

KYMENLAAKSON AMMATTIKORKEAKOULU

University of Applied Sciences

International Business/ International Trade

Md Tohid Hassan

Improvement of Customer Satisfaction and Service Quality.

Case Lassila & Tikanoja Oyj

Bachelor's Thesis 2013

ABSTRACT

KYMENLAAKSON AMMATTIKORKEAKOULU

University of Applied Sciences

International Trade, Kouvola

MD TOHID HASSAN	Improvement of Service Quality to Achieve Customer Satisfaction in Order to Face Strong Competition.
Bachelor's thesis	58 pages
Supervisor	Harri Ala-Uotila, Senior Lecturer, KyAMK.
Commissioned by	Lassila & Tikanoja Oyj, Kouvola, Finland.
May 2013	
Key words:	Customer satisfaction, Customer service, Service quality.

Increasingly all business sectors are facing more competition. Due to the internationalization, this is especially the case with service-oriented companies. Almost every business has to find new and attractive solution to satisfy the customers in order to exist in the market. This case study was conducted by Lassila & Tikanoja Oyj, Kouvola, Finland. The company wants to improve their service in Kouvola region to grip their existing customers and also to obtain new customers.

The objective of the research was to find out the level of service quality, measure and assess the level of customer satisfaction. The suggestions of the customers will bring the idea for possible action to solve the case problem.

The theoretical framework consists of definition of customer satisfaction, services and service quality. Theory composes a research technique to create customer satisfaction through customer services and service quality. The empirical analysis of the study was accomplished to assess customer satisfaction level using questionnaires through company e-mail and interview.

The survey results revealed that L&T customer satisfaction level is in such a good position that keeps customers loyal. The research ends with suggestions for further study to reveal research gap.

Acknowledgements:

Many individuals provided valuable input toward the research of *Improvement of customer satisfaction and service quality: case Lassila & Tikanoja Oyj*.

First and foremost, I would like to remember my first supervisor of this thesis Mr. Jukka Tyrväinen, Senior Lecturer. We are very sad for his sudden unexpected death. We expect peace for his rest of life. I like to give my deep gratitude to Mr. Harri Ala-Uotila, Senior Lecturer, for his kind supervision, valuable comments and suggestions.

Second, I would like to remember my father who is my ideal person. Thanks to him to teach me everything from his life. Thank to my family members even though they are living far away, for their spiritual motivation to my study.

Third, I would like to thank all teachers from Kymenlaakso University of Applied Sciences for sharing their knowledge and experiences. Also, I would like to thank to my classmates for their support and great inspiration. Special thanks to my friend Marko Sirén for helping me to translate questionnaire from English to Finnish and survey responses.

Table of Contents

LIST OF FIGURES.....	6
LIST OF TABLES	7
1 INTRODUCTION.....	8
1.1 Choice of study.....	9
1.2 Research problem.....	11
1.3 Research methodology	11
1.4 Limitations of the research	11
1.5 Structure of the thesis	12
2 GENERAL DESCRIPTION OF THE RESEARCH FOCUS	14
2.1 Overview of L&T.....	14
2.2 Competition in environmental management and property & plant support service business.....	16
3 SERVICE QUALITY AND CUSTOMER SATISFACTION.....	17
3.1 Customer service	17
3.1.1 Intangibility	20
3.1.2 Inseparability of production and consumption	22
3.1.3 Heterogeneity/variability	23
3.1.4 Perishability.....	24
3.2 Service quality.....	24
3.2.1 Dimensions of service quality	26
3.2.2 Developing quality services.....	30
3.2.3 Importance of customer in service delivery	31
3.2.4 Customer relationship management	31
3.3 Customer Satisfaction.....	33
3.3.1 Providing high quality of services	35
3.3.2 The Gap model	36
4 THE LEVEL OF CUSTOMER SATISFACTION	39
4.1 Methods.....	39
4.2 Questionnaire design	40
4.3 Reliability and validity	40
4.4 Quantitative analysis	41
4.4.1 Respondents position in the company	41
4.4.2 Size of the company	42
4.4.3 Customers' location.....	43

4.4.4	L&T's service level	43
4.4.5	Competitors' comparison	45
4.4.6	Recommendations	46
4.4.7	Foreign workers in L&T.....	47
4.5	Qualitative analysis	48
4.6	Suggestions for future research	50
5	CONCLUSIONS	51
	REFERENCES.....	53
	APPENDIX 1	57
	APPENDIX 2	58

LIST OF FIGURES

<i>Figure 1. Finland GDP - composition by sector (%), (2011 est.)</i>	9
<i>Figure 2. The structure of the study</i>	13
<i>Figure 3. The tangibility continuum</i>	21
<i>Figure 4. Some implications of service inseparability</i>	22
<i>Figure 5. Causes and consequences of service variability</i>	23
<i>Figure 6. Causes and consequences of service perishability</i>	24
<i>Figure 7. The pillars and process of CRM</i>	32
<i>Figure 8. Fundamental assumption driving customer satisfaction measurement</i>	33
<i>Figure 9. The communication process</i>	35
<i>Figure 10. Conceptual model of service quality</i>	37
<i>Figure 11. Respondents position in the company</i>	41
<i>Figure 12. Size of the company</i>	42
<i>Figure 13. Location of the customers' (n = 9)</i>	43
<i>Figure 14. L&T service ratings</i>	44
<i>Figure 15. Categorized ratings of customer satisfaction</i>	45
<i>Figure 16. Compare L&T with other companies</i>	46
<i>Figure 17. Recommendations to others</i>	47
<i>Figure 18. Foreign workers form L&T</i>	48

LIST OF TABLES

Table 1. L&T financial performance.....	14
Table 2. Turnover and employees: during 2009-2010 of L&T.	15
Table 3. Direct competitors of L&T.....	16
Table 4. Competitors of L&T in cleaning sectors.....	17
Table 5. Definitions of service concept.....	18
Table 6. Four broad categories of services	19
Table 7. Definitions of service quality concept.	25
Table 8. Five broad service quality dimensions.....	28
Table 9. Brief answers of qualitative questions.....	49

1 INTRODUCTION

This thesis concerns the customer satisfaction of a service providing company Lassila & Tikanoja Oyj, Kouvola, Finland. The main objective of this research was to find out the customer satisfaction level for the company; how a service quality can fulfill the satisfaction level of a customer, when there is no such measurement scale to identify level of customer satisfaction in the service sector.

Customer is a valuable factor in all businesses. Dealing with a customer is one of the challenging tasks for a company. That is why most of the companies are moving from a product oriented strategy to a customer oriented strategy. Maintaining customer satisfaction with products is difficult but it is even more difficult to measure how happy customers are with services. Services are essentially intangible, so customers cannot directly measure the quality like with tangible products. Therefore, they use tangible indications to evaluate services based on service facilities, communication, etc. In this context, companies focus on customers' needs and desires as well as provide the better services to measure and improve customer satisfaction to keep customer stay longer period of time. According to customer expectation, companies should concern about the services they are going to provide and the quality of services. (Kotler and Armstrong 2008, p. 218)

Around the world, the service sector is increasing. In Finland the highest percentage of contribution to national GDP is service sector 68%, which we can see from the figure 1. The importance of service sector indicates the opportunity to improve services and create customer satisfaction. Because, customers will consume services when they are satisfied with the service they purchase. So it is very important for any company in Finland to provide service to improve their customer satisfaction level.

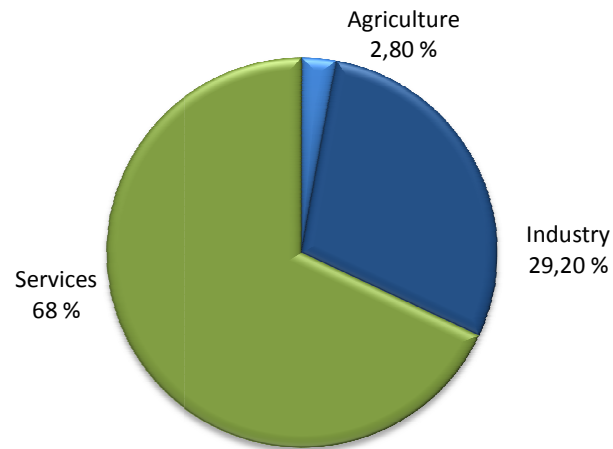


Figure 1. Finland GDP - composition by sector (%), (2011 est.).

The level of customer satisfaction is essential for the growth of firms, whatever the firms are doing for a business. A higher customer satisfaction level reduces the chances of customers' changing preferences over to the competitors.

1.1 Choice of study

Lassila & Tikanoja Oyj (abbreviation L&T) is a service providing company in the Baltic Sea Region (Finland, Sweden, Russia, and Latvia). The company provides mainly support service in almost every sector. They also provide environmental management service and environmental products. (Lassila & Tikanoja, 2008). L&T has individual operation in Kouvola by offering support services with other competitors in the same fields. The idea of the topic came from the company marketing manager, Tarja Koivistoinen. Company in Kouvola is facing strong competition to sell new services and keep to existing customers. Marketing manager of the company wants to know the customer opinions, especially the level of customer satisfaction to persist existing customers.

The company Lassila & Tikanoja Oyj has provided services in Kouvola for a long time. During the time they have provided services, there has been a lot of customers they have lost businesses to other competitors. Now in this competitive situation with competitors, they need to know the level of customer satisfaction. Therefore, they have to determine if they need to develop their service and service quality, or if some other factors need to be focused in order to improve their level of customer satisfaction.

According to L&T's goals, they want to be the most competent in the service industry. The company wishes to be a preferred partner of the customers. These goals will achieve by highly skilled and motivated personnel. The company's operations and competitive advantages are based on its skilled and motivated personnel. The main requirement is now to understand customers' needs well and to improve the services in practice. To understand customers' opinions, the company needs to know if their customers are satisfied with the services they are getting. By identifying the satisfaction level, the company will improve service quality level to achieve company goals.

It is an interesting choice for the author to conduct such kind of research to identify the level of customer satisfaction. Identifying customer satisfaction is difficult for a product but it is more difficult for services. Since there are no physical products in the service sector, it is very difficult to satisfy customers by their expectations. The level of satisfaction can be identified when service is provided. This challenge gave motivation to research the topics in order to reveal the relation between customer satisfaction and service quality.

1.2 Research problem

The main problem is to identify the level of customer satisfaction with L&T's service quality. At the same time the aim is to search how the company can improve their service according to customers' expectations. Results of this research will be submitted to L&T for implementation of its marketing strategies, expand and multiplicity operations. The more specific research questions are the following ones:

1. What is the level of customer satisfaction with L&T's services?
2. What are the suggestions from customers to improve L&T's service quality?

1.3 Research methodology

In this customer satisfaction survey quantitative method was used to reach a large amount of customers. Both quantitative and qualitative methods were used to ensure the validity and reliability of results. Quantitative methods include a questionnaire to collect data from customers. A qualitative method enables to understand customers' opinions which can make data authentic. Quantitative method is suitable to collect data from large amount of people. In the quantitative research method, statistical techniques and mathematical measures are used. In the questionnaire (appendix 1) there were closed questions used with numeric scales. On the other hand, open-ended questions were used in order to get customers' personal opinions, which might bring new ideas. Qualitative research is mainly suitable for studies which aim to understand participants, events, situations and actions involved.

1.4 Limitations of the research

This research topic itself has a lot of limitations because of the word 'satisfaction'. There is no clear satisfaction level of a customer. It is in human nature that people want more and more. When they have something, they believe/think (?) they deserve something more. Sometimes, it is also difficult for customers to determine what can

bring them satisfaction; on the other hand they cannot put into words what they want.

Furthermore, some of the customers do not want to express their opinion about a service they just want to change for experience in order to have satisfaction. So, there are difficulties to identify the level of satisfaction because they are only looking for better and better services.

