 59 percent of the respondents were definitely willing to participate in the English corner, which is the service of English free talk provided by Compass in order to help the customers improve their spoken English speaking. Study abroad consultation meeting was responded by 41 percent of the customers. This service is the regular public consultation meeting about introducing the studying or working abroad program for customers who are planning overseas development.

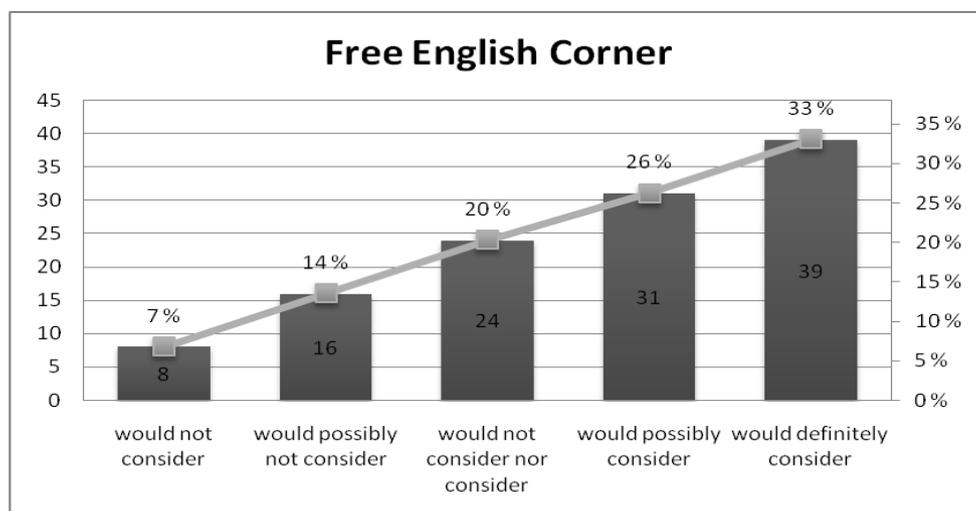


Figure 32: Free English corner

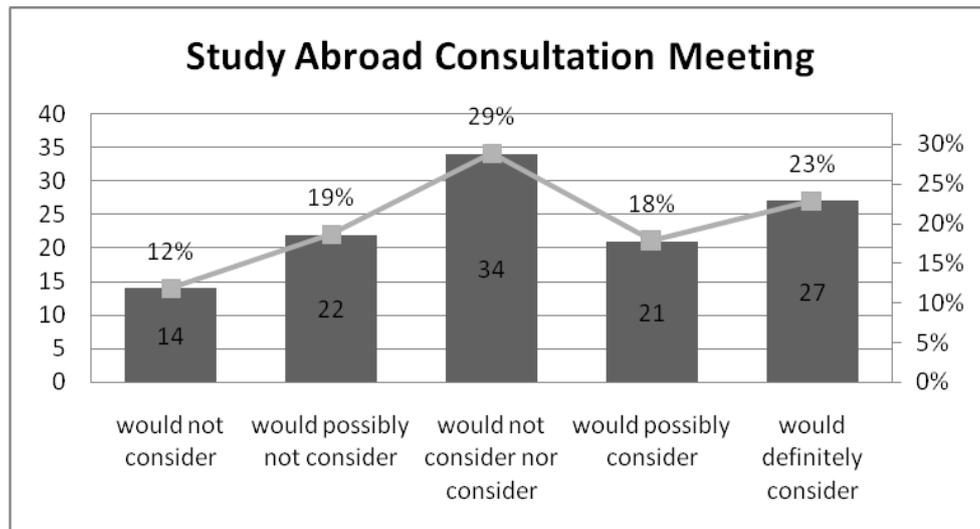


Figure 33: Study abroad consultation meeting

4.4.4 Recommendation

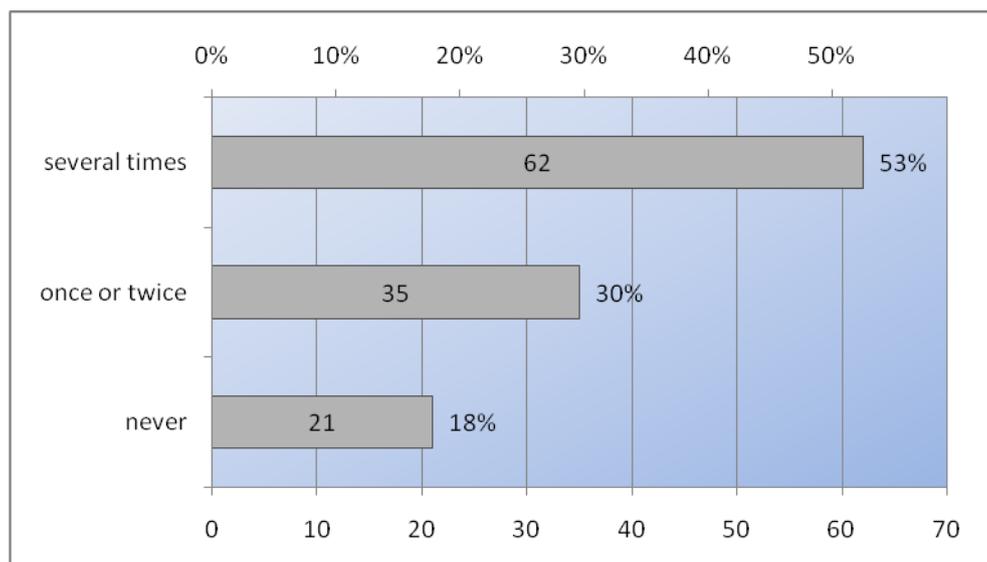


Figure 34: Recommendation

This question measures whether the customers are willing to recommend the service of Compass to others. This result can examine the overall satisfaction level concerning Compass's services. If the majority of the respondents recommend the company several times to others, it is proved that the majority of the customers are more satisfied with the services of Compass. With regard to this question, three options are offered to respondents, they are "A. No, never recommended", "B. have recommended once or twice", and "C. have recommended several times". Figure 34 indicates more than half of the respondents have recommended several times to others. One third of the respondents have recommended once or twice, 18 percent of

customers have never recommended the services of Compass to others. From the chart, most of the respondents satisfied with the service provided by Compass, but the company still needs to pay more attention to the dissatisfied customers.

The questionnaire ends with an open question, which is to collect the comments and suggestions about the case company from the respondents. Most customers did not complete and a few of the respondents gave their opinions to the company. Some customers who gave feedback mentioned that they felt happy with their studies at Compass and they were learning more methods and skills toward the IELTS examination or they liked some of the foreign teachers. Other customers hoped the company would be able to make some improvement in certain aspects such as increasing more exercises or tests in class. Some customers thought the price of IELTS courses and services a bit expensive. One student suggested the company build up online service about studying communications. Furthermore, one respondent gave one piece of negative feedback about the teacher arriving late for class.

5 Conclusions and recommendations

5.1 Conclusions