There is another limitation for this research, the language barrier with the author and customers. The research language is English, at the same time I as the researcher speak only English. Kouvola is a small city, most of the customers are local and they do not want to use English, but prefer using Finnish. Therefore I got help from a Finnish friend (Mr. Marko Siren) to translate the questionnaire and customers comments from English into Finnish and vice versa.

In this case, physical communication is another effective way to carry out a survey because the surveyor can meet the respondents and ask more questions or better yet make conclusive interpretation on consumers.

1.5 Structure of the thesis

The first part of this study will review what kind of research has been done, how and what methods have been used, and what results have been gained. In the theoretical part of this study, the Gap model of service quality and dimensions of service quality by Zeithaml (2009, p. 32) were used to establish reliability and validity of this thesis.

The second part consists of empirical study. The structure of this study is shown in figure 2.

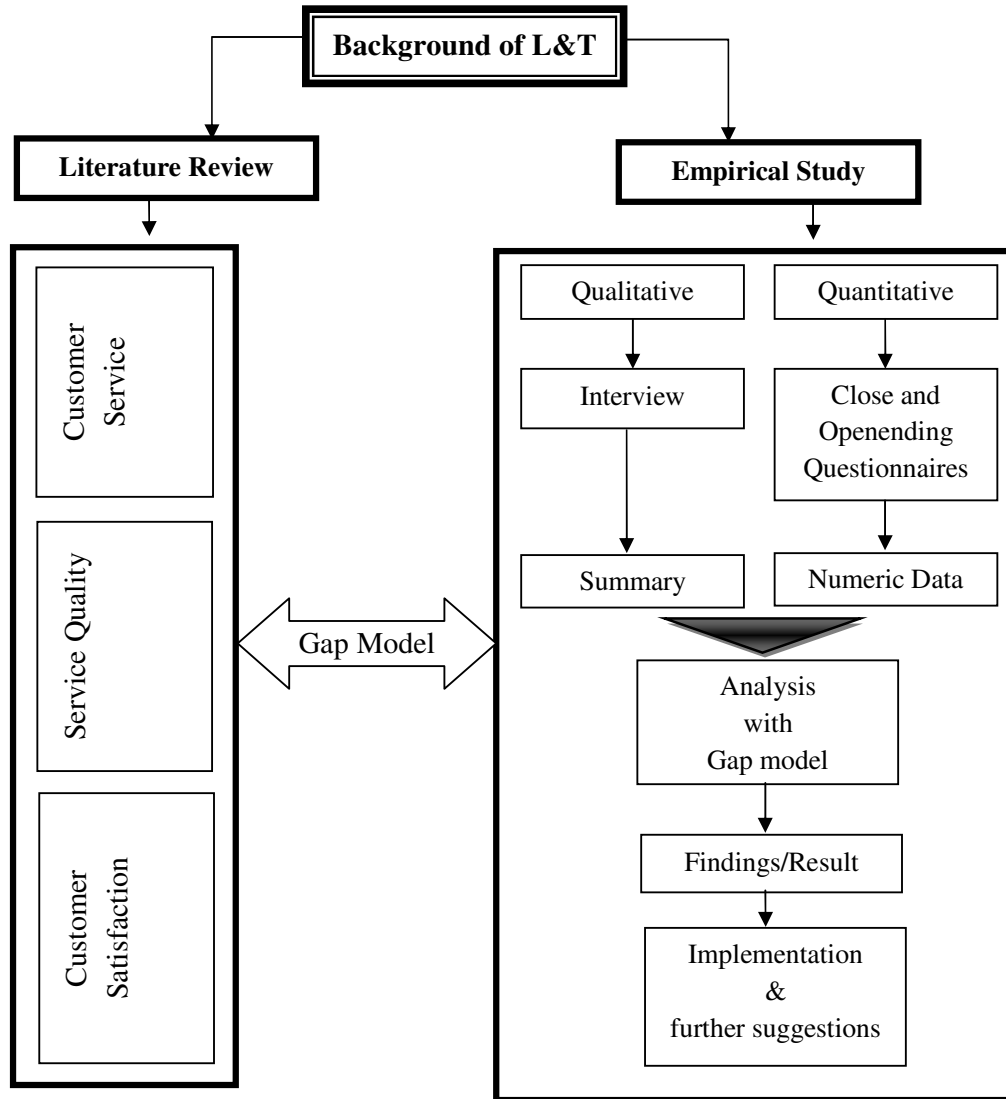


Figure 2. The structure of the study

Research information has been collected from theory (literature review) after having presented background information about case company. The literature review took place on the topics – customer service, service quality and customer satisfaction. Empirical part of this study consist both quantitative and qualitative methods. The Gap model is used to minimize gaps between theoretical and empirical information parts.

2 GENERAL DESCRIPTION OF THE RESEARCH FOCUS

2.1 Overview of L&T

In 1905, Josef Lassila and Frithjof Tikanoja established a wholesale business, selling fabrics in the town of Vaasa, Finland. Through the time period there were many development phases' before the current Lassila & Tikanoja. During the nineteenth century, the company moved its operation into service industry from wholesale business. Lassila & Tikanoja Oyj is one of the leading services providing company in Finland. It has also international operations focusing on environmental management and support services for properties and plants. E.g. – Baltic Sea region. The main service sectors are environmental management, production of recovered fuel and secondary raw materials, support services for properties and plants, and office support services. At the same time waste recovery and recycling, the cleaning business, and hazardous waste management were included in the services ranges. Year 2002, company introduced the L&T brand name for all of its operations. (Lassila & Tikanoja, 2011)

Table 1. L&T financial performance for 1 January – 31 March 2012.

(Source: Globe Newswire, 2012)

	1-3 2012	1-3 2011	Change %	1-12 2011
Net sales, EUR million	171.3	159.5	7.4	652.1
Operating profit excluding non-recurring items, EUR million	5.0	6.8	-26.5	44.3
Operating profit, EUR million	4.9	6.5	-23.7	25.6
Operating margin, %	2.9	4.1		3.9
Profit before tax, EUR million	4.0	5.4	-26.4	21.0
Earnings per share, EUR	0.07	0.10	-30.0	0.44
EVA, EUR million	-1.5	-0.2		-2.2

Table 1 shows the financial performance of first quarter of 2011 and 2012. For the particular quarter net sales of the company were positive in 2012, whereas the operating profit is lower than 2011. The table 2 below describes closing information on turnover and employees in the year 2009, 2010, and 2011. In this table both, factors have decreased from 2010 which is the direct consequence of global economic crisis.

Table 2. Turnover and employees: during 2009-2010 of L&T.

(Source: Lassila & Tikanoja, annual report, 2011)

Fiscal year	December 2011	December 2010	December 2009
Turnover (x 1000 EUR)	652 130	598 193	582 306
Employees (average)	8 513	8 732	8 113

The company currently has operations in Finland, Sweden, Latvia and Russia with almost 9000 employed persons (2010). In the range of services and products, L&T offers different service packages and special services within the operation of environmental management and maintenance of properties and plants. Functional service packages include churches, construction sites, event services, food industry, garages, harbors, households, hypermarkets, industry, offices, public sectors, service stations, and shopping centers. In addition, special services are basic solutions for special situations based on customer needs.

L&T wants to be the leading service provider of environmental management services and support services related to property and plant in the Baltic Sea region and Russian market with the 10% annual target growth. Company wants to improve efficiency and consistency in service quality by improving existing services and retained customer relationship management. L&T's objectives are the development of company share sound and competitiveness by its key strategy which is closeness to customers. The company is enlisted in stock market on NASDAQ OMX Helsinki. (Lassila & Tikanoja, 2011)

2.2 Competition in environmental management and property & plant support service business.

Similar to any other company, L&T also have competitors in the same field of business. As we know Finland is one of the cleanest countries in the world, with this opportunity there are several companies operating in cleaning services. These companies are considered as competitors of L&T though cleaning is only one part of L&T's businesses.

Table 3. Direct competitors of L&T

(Source: L&T and Ovenia website.)

Company Name	Operations	Turnover (approx.) EURO	Web
Lassila & Tikanoja Oyj	Environmental Services, Cleaning and Office Support Services, Property Maintenance, Renewable Energy, Sources (L&T Biowatti).	652 million (2011)	www.lassila-tikanoja.fi
Ovenia Oy	Property Management, Asset Management, Leasing services, Life Cycle Development, Facility Management.	15 million (2010)	www.ovenia.fi

Ovenia Oy is the one of the direct rising competitors for L&T (see table 3). It has smaller turnover than L&T. In contrast, there are other companies seriously competing in particular sectors. The companies mentioned in table 4 are the closest competitors for L&T in Finland market. There are other small and local companies also competing in the same field.

Table 4. Competitors of L&T in cleaning sectors.

(Source: Companies website.)

Company Name	Operations	Establish
Lassila & Tikanoja Oyj	Service Provider	1967*
SOL	Service Provider	1991*
RTK	Service Provider	1972
ISS	Service Provider	1901

*(establish year) year the company started to provide services.

L&T has a lot of competitive advantages over other competitors such as delivery reliability, cost-efficiency, flexibility, large service offer, independence, and synergies with other divisions of L&T. In terms of customer satisfaction L&T also needs to face competitors to achieve better customer satisfaction level. Jobber (2010, p. 705) mentioned that “satisfying customer is the vital order of marketing concept but not only the element for success. The success can be achieved when firms ensure better customer satisfaction than the competitors”.

3 SERVICE QUALITY AND CUSTOMER SATISFACTION

3.1 Customer service

Customer service is one of the concepts of modern economy which is known as service-based economy. Services need to provide several procedures to perform customer expectations. According to Turban et al. (2004, p. 89): "*Customer service is a series of activities designed to enhance the level of customer satisfaction – that is, the feeling that a product or service has met the customer expectation.*"

In western countries service sector is one of the powerful sectors to boost up their economy. In early stages, businesses were mainly product oriented. But now businesses are more and more customer oriented. Though this is not a new idea but it comes in front to give customers competitive advantage. (Palmer 2005, p. 2)

For the definition of customer service, we first need to know what a service is. Palmer (2005) gave a definition on services in his book *Principles of Services Marketing*: “*The production of an essentially intangible benefit, either in its own right or as a significant element of a tangible product, which through some form of exchange, satisfies an identified need*”. Nowadays, each and every product has service value; whatever it is tangible or intangible. Intangible products itself describe services which have necessary elements on the other hand tangible products also have services value during or after as a support services. (Palmer 2005, p. 03)

Service could be defined with an example – a grocery shop and a customer care center. In grocery shops’ buying a bottle of milk defines product which customer can see and touch. On the other hand, customer care center has nothing you can see or touch other than information and/or the way they care you. Services only can be identified when customers have experience to compare them with another good or bad one.

Below in table 5 some definitions have been provided by well-known writers to give abroad idea about the service concept.

Table 5. Definitions of service concept.

Writer	Definition
Philip Kotler and Gary Armstrong	<p><i>“Services are a form of product that consists of activities, benefits, or satisfactions offered for sale that are essentially intangible and do not result in the ownership of anything.”</i></p> <p>- Kotler and Armstrong 2008, p. 218.</p>
Zeithaml, Bitner and Gremler	<p><i>“Services are deeds, processes, and performances provided or co-produced by one entity or person for another entity or person.”</i></p> <p>- Zeithaml, Bitner and Gremler 2009, p. 4.</p>
Lawrence Fogli	<p><i>“Transactions aimed at meeting the needs and expectations of the customer, as defined by the customer. It is the service encounter or series of encounters.”</i></p> <p>- Fogli 2006, p. 4.</p>

Lovelock, C, Wirtz and Chew (2009, p. 15) define four categories of services where people, physical objects, and data processed as tangible or intangible nature. People's bodies or physical processing represent tangible action whereas mind and assets of people's intangible (see table6).

Table 6. Four broad categories of services

Source: Lovelck, C, Wirtz and Chew (2009, p. 15)

Who or what is the direct recipient of the service?		
Nature of the service act	People	Possessions
Tangible actions	People-processing (services directed at people's bodies): <ul style="list-style-type: none"> • Barbers • Health care 	Possession-processing (services directed at physical possessions): <ul style="list-style-type: none"> • Refueling • Disposal/recycling
Intangible actions	Mental stimulus processing (services directed at people's mind): <ul style="list-style-type: none"> • Education • Advertising/PR 	Information processing (services directed at intangible assets): <ul style="list-style-type: none"> • Accounting • Banking

For Moment (2008, p. 12): service has two means which bring business and create loyalty by customers' experience. One is *core services* and the other is *customer services*. Core service is a line of business. This core service when tailored with individuals preferences that is called customer services. A business should provide high quality core services with customized services to make the customers loyal.

Service cannot be identified before they are established by the provider by whom they have been promised. On the other hand, service is something that cannot be able to verbalize to the customers; also customers cannot do so in order to get what they want. (Palmer 2005, p. 30)

Business has two different areas; one is products and another is services. The difference between goods and services is not significant. Measuring services are usually more difficult than physical goods. Different writers have different opinion about services but the common and basic characteristics are – intangibility, inseparability of production and consumption, heterogeneity/variability (uniqueness), and perishability.

3.1.1 Intangibility

The most fundamental characteristic of services is intangibility. Another big difference between goods and services is that customers buy goods when they have already seen, felt, tasted, or touched them. On the other hand, customers buy services first before they receive actual services. In simple words, goods you receive first and buy, but service you buy first than you receive.

Moreover, it is easy to say that there are no goods without services but there are services without goods or tangible properties. Services are defined by their intangible characteristics, such as *reliability, personal care, attentiveness of staff, their friendliness, etc.*, it only can confirm once service has been purchased.

There are some implications with service intangibility that customers have experience to use. In the result to response, management needs to modify their service complexity and service quality.

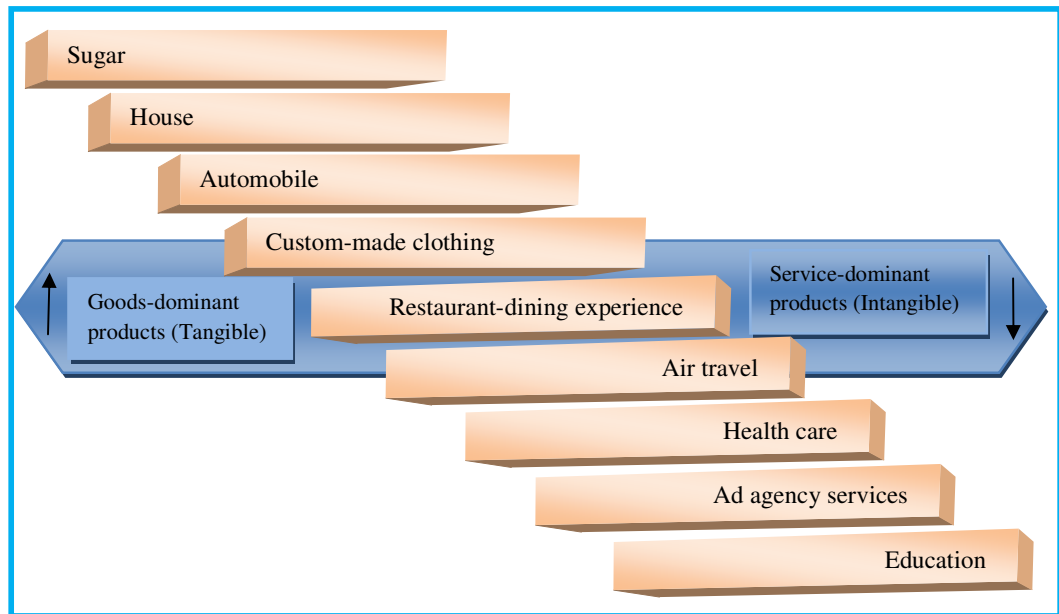


Figure 3. The tangibility continuum

Source: (Pride and Ferrell 2011, p. 372)

Figure 3 describes tangibility continuum from core tangible to core intangible downwards. In the middle of continuum products have more tangible and intangible traits than others. For example, restaurant businesses are service oriented but they have something to serve as in tangible. On the top of continuum goods are more tangible although there are no such solely tangible goods. Sugar has tangible demand but when you look back from production to delivery up to customers' hand there are services involved in several stages. In contrast, down part of continuum products have pure service/intangible characteristics. Such service as education does not have any tangibility to provide students mind. Thus it is only intangible property. The most remarkable change is going happen in opposite direction on pure goods and pure services. Marketers try to add more intangible features with tangible goods and vice versa. (Palmar. A 2005, P. 17; William and Ferrell. 2011, p. 372-3)

3.1.2 Inseparability of production and consumption

Another important characteristic of services is inseparability of simultaneous production and consumption. Inseparability comes with intangible products. In case of intangible products, customers buy first and providers perform according to agreement for consumption, whereas tangible goods are produced first, then offered and finally sold for consumption. Services are a simultaneous process; once they are sold – customers consume at the same time when it is on production. However, goods are produced first and sold, producers never see the ultimate customers. The consumption of service is supposed to be inseparable because of its nature of production. Both producer and consumer must have interaction for their own benefit. In the time of service performance producers have a chance to understand customers' taste and customize the service. In contrast, consumers also have a chance to convey their own taste to the producers.

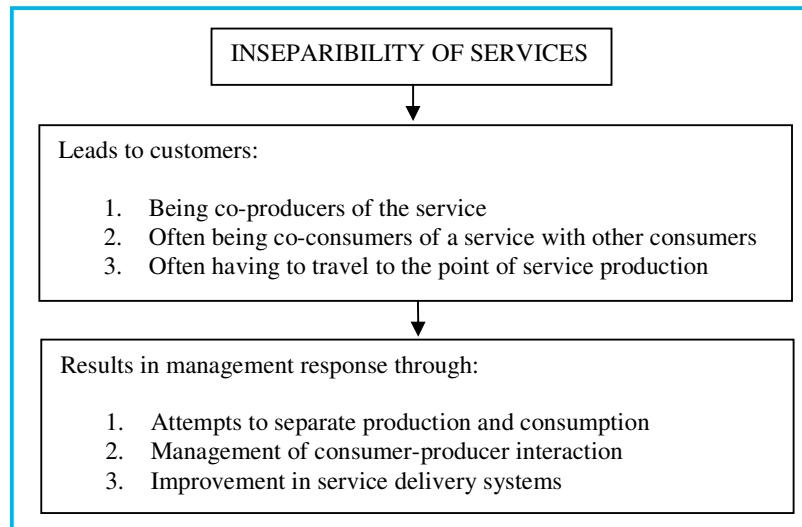


Figure 4. Some implications of service inseparability

Source: (Palmar, A., 2005, p. 20)

Figure 4 illustrates the situation which happens during service production and consumption. Mutually customers and producers imply the situation done from their individual responsibility. For example, the production and consumption of a cleaning service take place simultaneously. A cleaner is going to perform work in client's premises where both have interaction and share their perception. As a result, a producer is able to satisfy customers and customers get positive feelings to the services.

3.1.3 Heterogeneity/variability

Services are based on performances; individual performers have unique ways to perform. At the same time, customers have different demands or experiences in unique ways. Because of heterogeneity, customers cannot have experience before buying services. Moreover, service providers are also unable to supply services beforehand. Services are produced as they are consumed, so customers become parts of the production processes. It leads to customize the service to meet the needs of individual customers. Services face more difficulties than products to create strong brand image.

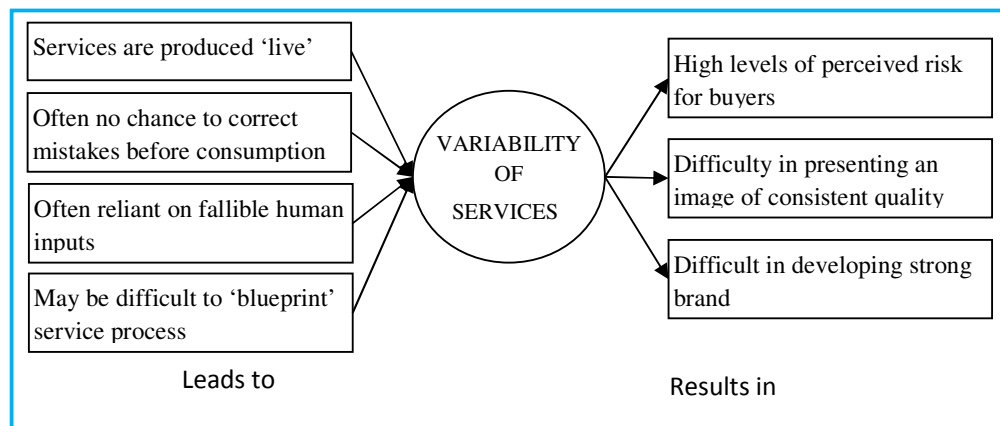


Figure 5. Causes and consequences of service variability.

Source: (Palmar, A., 2005, p. 23)

Figure 5 shows the possible causes and consequences of service variability for producers and customers. For example, customers cannot have experience of a taxi service before they use service. At the same time a different taxi driver also could offer differences in services. A taxi driver has different mentality and attitude when they are performing services customer to customer, day to day or even hour to hour.

3.1.4 Perishability

The perishability is an ultimate characteristic of a service that cannot be unused, stored, saved, or returned. This makes service distinctive from physical goods. It is also challenging for service provider to handle supply-demand for capacity utilization through the production schedule. The fact is that services cannot produce earlier or it cannot be returned. Some services have constant pattern of demand that fluctuates according to time of day, week, or season.

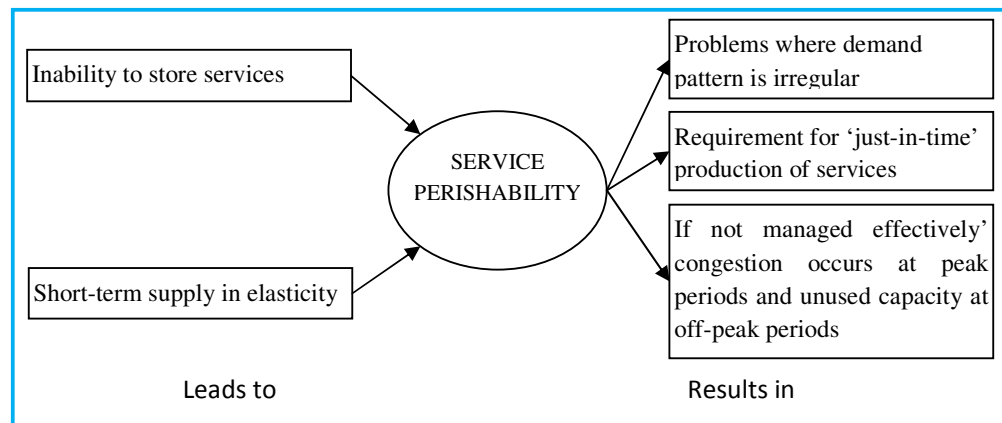


Figure 6. Causes and consequences of service perishability

Source: (Palmar, A., 2005, p. 23)

Figure 6 makes out causes and consequences of service perishability for demand and service at 'just-in-time. For instance, cleaning a house needs to be as per demand and just-in-time performance after performance it cannot be returned either.

3.2 Service quality

"Quality is never an accident; it is always the result of high intention, sincere effort, intelligent direction and skillful execution; it represents the wise choice of many alternatives."

- William A. Foster

The word 'quality' is an incomprehensible concept that is easy to dream of but difficult to describe and define. There is no such accurate definition to be able to understand word quality and specially service quality. Philip Kotler (2008, p. 224), a leading marketing scholar, defines quality as "the totality of features and characteristics of a product or service that bear on its ability to satisfy stated or implied needs." There are many definitions about service quality from different writers' view which are listed in table -7.