This thesis was done as customer satisfaction research for Compass Foreign Language Training Centre in Tianjin, China. The research was carried out during March of 2011 through a survey questionnaire handed out to the customers of the company at the given moment. The company did not have any previous databases on their customers. Therefore the author tried to find out some basic information about the customers as well as asking them what they thought about the company and its services.

According to the analysis of the results of customers' background information, typical customers at Compass would be females; in the age group from 16 to 35; graduated with a bachelor degree; the occupations of the majority of customers were students and business office staffs. This valuable information will help the company to improve its service quality to match the demand of these customer groups in the future.

The majority of the respondents obtained the company's information either from their friends or acquaintances or through the internet, so word-of-mouth communication seems to be the most effective way to spread information. With regard to the service characteristics of Compass, teaching by foreign teachers is the most distinct feature of the company. This main competitive advantage can be used to attract more new customers to the company. However, the company needs to pay more attention to its brand building and service achievement. As mentioned previously, the business scopes of Compass are IELTS courses training and the

application service of studying or working abroad. Compared with these two services, figure 20 shows that the IELTS courses training is the core service at Compass.

Based on the discussion of the level of customer satisfaction concerning the two services provided by Compass, for the service of IELTS training courses, the result for the overall customer satisfaction level with this service came out positive. From figure 21 to 25, it seems that the customers are rather satisfied with the teaching material and the size of the study group, but there is the service environment and the teaching level of teachers for improvement. The price of IELTS courses is unnecessary to change by company at the present stage. The analysis of the results of the application service of studying or working abroad caused the author a little anxiety. Customers in general were satisfied with the friendliness and effectiveness of company's personnel, especially the consultants' attitude, but most of customers were dissatisfied with the expense of the service. The author suggests the company adjust the service cost according to the expectation level of customers.