Table 7. Definitions of service quality concept.

Writer	Definition
Kasper, van Helsdingen, & de Vries	<p><i>"The extent in which the service, the service process and the service organization can satisfy the expectations of the user."</i></p> <p>- Kasper, van Helsdingen, and de Vries, 2006, p. 188.</p>
Mangold & Babakus	<p><i>"The outcomes of a process in which consumers' expectations for the service are compared with their perceptions of the service actually delivered."</i></p> <p>- Mangold and Babakus, 1991, p. 60.</p>
Oliver	<p><i>"Quality is a consumer-generated comparative judgment, since individuals have no implicit sense of quality unless a standard of comparison is provided."</i></p> <p>- Oliver, 2010, p. 165.</p>
Lawrence Fogli	<p><i>"A global judgment or attitude relating to a particular service; the customer's overall impression of the relative inferiority or superiority of the organization and its services. Service quality is a cognitive judgment."</i></p> <p>- Fogli 2006, p. 4.</p>

The definitions above gave an idea to draw conclusion for service quality: service quality is a vague concept where customers have no idea what is quality until they have compared different services with each other. Service and quality both are

intangible that means there are no such standard calculation or scale to measure or define service quality. In the case of pure services, service quality comes first in customers' evaluations. Still services are labor-intensive rather than automated processes. In questions of service quality, there can be no substitute for high-quality personal interaction between service employees and customers.

3.2.1 Dimensions of service quality

Dimensions of service quality have been identified by a lot of researchers. Pioneer researchers Valarie Zeithaml, A. Parasuraman, and Leonard Berry (2009, p. 112) used ten dimensions to evaluate service quality. They determined specific five broad dimensions that have high degree of correlation with these variables.

➤ Reliability

Most important dimension among five of them, reliability means ability to perform the promised service dependably and accurately. Reliability depends on the company's promises. According to Zeithaml (2009, p. 113): promise to delivery, service provision, problem resolution, and pricing. Before buy services customers think about company promises that are able to keep their promise in order to agreement. (Zeithaml, Bitner, and Gremler 2009, p. 113)

➤ Responsiveness

A service-oriented company should have responsiveness to help customers with quick response. The more interaction there is between customers and company, the easier it is to handle customers' requests, questions, complaints, and problems. Responsiveness measured by the time customer expects to get replied. A company must reply according to customers thinking to provide service, and not by company bureaucracy.

➤ Assurance

Assurance is one of the important dimensions from customers' point of view. Building trust and confidence depend on company knowledge and ability of service performance. Services need assurance to customers to inspire trust and confidence that involve risks such as securities brokers, banking, insurance, medical, and legal services. Trust and confidence are embodied in the person as well as in the organization itself.

➤ Empathy

The meaning of empathy provides customization according to customers' requirements. In a service company sense, personalization or customization is important to fulfill other quality dimensions. Empathy makes customers feel special or unique. Company should understand customers' requirements and preferences at the same time create personal relation, knowing customers by name give customer's special feeling. As a result, company understands customer's preferences and is able to customize services to the individuals.

➤ Tangibles

Visualization of services – that a customer can get an idea what actual service is in practice. Tangibility in services means the appearance of physical facilities, equipment, personnel, and communication materials (Zeithaml, Bitner and Gremler 2009, p. 115). A company use tangible issues to improve company image and quality that can describe customer to get positive look.

A company should maintain in practice these five dimensions to keep service quality as Valarie Zeithaml, Leonard Berry, and A. Parasuraman suggested. At the same time, customers may analyze these dimensions by asking questions to evaluate service quality as bellow in table -8.

Table 8. Five broad service quality dimensions.

(Adapted from SERVQUAL, an instrument for measuring quality service developed by Zeithaml, Parasuraman and Berry, described in their book, *Delivering Quality Service; Balancing Customer Perceptions and Expectations*, The Free Press, 1990.)

Quality dimensions	Questions to ask
<p>Reliability: Ability to perform promised service dependably and accurately</p>	<ul style="list-style-type: none"> • If a response is promised in a certain time, does it happen? • Are exact specifications of client followed? • Are statements or reports free of error? • Is service performed right the first time? • Is level of service same at all times of day and for all members of staff?
<p>Responsiveness: Willingness to help customers to provide prompt service</p>	<ul style="list-style-type: none"> • When there is a problem, does organization respond to it quickly? • Are staffs willing to answer client questions? • Are specific times for service accomplishments given to client? • Are public situations treated with care and seriousness?
<p>Assurance: Credibility- Trustworthiness, believability, honesty of the service provider</p>	<ul style="list-style-type: none"> • Does service organization have a good reputation? • Do staff members refrain from pressuring the client? • Are responses given accurate and consistent with other reliable sources? • Does the organization guarantee its services?
<p>Security- Freedom from danger, risk, or doubt</p>	<ul style="list-style-type: none"> • Is it safe to enter the premises and to use the equipment? • Are documents and other information provided for the client held securely? • Are use records of clients safe from unauthorized use? • Can client be confident that service provided was done correctly?
<p>Competence- Possession of required skill and knowledge to perform service</p>	<ul style="list-style-type: none"> • Can staff provide service without fumbling around? • Are materials provided appropriate and up to date? • Can staff use the technology quickly and skillfully? • Does staff appear to know what they are doing?

<p>Courtesy- Politeness, respect, consideration and friendliness of contact personnel</p>	<ul style="list-style-type: none"> • Does staff member have a pleasant demeanor? • Does staff refrain from acting busy or being rude when clients ask questions? • Are those who answer the telephone considerate and polite? • Does staff observe consideration of the property and values of clients?
<p>Empathy: Access- Approachability and ease of contact.</p>	<ul style="list-style-type: none"> • How easy is it to talk to knowledgeable staff member when client has a problem? • Is it easy to reach the appropriate staff/person- <ul style="list-style-type: none"> ✓ in person? ✓ by telephone? ✓ by e-mail? • Are service access points conveniently located?
<p>Communication- Listening to customers and acknowledging their comments; Keeping customers informed in a language they can understand.</p>	<ul style="list-style-type: none"> • When client contacts service point, will staff person listen to their problem and demonstrate understanding and concern? • Can staff explain clearly the various options available to a particular query? • Do staffs avoid using technical jargon when speaking with clients? • Does staff member call if a scheduled appointment will be missed?
<p>Understanding the Customer- Making the effort to know customers and their needs.</p>	<ul style="list-style-type: none"> • Does someone on staff recognize each regular client and address them by name? • Does staff try to determine what client's specific objectives are? • Is level of service and cost of service consistent with what client requires and can afford? • Are service providers flexible enough to accommodate to client's schedule?
<p>Tangibles: Appearance of physical facilities, equipment, personnel, printed and visual materials</p>	<ul style="list-style-type: none"> • Are facilities attractive? • Are staffs dressed appropriately? • Are written materials easy to understand? • Does technology look modern?

3.2.2 Developing quality services

Developing quality services does not bring results overnight; it is a regular improvement process for long-term benefits. Quality development is a series of work needed to take action rather than a way of destination. Businesses are going to be complex and service business are going to more complex where continue improvement is the only way to satisfy customers.

Some practical suggestions were given by Johnson and Weinstein (2004, p. 94-97) to develop quality services. Subsequent suggestions are considered as a way of perceiving quality service.

- Learn to *listen* to your customers first.
- Being *reliable* to see things as the customer sees them: look at all complaints about your service as an opportunity to improve.
- Creating *visual presentation* of service quality: promote service to the possible customers.
- *Service recovery*: establish working environment where problems/poor services are challenged and rectified.
- *Teamwork* to improve service quality: arrange staff meeting where good service elements are discussed.
- *Employee selection*: proper personnel to deal customer services with skills.
- *Internal service*: give your staff a reason to work with a big smile on their face and a great attitude.
- *Service design*: how effectively company manages services, i. e., on time delivery, customer waiting time, order processing time, and ensures delivery.
- *Continues improvement*: personnel training or job design to improve quick respond.

3.2.3 Importance of customer in service delivery

Due to intangible nature of service, services are usually produced and consumed simultaneously. So, in the service delivery situations employees, customers, and even others interact for final service outcome. In this process, customers put their opinion or preferences to the service by control or contribute significantly. Because of this practical involvement, customers usually become satisfied with service. That is why customers are important in service delivery. Different services demand different level of customer's participation. Depending on customer participation, services are three types – low, medium, and high (Zeithaml, Bitner and Gremler, 2009. p. 388).

Cleaning service, airline travel, or restaurant services are the best example of low level of customer's participations. In this case, a customer's physical involvement required during service delivery for individual purchases and ended payment.

Education, financial services, and haircut have moderate involvement in service delivery. Customers present physically, give information and effort to get required services. Information is the most important element for this kind of medium interaction for best service delivery.

Counseling, surgery or gym/fitness centers required high degree of customer involvement in service delivery. Service delivered to the customers and customers requested to participate in total delivery process. The positive involvements of customers enhance the service delivery process to ensure successful distinctive outcome.

3.2.4 Customer relationship management

Customer relationship management (CRM) means, manage customers data information to build relation for further business. CRM set efforts on retaining existing customers rather than only attracting new ones (Jobber 2010).

Bellow there are two definitions of CRM, one is a general concept another is a strategic definition based on information technology.

“Customer Relationship Management is a comprehensive approach for creating, maintaining and expanding customer relationships.” (Anderson and Kerr, 2002)

“Customer relationship management is a multifaceted process, mediated by a set of information technologies that focuses on creating two-way exchanges with customers so that firms have an intimate knowledge of their needs, wants, and buying patterns.” (Jha. Lakshman, 2008)

CMR brings profitable customers and identifies effective ways to build up relationships with customers, gain new customers, and retain the existing customers. Existing customers are better than new ones to reduce the costs of marketing and client service, the way businesses ensure long-term relation for long-run success and profit.

By CRM, company attracts new customers and at the same time gains more profit. Data analyses of customers ensure customers preferences and increase level of satisfaction.

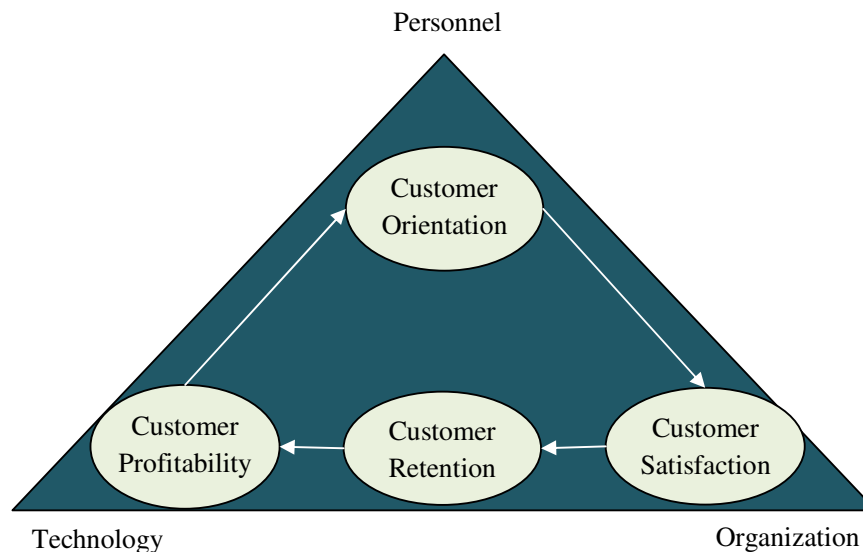


Figure 7. The pillars and process of CRM (Raab et al. 2008)

Self-explanatory figure7 shows the involvement of company's personnel, technology, and structure of the organization in the process of CRM. Each of the sectors integrated for long-term relationship, sustained, and increased satisfaction thus has direct influences on the costs and profits. (Raab et al. 2008.)