Concerning other additional services provided by Compass, almost all the students prefer the English free talk. 41 percent of customers are willing to participate in the consultation meeting of study abroad. By analyzing the customers' interest degrees of additional services, which is helpful in marketing strategy and promotion such as advertising. The company can use both two additional services to attract more customers. Moreover, more than half of customers have recommended the company several times to others. This result proves most of the students are satisfied with the service provided by Compass, but the company still needs to work hard on how to satisfy other customers who are not as satisfied as expected.

5.2 Recommendations

Despite the fact that most of the customers had found out about Compass through word-of-mouth, the company still needs to develop its the marketing. According to the results of the empirical study, the main customers are students and business office staff, with age between 16 and 35. The author suggests that the company should be doing periodical promotion activities at university or high school in order to attract more students to familiar with Compass. It is not necessary for the company to invest more money in the newspaper communication channel. It is a better way for the company to save this part of investments by making more brochures.

The company could consider doing some further research in the form of qualitative research in order to find out more about exactly why the customers are not as satisfied as their expectations in terms of the service environment and teaching level of teachers or to find out

more about which level of the service cost of studying or working abroad application service the customers will satisfy.

Another thing the author would highly recommend is for the company to design a questionnaire, similar to the one used in this research, to give out to all students either when they are about to finish their studies at the company or a couple of weeks into their studies. This way the company could keep track of what their customers think about the company even in the future, making it possible to address problems faster. They could also see what kind of customers they attract and from what channels, making it easier to know what marketing is working and what not.

6 Theoretical linkages

In the beginning of the theoretical study, the service concept, service characteristics, service classification was introduced. In fact, the case company is a small service company which was located in China. The core services of the company provide IELTS training and studying abroad service. As a pure service company, the customer service has a huge role to play in customer satisfaction. A researcher should know what good service consists of. This leads to the fact that service quality is one of the most important elements for a successful company. It is important for the company to know which factors affect customer satisfaction, which is why factors affecting customer satisfaction were examined. The main factors come from customers' expectations and customers' perception about services. When doing a customer satisfaction survey the customers would be asked about how they feel about the products and services. Price is usually one significant factor visible to the customers and large numbers of the customers decide which company they choose based on the price level. This means the price should be reasonable in order to obtain and keep customers.

All the empirical study of this thesis is based on the theoretical background. It can be seen from the research results that the case company's core product is to provide quality courses. It obviously has fulfilled this well, since most respondents are satisfied with five aspects of the service quality of IELTS training courses. However, for the four aspects of service quality of studying abroad service, the research results prove the company has good employees, but the customers were asked about the price level of this service and the majority thought the price was expensive. Therefore, it can be considered that improving the customer satisfaction of Compass should improve the service quality and set up reasonable service prices.

7 Summary

Nowadays, competition among companies is fiercer than ever. Service becomes the key factor of success since companies cannot compete in product differentiation so much anymore. When a company is looking for quick ways to decrease costs, most of the cuts are done in terms of information technology. Competition helps to keep a company working toward improvements and the only way to survive in a strong competitor environment is by providing quality. Service quality and customer satisfaction are usually considered to be the same. But service quality is a part of customer satisfaction and technically means the quality of customer service. Customer satisfaction points to the customer's total satisfaction towards the company. If the company serves their customers with a positive attitude, the company gets a positive reputation and attracts new customers and best of all, keeps the existing customers satisfied. Customer satisfaction has become the most important part of the company.

Compass Foreign Languages Training Centre is one of the studying abroad training organizations which offer language training and studying abroad services. Compass is a small service company surviving in the huge market in China. In order to obtain more competitive advantages, it is significant for Compass to improve customer satisfaction through the improvement of its services. The aim of this thesis was to discuss and analyze the factors that influence customer's the level of satisfaction and assist Compass Foreign Languages Training Centre to analyze the current situation and find out the existing problem of its services.

The practical research of this thesis is based on the theoretical background studies which are explained by the core discussion of customer satisfaction and service quality. Customer satisfaction can be measured whether the services match customers' expectation or not. The level of customer satisfaction is mainly affected by the expected service and perceived service, and prices of services. Expected service quality by customers consists of customers' experiences, values and needs; other customers' experiences and their opinions; and company's marketing communication by the service provider refers to the promises made by advertising. Service output, service surrounding, and interactions between contact personnel and customers will directly influence customer perceptions of service quality. Service price also has an effect on customer expectations and customer perceptions of service quality, thereby influencing customer satisfaction.

The results of the customer satisfaction research for Compass Foreign Languages Training Centre came out positive. Most of the customers was fundamentally satisfied with the current situation of Compass, especially the service of the IELTS training courses. Teaching by foreign teachers, the small size of study groups, the good attitude of the personnel are primary factors to attract the customers. However, the research results still point out some problems in the services of Compass, especially the application service of studying or working abroad. The main negative reason is the price of the service perceived by customers exceeded the price of

customers' expectations in the studying abroad. In addition, the service environment, employees who understand the needs of their customers, communication between management and its contact employees should be improved.

Based on the research results, it is recommended that Compass should improve the service environment, adjust the service price, increase the employee's training in order to serve the customers better, keep promises to the customers, adjust marketing communication promptly. The author recommends that the company can maintain the excellent service characteristics such as teaching by foreign teachers, the small size of the study group, the positive attitude of the personnel, and two additional services for longer. In addition, the author suggests the company would do more periodical promotion activities at university or high school in order to attract more students to familiar with Compass and collect data about their customers more frequently in the future. A questionnaire could be given out to all new or all leaving customers and this way the school could easily keep track of what their customers think.

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APPENDICES

Appendix 1: Cover letter of customers' questionnaire

To whom it may concern,

I will be great honored if you can spend some time to read this letter.

I am Yu Wei. I am studying Business Management at Laurea University of Applied Sciences in Finland. I am doing my thesis about how to improve the customer satisfaction now. I feel so grateful that Compass Foreign Language Training Centre has kindly permitted me to use them as my case company. I am inviting you to participate in my research to investigate the level of customer satisfaction with Compass's services. According to your answer, the collected data of the questionnaire will be analyzed and used for providing the preferable customer services in the future.

I will be extremely appreciated if you can share a few minutes to answer the questions of customer satisfaction survey. Your answers will be treated as highly confidential.

Thank you for your cooperation!

Yours sincerely,

Yu Wei

Contact Information:

E-mail: wei8504@hotmail.com

C. The teaching material (books and copies)	1	2	3	4	5
D. The price of the IELTS courses	1	2	3	4	5
E. The size of the study group	1	2	3	4	5
F. Others, please specify_____	1	2	3	4	5

13. How satisfied are you with the services of studying abroad application provided by the department of customer studying abroad management? (Please circle the right choice on a 1 to 5 scale: 1-very dissatisfied 2-dissatisfied 3-neither satisfied nor dissatisfied 4-satisfied 5-very satisfied) Note: only one alternative at time for each item.

A. The professional level of the consultants	1	2	3	4	5
B. Attitude towards customers	1	2	3	4	5
C. The expense of the services	1	2	3	4	5
D. Valuable and reasonable advice	1	2	3	4	5
E. Others, please specify_____	1	2	3	4	5

14. How do you find the customer service level of Compass in comparison to the following Language Training Institutions? (Please circle the right choice on a 1 to 5 scale: 1- very bad 2- bad 3- neutral/ok 4- good 5- very good) Note: only one alternative at time for each item.

A. New Oriental	1	2	3	4	5
B. Global Education & Technology Group Ltd.	1	2	3	4	5
C. EnjoyEnglish	1	2	3	4	5

15. Which of the following additional services of Compass Foreign Languages would you consider to try? (Please circle the right choice on a 1 to 5 scale: 1- would not consider, 2- would possibly not consider, 3- would not consider nor consider, 4- would possibly consider, 5- would definitely consider) Note: only one alternative at time for each item.

A. Free English Corner	1	2	3	4	5
B. Study Abroad Consultation Meeting	1	2	3	4	5

16. Have you ever recommended the services of Compass Foreign Language Training Centre to others?

- A. No, never recommended
- B. have recommended once or twice
- C. have recommended several times

Finally, we are deeply grateful for your any comments or suggestions regarding Compass Foreign Language Training Centre!

Thank you for your cooperation!!!