3.3 Customer Satisfaction

According to the marketing concept, an organization should try to satisfy the needs of customers or clients through a coordinated set of activities that, at the same time, allows the organization to achieve its goals. Customer satisfaction is the aim of the marketing concept. (Pride and Ferrell, 2011.)

In customer satisfaction, product or service quality is the vital issue for company desirable outcome. The overall objectives of any company to make profit by fulfill customers demand. There are strong relations between product or service quality and overall customer satisfaction. Figure 8 shows the fundamental features of a customer satisfaction.

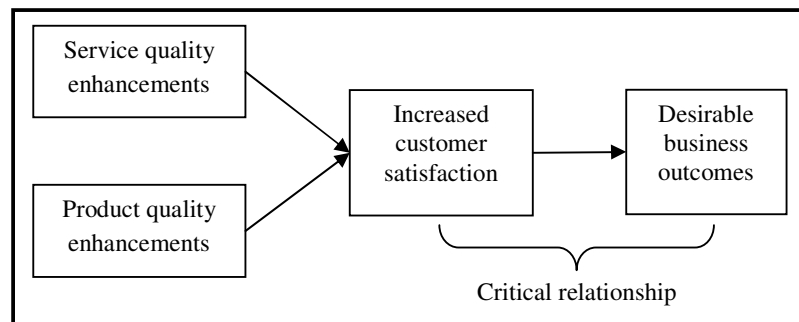


Figure 8. Fundamental assumption driving customer satisfaction measurement (Allen, R., 2004, p. 2)

Customer satisfactions connect with certain variables, such as – price, lead time, conformance, responsiveness, reliability, professionalism, and convenience. Occasionally, it could be a mix of all these variables. Above mentioned variables are most common when customers think about quality. Company should concentrate on these variables to control products/services quality in order to satisfy customers.

Conversely, customer's perceptions are another issue that cannot be fully controlled by companies. Customer's perceptions are based on fantasy, fiction, or other state of unreality and it does vary on customer to customer excessively. (Cochran, 2003. p. 1-4)

Jobber (2010, p. 14) defines customer satisfaction as follows: "*customer satisfaction occurs when perceived performance matches or exceeds expectations*". Almost same definition provides by marketing guru Philip Kotler (2008, p. 13): "*performance matches a buyer's expectations*".

According to above definitions, it is clear that satisfaction not only comes on particular product or service performance but also customer's expectations. Sometimes this expectation may cross the limit of reality but company personnel should handle to satisfy customer.

With regard to Oliver, customer satisfaction is – '*the emotional reaction of experience*' (Palmer 2005, p. 263). So, satisfaction is a fulfillment of product or services expectation evaluation by a customer. Company fails to meet these expectations: evaluation implicated to dissatisfaction.

Zeithaml, Bitner, and Gremler (2009, p. 110) added more with customer's expectations that satisfaction can be as passive response associate with services, not only product or services itself. That passive response may be an association with feeling of *pleasure, delight, relief, and ambivalence* to give consumer feel good or sense of happiness even in positive or negative experiences. Most of the customers evaluate satisfaction by experience but new customers just form opinion at the point of initial purchase.

Vavra (2002, p. 5), suggests an easy definition on customer satisfaction – "customer satisfaction is an emotional response to evaluate perceived inconsistency between experience and expectations of products and the interaction experience performance of organization". Vavra also mentioned, "Satisfaction has influence on future reactions toward organization to purchase, willingness to recommend, and willingness to pay".

3.3.1 Providing high quality of services

Providing high quality of service ensures higher level of customer satisfaction. High quality enables company to create loyal customers. So, being successful at business, high quality service is vital. The core products must fulfill the basic functional requirements, statistically the higher quality achieve greater market share and higher profitability than the competitors. Total quality management (TQM) techniques increase quality standards. (Jobber, 2010, p. 313.)

According to Lovelock, Wirtz, and Chew (2009), communication is more than just advertising, public relations and professional salespeople. Palmer, in turn, says that communication is a process between an organization and its interest groups (Palmer, 2005). Sometimes customers prepare to get information other than formal communication process such as – friends, relatives and other personal. Word-of-mouth communications usually depend on customer’s experiences. The fundamentals of this process are illustrated in figure 9.

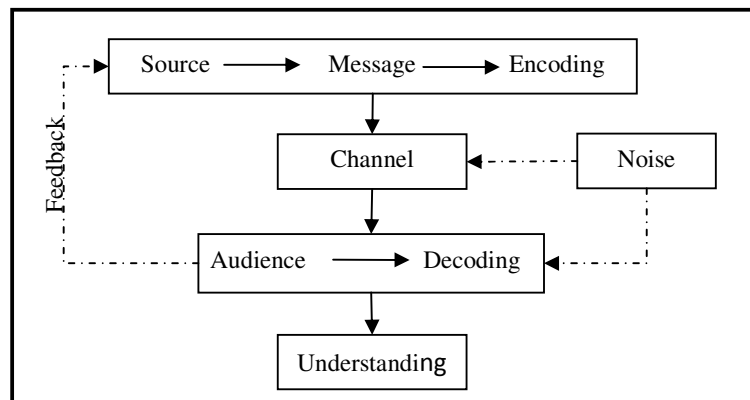


Figure 9. The communication process (Palmer 2005, p. 388)

Organization needs to transmit messages to present, past and prospective customers. At last, prospective customers must to know about existence of service and should be influenced towards purchase and following repurchase.

The nature of inseparability in service organization brings customer and service provider close. In this situation, proper communication improves the service activity, quality, acceptability, and unique expectations to create customer satisfaction.

First, a company must measure customer satisfaction in order to manage it. If it is not measured it cannot be managed. Measuring customer satisfaction, company should choose right method to manage it in a proper way. There are different kinds of research methods available to measure customer satisfaction. But, most typical are qualitative and quantitative research methods. There are no such proved for the best method among various methods.

Analyzing customer satisfaction it is carried out usually either on quantitative or on qualitative methods. Quantitative results are easily shown due to its statistical data and scale indicator. Quantitative approaches are mostly used method to identify customer satisfaction level. In order to view satisfaction level from different angle quantitative tools are used as: *face-to-face survey, postal survey, web survey, and telephone survey*. Alternatively, qualitative approaches provide huge and wide amount of information of customer experience and expectations. Qualitative approaches based on customer's opinion to identify the level of satisfaction. Face-to-face dialogues are more effective than surveys, sometimes survey results comes on gauge of non-users or future users. Qualitative tools are used to measure satisfaction level, those tools are – *focus group interview, usability testing, staff consultation, behavior study, mystery shopping, blog, and complaint management*. (Thijs and Staes 2008, p. 36, 45.)

3.3.2 The Gap model

Theoretical background on 'customer service quality brings customer satisfaction' gave us an idea that customers are satisfied when qualities of service and customers perceptions are accomplished. Since, there are relations between customer satisfaction and service quality and customer's perception consequently there are gaps as well. So, company/service provider needs to find out those gaps along with 'The Gap model of service quality' developed by Zeithaml, Berry and Parasuraman (1990, p. 48) through five gaps. The Gaps Model illustrates the relationship between customers and company to measure customer satisfaction or dissatisfaction. Figure 10 points up those five gaps.

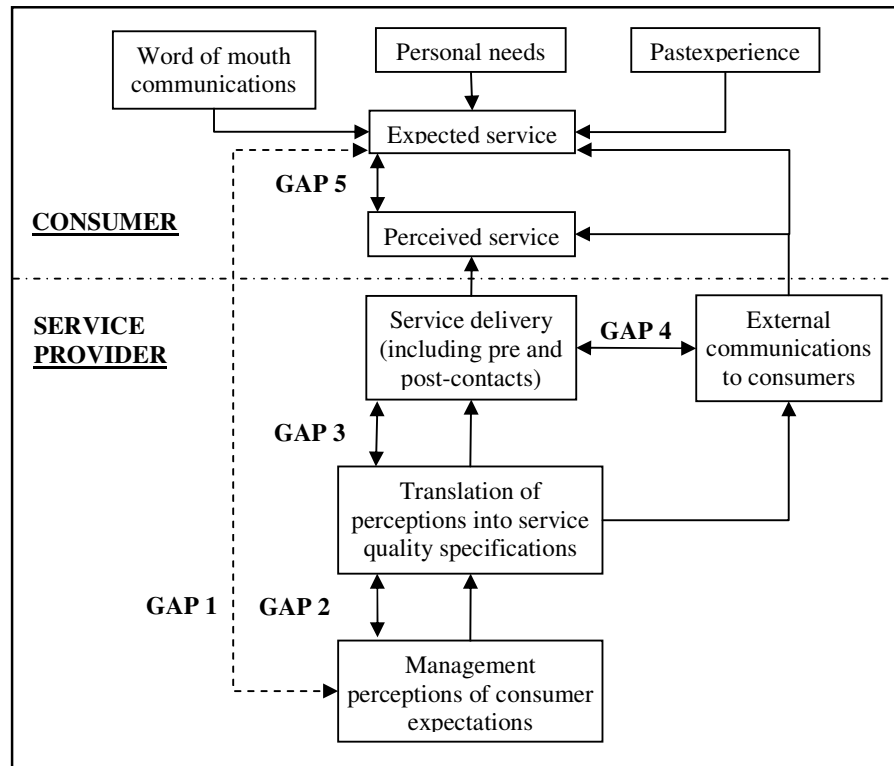


Figure 10. Conceptual model of service quality (adopted from the original 5-gaps model developed by Zeithaml, Berry and Parasuraman. 1988)

GAP 1 (listening gap): This is the gap between customer's expectations of a service and understanding of those expectations by service provider. The main gap happens when management are unable to understand customers that what are the actual needs and expectations. The gap leads to poor quality service performance, when service provider does not have any ideas what customers are saying and what they (company) are listening. In this listening gap key factors are:

- *Inadequate marketing research orientation,*
- *Lack of upward communication,*
- *Insufficient relationship focus,*
- *Inadequate service recovery.*

GAP 2 (*policy gap*): Gap 2 is the difference between management perceptions and service quality specifications. If managements are able to meet up gap 1 still there is chance to have gap when service designs and standards that do not reflect to the accurate perceptions. It is not an easy task for management to transmit perceptions into technical development of service designs and standards. Technological developments and innovations improve this particular gap to minimize efficiency of quality specifications. Involving key factors are in this gap 2 as follows:

- *Poor service design,*
- *Absence of customer-driven standards,*
- *Inappropriate physical evidence and servicescape.*

GAP 3 (*delivery gap*): The gap of service quality specification and service delivery known as Gap 3. Companies are capable to fulfill the major gap of customer expectations. It means, they are on the way to deliver high-quality services. But, the problem or gap been made when company are incapable to perform the quality service. There are several interest groups that are involve/responsible to fill this gap – quality employees, intermediaries, and customer. In this gap 3, selecting appropriate employees and intermediaries are the major factors at the same time human resources department are the main responsible to deliver quality personnel for quality service. Key factors of delivery service performance are:

- *Deficiencies in human resource policies,*
- *Failure to match supply and demand,*
- *Customers not fulfilling roles,*
- *Problems with service intermediaries.*

GAP 4 (*communication gap*): This is the Gap 4 between service delivery and the company communications with customers. Company uses promotion to convey messages to the customers. Customers' expectations are influenced by promotion. The delivered service should be exactly how it was promised. It minimizes the gap. So, internal communication within the departments and delivery quality service must be consistent. There is another communication gap when service delivery and external communication are not parallel. Inconsistent promotion also makes this communication gap wide. Overpromise, interpretation, and pricing factors are

relating in this gap to lead communication gap. Result of this communication gap leads to:

- *Lack of integrated services marketing communications,*
- *Ineffective management of customer expectations,*
- *Over promising,*
- *Inadequate horizontal communications, and*
- *Inappropriate pricing.*

GAP 5 (*perceptions gap*): This customer gap also known as customer perception gap. This is only gap ended by customer where customers' expectations and perceptions have discrepancy. Usually, customers expect what they pay for. Perceptions must fulfill as per expectations to sustain quality customer service. Managing the gap between customers expectation and perception distinguish delivering quality service to the ultimate consumers. (Zeithaml, Bitner, and Gremler 2009, P. 32-43)

4 THE LEVEL OF CUSTOMER SATISFACTION

4.1 Methods

In this research, both qualitative and quantitative methods have been used as primary methods. In the questions of measuring customer satisfaction level qualitative method are traditionally used to reach vast amount of respondent. Since measuring customer satisfaction level is a statistical issue, the more respondents participate in the survey, the more authentic numerical results point out the level of satisfaction. Numerical data have been illustrated with graphs and diagrams. This data carried out through questionnaires that have pre-determined answers. Most questions are closed with multiple choices of answers along with some open ended questions.

4.2 Questionnaire design

During the questionnaire sketching process, TarjaKoivunen, Marketing Manager with Lassila & Tikanoja in Kouvola, provided previous questionnaire for review. From previous questionnaire only categorized questions (question no 1 & 2; appendix 1) were used to get overview about the case company. Question no 4 & 5 represent scale rating type of questions to identify level of opinion with the range of 5 to 1; from totally agree to totally disagree. There is only one open ending question to get respondents opinions. At last three background questions have been giving to compare with other variables.

Qualitative method has been conducted with personal interviews with potential customers (number of customer 3). The questions of the interview were set to get clearer information beside the quantitative questionnaire. Based on the contents, there were seven questions for the interview. They are as follows:

1. You might know other company for the service but why you choose L&T?
2. Would you tell me about service quality of L&T?
3. Tell me something positive or negative of L&T service?
4. How do you describe word 'satisfaction'?
5. What is your expectation level, if the total satisfaction level is 100?
6. How L&T handles problems when you ask to fix?
7. Are you satisfied with L&T service?

4.3 Reliability and validity

In the survey process, up-to-date customer's database has been used. Since, questionnaire has been sent through e-mail of company marketing manager to individual customers, so customers took it with importance. Response mechanism of questionnaire process was easy to start; click a link of programme called Mr. Interview. In the link customers can attend by clicking multiple choices one by one. Only one question showed at a time and all the questions were compulsory other than one open ended question. One customer could answer only once, so therefore

answers collected are all from different customers. There is no possibility to answer double of one customer which made survey reliable. The survey was sent two times during the data collection, reminder was given after one week of first e-mail to ensure most of the attendance. At the end of survey process total response rate was almost 43% (number of customer 9 out of 21), which is big enough to consider survey valuable.

On the other hand, qualitative questions have been chosen to complete the objectivity of the research. During the interview processes interviewer paid attention on level of customer satisfaction to make survey objective oriented and reliable.

4.4 Quantitative analysis

4.4.1 Respondents position in the company

In background questions respondents were asked to answer their position in the company they are working for. Due to the responsibility of positions there were two choices to answer either they are employer or employee.

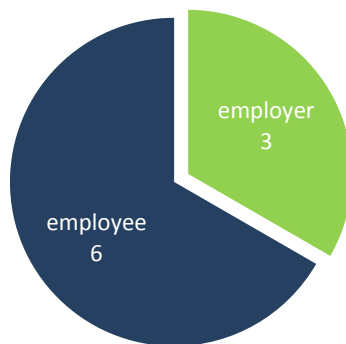


Figure 11. Respondents position in the company (n = 9).

Figure 11 shows that among the total respondent 6 were employees remaining 3 employers who represent the company to answer questionnaire.

4.4.2 Size of the company

Size of the company also has big impact on answers. Especially the small companies (1-50 staff) are more conscious than medium (50-500 staff) and large (>500 staff).

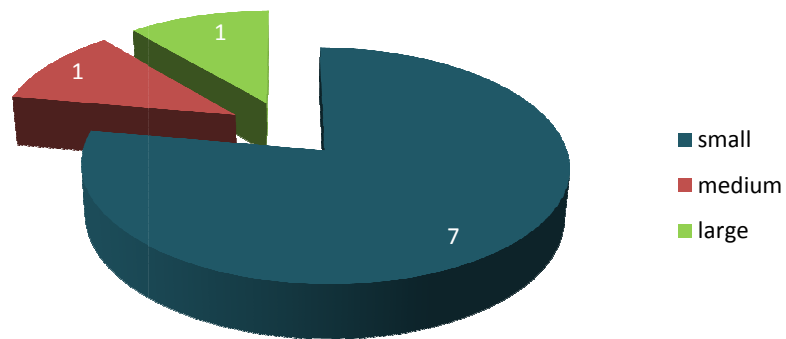


Figure 12. Size of the company (n = 9).

Figure 12 shows that, L&T providing services mostly to small companies in Kouvola than to medium or large companies. 7 of respondents were small company. Rests of the companies were medium and large equally. Most of the customers were small companies because the survey area concerns Kouvola, here most of the companies were small other medium or large branch offices.

4.4.3 Customers' location

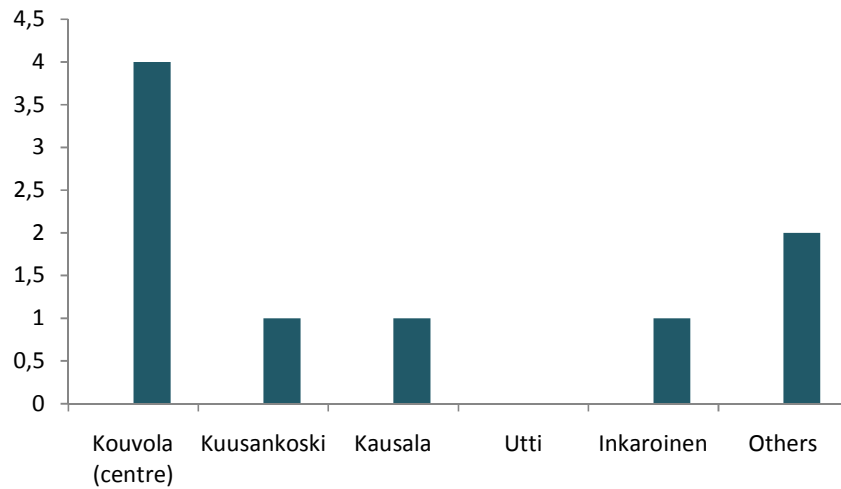


Figure 13. Location of the customers' (n = 9)

In figure 13 we can see that among the all location in the column; Kouvola had more customers to response which is 4. On the other hand customers from Kuusankoski, Kausala, and Inkeroinen had similar/identical response. In the category others' respondents were 2 who representing location Myllykoski and Valkeala. Only the area Utti did not have any respondents.

4.4.4 L&T's service level

The first question was about rating the quality of the L&T service. The purpose of this question was to define positions in customer satisfaction level with the excellent to very poor ratings. The highest level of respondent in particular area will show what level customers are. The level gives idea to the company that do they need to improve their services or to operate more carefully with their existing customers.

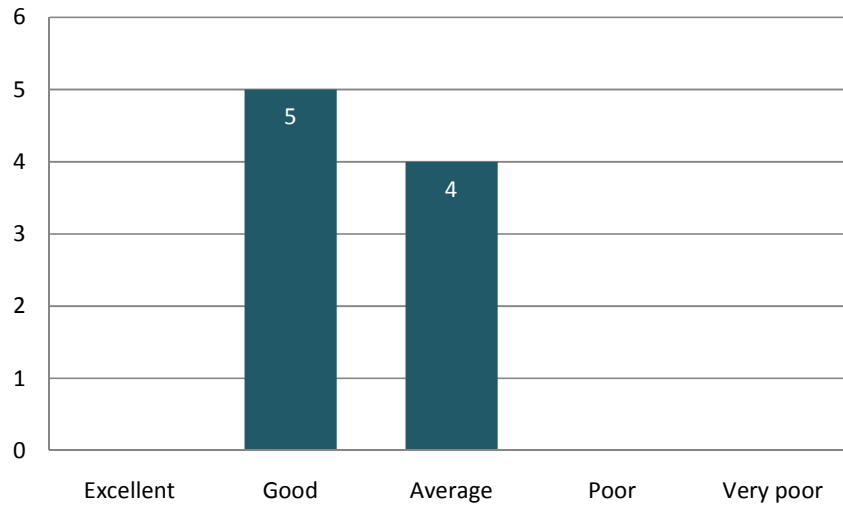


Figure 14. L&T service ratings (n = 9)

Figure 14 shows that, among the respondents L&T service level are in the good and average positions. There are no customers that have poor experience from L&T service. As we know there is no exact satisfaction level for human. L&T has no touch in excellent service level. In the column 5 and 4 respondent shows their satisfaction level as good and average respectively.

Customer satisfaction level indicates not only one factor but several in service sector. Satisfaction level discovered by the combined activities of services such as: company image, objectivity, friendliness, communication, quality, delivery, professionalism, reliability, handle complaints, responsiveness, and service courtesy.

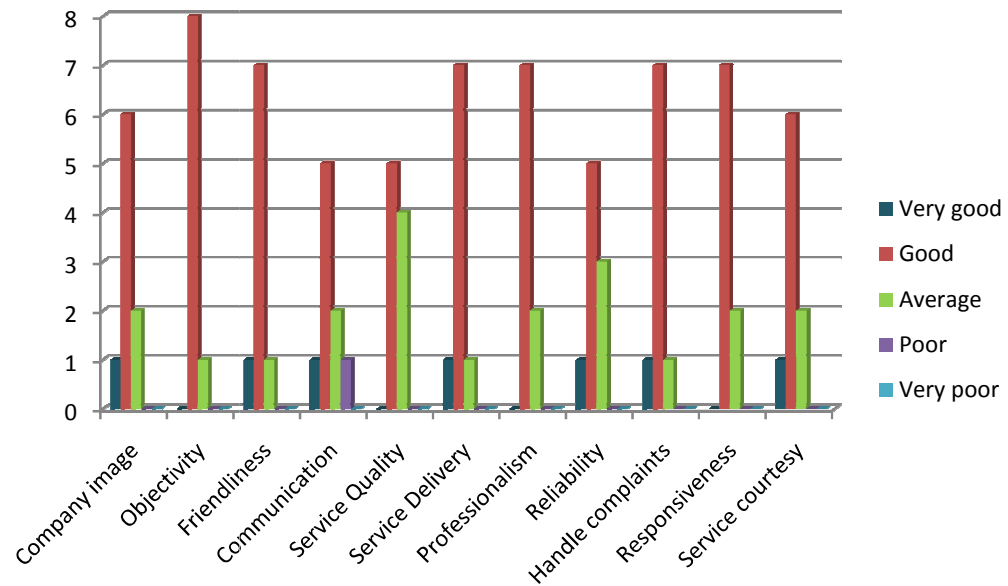


Figure 15. Categorized ratings of customer satisfaction ($n = 9$).

In figure 15 all categories are showed good satisfactory level, whereas absence of poor and very poor ratings makes general sense that customers had no dissatisfactory experience. In each of categorized factors customers have had good satisfactory experience, only the factor 'communication' shows poor experience with some customers. The rating shows that almost every factor has very good average. It indicates that all those factors are quite satisfactory to the customers.

4.4.5 Competitors' comparison

This question has aimed to find out how L&T service is compared with others. This is a scale type question to rate much better to much worse with 5 to 1 scale. The purpose of this question is to know the L&T (service) position among competitors. This also will bring the picture of the company image within the sector.