Appendix 3: Chinese version of customers' questionnaire

顾客满意度问卷调查

尊敬的顾客：



您好，为了更好地了解您的需求和期待，我们诚挚邀请您参加天津汇通外国语提供的雅思课程和留学服务的客户满意度问卷调查，您的答案将帮助我们定位出目前的服务现状并根据您的意见我们将努力在未来打造出更优质的顾客服务，非常感激您能花费几分钟的时间来回答下面的问题，您的答案将以高度机密来对待，感谢您的配合!!!

一、背景信息（请圈出符合自己的正确选项）

- 1、性别 A. 男 B. 女

- 2、年龄 A. 16 岁以下 B. 16 岁-25 岁
 C. 26 岁-35 岁 D. 36 岁-45 岁
 E. 45 岁以上

- 3、教育水平 A. 初中 B. 高中 C. 职业技术学院
 D. 大学本科 E. 硕士研究生

- 4、职业 A. 学生 B. 企业管理者 C. 办公室职员
 D. 专业人士（例如，律师、会计师、建筑师、教师、医生等等）
 E. 其他， 请明确指出 _____

- 5、您将要参加哪种类型的雅思考试？ A. 学术类 B. 培训类

- 6、下列哪个国家您将申请或打算去？
 A. 澳大利亚 B. 加拿大 C. 新西兰 D. 英国 E. 美国
 F. 其他， 请明确指出 _____

- 7、您以前是否在其他机构参加过雅思培训课程？
 A. 有， 请明确指出机构名称 _____ B. 没有

二、商务关系

8、您是通过什么途径知道汇通外国语的？请在下列每项中从 1(非常不重要)到 5(非常重要)中圈出您认为合适的重要程度

A. 网络	1	2	3	4	5
B. 报纸	1	2	3	4	5
C. 朋友或亲戚	1	2	3	4	5
D. 电视广告	1	2	3	4	5
E. 宣传活动	1	2	3	4	5
F. 其他, 请明确指出 _____	1	2	3	4	5

9、请针对下面每项影响您选择汇通外国语的因素, 从 1(没有)到 5(很多)中圈出您认为合适的影响程度?

A. 名声	1	2	3	4	5
B. 外教小班授课	1	2	3	4	5
C. 雅思通过率和留学成功率	1	2	3	4	5
D. 其他, 请明确指出 _____	1	2	3	4	5

10、您在汇通外国语选择了哪些服务?

- A. 雅思培训课程 B. 办理留学服务 C. 两者都有

11、您将计划在汇通外国语学习多久?

- A. 仅两个月 B. 两个月到半年 C. 半年到一年
D. 一年到一年半 E. 一年半以上

三、服务满意水平

12、您对汇通外国语提供的雅思课程的下列各方面, 请从 1(非常不满意)到 5(非常满意)中圈出您认为合适的满意水平?

A. 教学环境	1	2	3	4	5
B. 教师的资格和教学水平	1	2	3	4	5
C. 教学材料	1	2	3	4	5
D. 雅思课程的价格	1	2	3	4	5
E. 教学规模 (一个班学生的人数多少)	1	2	3	4	5
F. 其他, 请明确指出 _____	1	2	3	4	5

13、您对汇通留学部提供的留学申请服务的下列各方面, 请从 1(非常不满意)到 5(非常满意)中圈出您认为合适的满意水平?

A. 顾问的专业水平	1	2	3	4	5
B. 对顾客的态度	1	2	3	4	5
C. 服务费用 (中介费)	1	2	3	4	5
D. 顾问是否给出了有价值及合理的建议	1	2	3	4	5
E. 其他, 请明确指出 _____	1	2	3	4	5

14、对比下列的语言培训机构, 请从 1(非常不好)到 5(非常好)中圈出汇通外语的服务如何?

A. 天津新东方	1	2	3	4	5
B. 天津环球雅思	1	2	3	4	5
C. 天津英卓	1	2	3	4	5

15、针对汇通外语下列的附加服务, 请您从 1(不愿意考虑)到 5(绝对愿意考虑)中圈出未来愿意尝试的程度?

A. 免费英语角	1	2	3	4	5
B. 留学咨询会	1	2	3	4	5

16、请问您是否向其他人推荐过汇通外语的服务?

- A. 从来没有过 B. 推荐过一到两次 C. 推荐过多次

最后, 我们深深感谢您对汇通外语的服务提出的任何评论和意见!

感谢您的合作 !!!