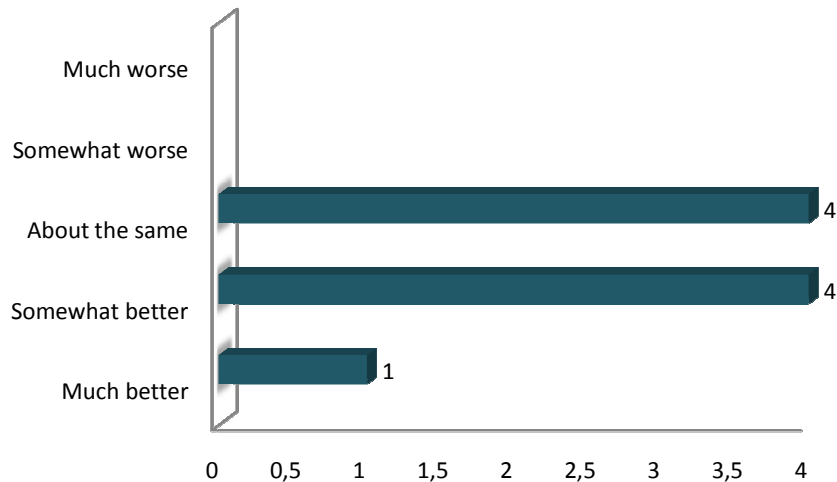


Figure 16. Compare L&T with other companies (n = 9).

In the figure 16 we can see that compared to other competitors, L&T have good impression on the customers. Above bar chart demonstrates customers thinking in better position than worse. 4 of 'about the same' and 'somewhat better' correspondingly and the presence of 1 of 'much better' interprets the stronger position in the market. Among the respondents no one thinks that L&T has worse service than others.

4.4.6 Recommendations

The question was how warmly customers want to recommend L&T service to others with scale 5 to 1. This is very important to know for marketing especially when they are looking for new customers. The positive answer of this question will show the satisfactory attitude of customers towards the company service.

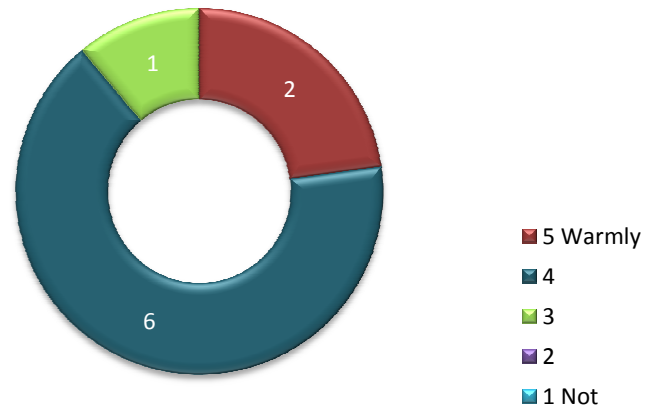


Figure 17. Recommendations to others (n = 9)

Figure 17 (pie chart) shows that 8 (2 + 6) customers want to recommend L&T service warmly to others. There is only one customer in 'maybe' situation that also positive part of warmly recommendations. It shows that customers are willing to recommend L&T to others.

4.4.7 Foreign workers in L&T

Although the question of foreign workers does not have direct relation with the satisfaction level but company wants to know the customers' expectations from foreign workers service in terms of satisfaction. Kouvola is a small town; most of the customers have no experience with foreigners. So, company wants to know the welcoming attitude of customers when foreign workers providing services.

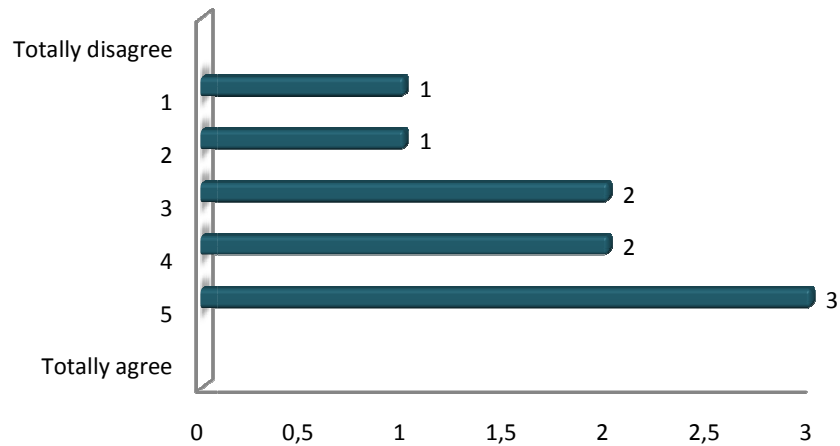


Figure 18. Foreign workers form L&T (n = 9).

Customers had mixed expressions towards foreign workers. Some customers disagreed to allow foreign workers but most of others had no problems to allow foreign workers. The figure 18 confirms 3 of customers want or agree to get services from foreign workers.

4.5 Qualitative analysis

Due to the small amount of customers and nearly 43% (n = 9) of participant attended in quantitative analysis; researcher conducted qualitative analysis to make results more reliable and valuable. In the qualitative analysis research method was personal interview to collect potential customer's opinions. The interviews for this research carried out using unstructured interviewing method. The interviews were conducted in English; during the interviews researcher gathered all important notes.

Below the total interviews are described as a summary. According to qualitative questionnaire, the discussion will go through as numerical order.

Table 9. Brief answers of qualitative questions

No.	Questions	Comments	
1.	Reasons to choose L&T	<ul style="list-style-type: none"> ▪ Corporate decisions ▪ For better service than others ▪ Quality service & reliable 	
2.	Service quality of L&T	<ul style="list-style-type: none"> ▪ Better service ▪ Satisfactory service ▪ Good experience 	
3.	Positive or negative of L&T service	<ul style="list-style-type: none"> ▪ Responsive ▪ Communication ▪ Understanding 	Depends on individuals
4.	Satisfaction	<ul style="list-style-type: none"> ▪ 100% ▪ 90-95% ▪ 100% 	
5.	Level of expectation	100%	
6.	Problem solving skills of L&T	<ul style="list-style-type: none"> ▪ Professionally ▪ Quickly ▪ Within possible time 	
7.	Are you satisfied?	Yes	

In response to first question, respondents had different experience having same service before with other companies. Some of them are using L&T service for long time having no other companies' experience. The secrecy carries out about the selection process through the interviews. The decisions to select particular service company is not one person concern, it is several person or group/corporate decisions for big companies. But, in case of small local company the selection procedure depends on several issues. The common issues are in concerned such as; company image, size of company, company activities, service quality, reliability, and price. Among those common issues small company keep their eyes especially on price but big company look to others. At the end all customers speak out that they choose the company because of better service.

About service quality of L&T, everyone says it has a satisfactory service. The service L&T provides is better than other competitors. The requirement being quality service L&T fulfills customers' expectations.

In response to third question, the most common positive thing of L&T is seriousness to the service. Some other focuses on communications skills: The higher personnel from L&T have contacted frequently. The understanding process is higher between customers and service providers (L&T). On the other hand there were no negative things visibly but improvement suggestions. Nearly all of the respondents expressed that service depends on person to person. So, there is improvement opportunity to bring all persons on certain common issues to become unique. Also customers are expecting to get more responsiveness in every phase.

Nearly everyone agreed on expected level of satisfaction is 90-100 to be satisfied. In the case company respondents' point out the satisfaction level is 100 out of 100. Respondents did not forget to mention about the satisfaction level that it is only when you are looking for numerical value. However, service has something to do to reach customers expectations though there are no customer can express their expectations 100%. In contrast, there are some gaps for service provider to understand accurately customers' perception.

If customer had problems with service, L&T handled it quite professionally – according to respondents' opinion. Since L&T understands their customers and they care about their service, problem was solved as per customers' prospect.

4.6 Suggestions for future research

The main objective of the thesis was to find out the level of customer satisfaction on L&T service, and to find out possible improvements. The results of the research gave some development suggestions and the view of L&T's customers' acceptance. Customers' comments are same as suggestions for the company L&T. Most of the customers' satisfaction levels are more than average. Beside satisfaction, customers' suggestion determines that there are opportunities to improve service quality in the future.

There are low participation rates (almost 43%) considering the total number of customers. These are the existing customers of the company where expectation of the participation was 100%. Due to the online participation some of the customers just avoided to participate, other method of the collection would be the appropriate choice. On the other hand, qualitative method of data collection might be better choice than quantitative where amount of customers are known.

Customer satisfaction brings loyal customer for a company. In this case, company need to concentrate on customer relationship management (CRM) to create loyal customers. This customer relationship management can be a future research topic to find out loyal customer who brings continues revenue.

5 CONCLUSIONS

“Know your customer” this is very used terms in any kind of business especially in service business. Level of customer satisfaction is one of the indicators to know customer. It is important to know level of customer satisfaction in any businesses like L&T. The higher level of customer satisfaction the higher profits for the company at the same time less customer swing rate. Alternatively, low level customer satisfaction causes negative growth of company and high shift rate of customers to the competitors.

The objective of this research was to identify the level of customer satisfaction and to find the possible areas needed to improve. The results of this research show that L&T’s customers are satisfied with their expectations. The satisfaction levels are mostly average to excellent position; in numeric view 3 to 5 (range 1 to 5). These levels indicate positive satisfactory level of L&T’s services. In quantitative questionnaire, maximum amount of respondents answers were in categories good – excellent. That means, L&T customers are not only satisfied having better service but also happy with their expectations. In questions 3-5 customers’ response are that much positive that they are more willing to accept foreign workers and recommend L&T service to others. Furthermore, they do not only recommend, but also believe L&T provides better services than competitors.

The questionnaire for this survey had an open-ended question no 6. This question gave chance to the respondents to express their opinion. Most of the respondents left out this question but few of them were managed to speak out their views. Service provider need to well concerned about the service from the supervisor who had correspondence with customers. Also to provide customize services according to place, situations and environments. In qualitative analysis, potential customers' response with 100% satisfaction level as loyal customers does.

Although in certain category or issues some customers' level are not up to company expectations. Research revealed that most of the small customers who answered by owner (employer) are highly concerned and willing to comments and suggestions. So, this is a big opportunity for L&T to analyze those customers and observe closely. Now the company has an opportunity to look the results and take action according to keep and increase customers' satisfaction.

In terms of satisfaction, Gap model has been used to bridge the relation between customers and company. According to gap model, five gaps were under consideration in satisfaction level. The good customer satisfaction level of L&T ensures the ability to fulfill those gaps. The company has excellent understanding with customers' expectations and management perceptions to deliver quality service. It was possible by minimizing the communication gap to provide service exactly how it was promised.

Finally, customers are speaking out in open ended question as comments or suggestions which reflect customers' perception. The finding shows that customers want more involvement of high officials to bridge communication gap between the officials and performers. In addition, customize service for individual customer and the premises service going to carry out.

REFERENCES

- Allen, R., 2004. *Customer satisfaction research management: a comprehensive guide to integrating customer loyalty and satisfaction metrics in the management of complex organizations*. Milwaukee, WI: ASQ Quality Press.
- Anderson, K. and Kerr, C., 2002. *Customer relationship management*. Columbus, OH: The McGraw-Hill Companies, Inc.
- Central Intelligence Agency, *The world factbook: Finland*. [online] Available at: <<https://www.cia.gov/library/publications/the-The World Factbook>, updated 8 February 2012, world-factbook/geos/fi.html> [Accessed 18 February 2012].
- Cochran, C., 2003. *Customer satisfaction: tools, techniques, and formulas for success*. Chico, CA: Paron Press LLC.
- EUROPAGES (The European B2B Search Engine), 1995-2012. *Companies for: cleaning services*. [online] Available at: <[http://business-advice-other-services.europages.co.uk/directory/pages/DomainList,\\$directory\\$components\\$DomainFilterForm.domainFilterForm.direct?formids=If%2CIf_20%2CIf_21%2CIf_25%2CIf_26%2Cdid%2CfilteredHeadingsQuery%2CfilteredCountriesQuery&submitmode=&submitname=&If=F&If_20=T&If_21=F&If_25=T&If_26=F&did=S24&filteredHeadingsQuery=S21669%3B&filteredCountriesQuery=SFIN%3B&m=0&country_14=FIN®ion_FIN.0=FIN00®ion_FIN.1=FIN05®ion_FIN.2=FIN11&singleCountry=&singleArea=&allCountries=&allCompanySizes=&allCompanyCategories=&singleCosite=&singleCocateg=>](http://business-advice-other-services.europages.co.uk/directory/pages/DomainList,$directory$components$DomainFilterForm.domainFilterForm.direct?formids=If%2CIf_20%2CIf_21%2CIf_25%2CIf_26%2Cdid%2CfilteredHeadingsQuery%2CfilteredCountriesQuery&submitmode=&submitname=&If=F&If_20=T&If_21=F&If_25=T&If_26=F&did=S24&filteredHeadingsQuery=S21669%3B&filteredCountriesQuery=SFIN%3B&m=0&country_14=FIN®ion_FIN.0=FIN00®ion_FIN.1=FIN05®ion_FIN.2=FIN11&singleCountry=&singleArea=&allCountries=&allCompanySizes=&allCompanyCategories=&singleCosite=&singleCocateg=>)> [Accessed 14 July 2012].
- FreeBizFiles.com, 2003-3012. *Business software directory*. [online] Available at: <<http://www.freebizfiles.com/software/crm/customerservice/index.html>> [Accessed 5 October 2012].
- Fogli, L., 2006. *Customer service delivery: research and best practices*. San Francisco, CA: John Wiley & Sons, Inc.
- Goldstein, S., 2010. *Superior customer satisfaction and loyalty: engaging customers to drive performance*. Milwaukee, WI: ASQ Quality Press.

ISS Palvelut. [online] Available at:

<http://www.fi.issworld.com/iss_palvelut_yrityksena/historia/pages/historia.aspx>
[Accessed 5 October 2012].

IT Maintenance.Blogspot, 2010. [online] Available at: <[http://it-](http://it-maintenance.blogspot.fi/2010/10/kano-model.html)

[maintenance.blogspot.fi/2010/10/kano-model.html](http://it-maintenance.blogspot.fi/2010/10/kano-model.html)> [Accessed 5 October 2012].

Jha, L., 2008. *Customer relationship management: a strategic approach*. New Delhi: Global India Publications Pvt Ltd.

Jobber, D., 2010. *Principles and practice of marketing*. 6thed. Berkshire, London: McGraw-Hill Education.

Johnson, W. and Weinstein, A., 2004. *Superior customer value in the new economy: concepts and cases*. 2nded. Florida: CRC Press LLC.

Kasper, H., Helsdingen, P. and Gabbott, M., 2006. *Services marketing management: a strategic perspective*. 2nd ed. Hoboken, NJ: John Wiley & Sons.

Kotler, P. and Armstrong, G., 2008. *Principles of marketing*. 12thed. New Jersey: Pearson Prentice Hall.

Kunwar, J., 2010. *Design, implementation and evaluation of the effectiveness of an internet advertising campaign: a case study of Garage Countdown*. Bachelor Thesis, Kymenlaakso University of Applied Sciences. [online] Available at:<http://publications.theseus.fi/bitstream/handle/10024/14102/Jagat_Kunwar.pdf?sequence=1> [Accessed 10 April 2012].

Lassila & Tikanoja, 2008. [online] Available at: <<http://www.lassila-tikanoja.fi/en/Pages/Default.aspx>> [Accessed 18 February 2012].

Lassila & Tikanoja, 2011. Annual report 2011: *General section*. Helsinki. [online] Available at: <http://www.lassila-tikanoja.com/SiteCollectionDocuments/LT_Annual_Report_General_section_2010.pdf> [Accessed 19 February 2012].

Lovelock, C., Wirtz, J. and Chew, P., 2009. *Essentials of services marketing*. Singapore: Prentice Hall.

Mangold, W. and Babakus, E., 1991. *Service quality: the front-stage vs. the back-stage perspective*. Bradford: MCB UP Ltd.

Moment, R., 2008. *Invisible profits: the power of exceptional customer service*. North America: The Moment Group.

Oliver, R., 2010. *Satisfaction: a behavioral perspective on the consumer*. 2nd ed. New York: M.E. Sharpe, Inc.

Ovenia Oy [online] Available at: <http://www.ovenia.fi/en_GB/> [Accessed 5 October 2012].

Palmer, A., 2005. *Principles of services marketing*. 4th ed. Berkshire, London: McGraw-Hill Education.

Pride, W. and Ferrell, O., 2011. *Marketing: services marketing*. 16th ed. Independence, KY: South-Western Cengage Learning.

Raab, G., Ajami, R., Vidyananya, B., Gargeya and Goddard, J., 2008. *Customer relationship management: a global perspective*. London: Gower Publishing Limited.

Reference of Business (Encyclopedia of Business, 2nd ed) 2012. *Competitive analysis*. [online] Available at: <<http://www.referenceforbusiness.com/small/Bo-Co/Competitive-Analysis.html>> [Accessed 3 March 2012].

RTK-Palvely Oy, 2011. [online] Available at: <<http://www.rtkpalvelu.fi/english>> [Accessed 5 October 2012].

SOL, 2009. [online] Available at: <<http://www.sol.fi/Historia>> [Accessed 5 October 2012].

Statistics Finland. [online] Available at: <www.stat.fi> [Accessed 15 July 2012].

Thijs, N. and Staes, P., 2008. *European primer on customer satisfaction management*. [online] Available at: <http://new.eupan.eu/files/repository/20101215131727_EU_Primer_English_FI_NAL_LR.pdf> [Accessed 28 July 2012].

Turban, Lee, E.K.D., Viehland, D., 2004. *Electronic commerce: a managerial perspective*. New Jersey: Prentice Hall.

Ullman and David, G., 2009. *The mechanical design process*. Columbus, OH: McGraw-Hill, Inc.

Vavra, T., 2002. *Customer satisfaction measurement simplified: a step-by-step guide for ISO 9007:2000 certification*. Milwaukee, WI: ASQ Quality Press.

Zeithaml, V., Berry, A., Leonard, L. and Parasuraman, A., 1988. *Communication and control processes in the delivery of service quality*. Journal of Marketing, vol. 52, p. 35-48. [online] Available at:<<http://areas.kenan-flagler.unc.edu/Marketing/FacultyStaff/zeithaml/Selected%20Publications/Communication%20and%20Control%20Processes%20in%20the%20Delivery%20of%20Service%20Quality.pdf>> [Accessed 29 July 2012].

Zeithaml, V., Bitner, M. and Gremler, D., 2009. *Service marketing: integrating customer focus across the firm*. 5thed. Singapore: McGraw-Hill Education.

Zeithaml, V., Parasuraman, A. and Berry, L., 1990. *Delivering quality service; balancing customer perceptions and expectations*. New York: TheFree Press.

APPENDIX 1

Customer Satisfaction Survey

Lassila & Tikanoja Oyj,
Kouvola, Finland.

Dear Customer,

We want to thank you for giving us the opportunity to serve you. Please help us serve you better by taking a couple of minutes to tell us about the service that you have received so far. We appreciate your business and want to make sure we meet your expectations.

1. How would you rate the L&T service that you use?

5. Excellent 4. Good 3. Average 2. Poor 1. Very Poor

2. How would you rate L&T in the following categories:

	VeryGood	Good	Average	Poor	Very Poor
1. General impression of L&T	5	4	3	2	1
2. Objectivity of the L&T personnel	5	4	3	2	1
3. Friendliness of the L&T personnel	5	4	3	2	1
4. Communication: (information flow between customer and L&T)	5	4	3	2	1
5. Service quality of L&T	5	4	3	2	1
6. Service delivery (Willingness to serve)	5	4	3	2	1
7. Professionalism	5	4	3	2	1
8. Reliability	5	4	3	2	1
9. How does L&T handle complaints?	5	4	3	2	1
10. Customer service responsiveness (availability of L&T's personnel)	5	4	3	2	1
11. Customer service courtesy (customer relationship)	5	4	3	2	1

3. Thinking of similar services offered by other companies, how would you compare our service offered to them?

5. Much better 4. Somewhat better 3. About the same 2. Somewhat worse 1. Much worse

4. Would you recommend L&T to others?

Warmly.... 5 4 3 2 1 Not.

5. I don't mind to allow foreign workers from L&T?

Totally agree..... 5 4 3 2 1 Totally disagree.

6. What else would you like to say/suggestions about service of L&T?

Background Questions:

7. What is your position in the company?

Employer Employee

8. What is the size of your company?

1. Small (1-50 staff) 2. Medium (50-500 staff) 3. Large (>500 staff)

9. Location of your company?

1. Kouvola (Centre) 2. Kuusankoski 3. Kausala 4. Utti
5. Inkaroinen 6. Others

Thank you for your feedback.

We sincerely appreciate your opinion and will take your input into consideration while providing services in the future.

APPENDIX 2

Asiakastyytyväisyyskysely

Lassila & Tikanoja Oyj, Kouvola, Finland.

Hyvä asiakas,

Haluamme kiittää, että saamme palvella Teitä. Voitte auttaa meitä parantamaan palveluamme kertomalla, mitä mieltä olette saamastanne palvelusta. Vastaaminen vie muutaman minuutin. Arvostamme liiketoimintaanne, ja haluamme varmistaa, että täytämme odotuksenne.

10. Kuinka luonnehditte käyttämääne L&T:n palvelua?

5. Erinomainen 4. Hyvä 3. Tyydyttävä 2. Huono 1. Erittäin huono

11. Miten arvioisitte L&T:tä seuraavissa asioissa? :

	Erinomainen	Hyvä	Tyydyttävä	Huono	Erittäin huono
12. Yleisvaikutelma L&T:sta	5	4	3	2	1
13. L&T:n henkilökunnan asiallisuus	5	4	3	2	1
14. Henkilökunnanystävällisyys	5	4	3	2	1
15. Viestintä: (tiedonkulku L&T:n ja asiakkaan välillä)	5	4	3	2	1
16. Palvelunlaatu	5	4	3	2	1
17. Palvelualttius (halupalvella)	5	4	3	2	1
18. Ammattimaisuus	5	4	3	2	1
19. Luotettavuus	5	4	3	2	1
20. Miten L&T käsittelee valituksia	5	4	3	2	1
21. Palveluherkkyys (henkilökunnantavoitettavuus)	5	4	3	2	1
22. Asiakaspalvelunhuomaavaisuus (asiakassuhde)	5	4	3	2	1

12. Miten luonnehtisitte palveluamme, kun vertaatte sitä muiden vastaavanlaisten yritysten tarjoamaan palveluun?

5. Paljon parempi 4. Jonkin verran parempi 3. Ei eroja
2. Jonkin verran huonompi 1. Paljon huonompi

13. Suositteletko L&T:tä muille?

Lämpimästi.... 5 4 3 2 1 En.

14. Minua ei häiritse, että L&T:llä on ulkomaisia työntekijöitä?

Täysin samaa mieltä 5 4 3 2 1 Täysin eri mieltä.

15. Onko Sinulla muuta sanottavaa tai ehdotuksia L&T:n palveluun liittyen?

Taustakysymyksiä:

16. Mikä on asemasi yrityksessä?

Työnantaja Työntekijä

17. Mikä on yrityksesi koko?

2. Pieni (1-50 työntekijää) 2. Keski-suuri (50-500 työntekijää) 3. Suuri (yli 500 työntekijää)

18. Yrityksesi sijainti?

2. Kouvola (Centre) 2. Kuusankoski 3. Kausala 4. Utti
5. Inkeroinen 6. Muu

Kiitos palautteestasi

Arvostamme mielipidettäsi, ja otamme vastauksesi huomioon tulevaisuuden palveluntarjonnassamme.