



VAASAN AMMATTIKORKEAKOULU
VASA YRKESHÖGSKOLA
UNIVERSITY OF APPLIED SCIENCES

Ville Kangasniemi

CUSTOMER SATISFACTION SURVEY FOR BUSINESS CUSTOMERS

Case: Kodin Terra Nokia

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VAASAN AMMATTIKORKEAKOULU

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TIIVISTELMÄ

Tekijä	Ville Kangasniemi
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Kieli	Englanti
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Valvojan nimi	Kim Skåtar

Tämä opinnäytetyö on asiakastyytyväisyys mittaus ja se on tehty SOK -ketjuun kuuluvalla Kodin Terran rautakaupalle Pirkanmaan alueella. Työn tarkoituksena oli selvittää kuinka tyytyväisiä Kodin Terran yritysasiakkaat ovat Kodin Terran palveluihin ja tuotteisiin ja mitä tulisi tehdä asiakkaiden tyytyväisyyden lisäämiseksi. Lisäksi tarkoituksena oli selvittää kuinka hyvin asiakkaiden odotuksiin on vastattu ja mitkä seikat vaikuttavat yritysasiakkaiden päätökseen vieraillla Kodin Terrassa. Kodin Terralla on alati kasvava ja muuttuva yrityskauppa palvelu ja tämän takia projekti suunnattiin yritysasiakkaille.

Työn teoriaosassa käytiin läpi yrityskauppaan, asiakaspalveluun ja asiakastyytyväisyyteen liittyvää alan kirjallisuutta sekä pohdittiin mikä merkitys näillä on yrityksen toiminnalle. Keskeisinä asioina olivat myös palvelun määrittäminen ja palvelun laadun perusteet.

Opinnäytetyön empiirinen osio tehtiin määrällisenä kyselynä johon saatiin yhteensä 72 vastaajaa. Kysely suoritettiin haastattelemalla Kodin Terran yritysasiakkaita yritysaamupaloilla kevään 2013 aikana. Opinnäytetyön yhteyshenkilöinä Nokian Kodin Terrassa toimivat tavaratalonjohtaja Kari Koskinen ja Linnea Asp.

Tutkimuksen mukaan yritysasiakkaat ovat keskimäärin melko tyytyväisiä Kodin Terran palveluihin ja tuotteisiin. Myös asiakkaiden odotuksiin on onnistuttu vastaamaan melko hyvin. Suurimmaksi yksittäiseksi tekijäksi jonka vuoksi yritysasiakkaat päättivät ostaa Kodin Terrasta muodostui yrityksen sijainti, joka vaikutti ratkaisevasti asiakkaiden kokonais kuluihin.

Asiasanat Asiakastyytyväisyys, Yritysasiakas, Kodin Terra, Palvelun laatu

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International Business Program

ABSTRACT

Author	Ville Kangasniemi
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This thesis is a customer satisfaction survey and it has been conducted for Kodin Terra Nokia hardware retail store, which is part of the SOK-service network of companies operating in the Pirkanmaa region. The purpose of this thesis was to find out how satisfied the business customers are with the services and products of Kodin Terra Nokia and what could be done to increase the customer's level of satisfaction. In addition the aim was also to find out how well the expectations of the customers had been delivered and what aspects affect to the B2B customers decision to visit in Kodin Terra. Kodin Terra is constantly expanding and changing their business service and that is why the project was targeted only to business customers.

The theoretical part of the work reviewed the literature from the field of B2B marketing, customer service and customer satisfaction with considerations to their affects on company operations. The key issues also included the definition of service and the basis of service quality.

The empirical section of the thesis was done as a quantitative survey, which resulted in a total of 72 respondents. The survey was conducted by interviewing the B2B customers of Kodin Terra Nokia during business breakfasts events in the store in spring 2013. The contact persons in the case company during the research were the head of department in Kodin Terra Nokia Mr. Kari Koskinen and Mss. Linnea Asp.

According to this study the B2B customers are rather satisfied with the services and products of Kodin Terra. The expectations of the customers were also met quite well. The most significant factor for the B2B customers to visit in Kodin Terra was found to be the location of the company, which had a decisive effect to the costs for the customers.

Keywords Customer satisfaction, Business customer, Kodin Terra, Service quality

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This research has been conducted in Vaasa University of Applied Sciences study program in International Business. It was done in co-operation with Kodin Terra Nokia where the contact person was the head of service Ms. Linnea Asp.

I want to thank my supervisor Mr. Kim Skåtar for the timely advice, guides and topic of the thesis. In addition I want to thank Ms. Linnea Asp for the time that she used to aid in this study and also the resources that were offered by Kodin Terra Nokia. I also want to thank my girlfriend and family for the support that they gave during the research process.

TERMINOLOGY

B2B	business-to-business
B2C	business-to-customer
SOK	Suomen Osuuskauppojen Keskuskunta
SERVQUAL	Service quality framework

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1 INTRODUCTION

The purpose of the introduction is to present to the reader what this research is about and why this research is done. The introduction goes through the definition of the research problem, research questions, aim of the study, limitations of the study and structure of the research. The case company of this research is the hardware retail store Kodin Terra Nokia and it is introduced shortly in this chapter along with its customers. The aspect of customer satisfaction and its importance in marketing is also explained.

Most profit-seeking organizations are in the end run by money and the hardware retail stores are no different in that. In retail markets the customers are the source for profits and companies seeking to acquire them are constantly developing new strategies in order to get the competitive edge that lures the customers in to their stores. When a company offers products and services that fulfills the needs of the customer and produces additional value, satisfaction and perceived quality in a right way then the company has the best chances for success. (Gummesson 1998, 32) High customer satisfaction is one competitive edge a company can have and one of the reasons why it is such an important part of a company's strategy and has seen so many researches and studies over time is its connection to profitability.

The customers in the case company Kodin Terra consist of normal household consumers and business-to-business customers. Kodin Terra conducts periodical surveys that measure the satisfaction of the normal household consumers but no research have yet been done to measure the satisfaction of the business customers. This research will thus give new information to Kodin Terra and the results of this study can be useful to the company for gaining better results.

1.1 Background of the study

The Kodin Terra chain has a rather new business service concept so it was the ideal target for a customer satisfaction survey. Another reason why the case company was chosen for the survey was the fact that I had been working there as a salesperson in the summer of 2012 and thus had first hand experience about the activities and the way of working in the organization. The actual idea for the subject of the thesis came from the supervisor of the thesis Mr. Kim Skåtar. In terms of theoretical literature the topic of customer satisfaction suited me well because the degree programme in International Business included good courses considering the topic. The decision to do a customer satisfaction survey only for business customers came from the case company Kodin Terra. The topic of the thesis was delimited to business customers because Kodin Terra Nokia already had satisfaction surveys for the normal household customers.

1.2 Research problem and aims of the study

The business-to-business customers in Kodin Terra Nokia forms a growing part of the company operations and that is why it is important to measure their level of satisfaction. B2B customers are a good target group for customer satisfaction survey because they conduct purchases more frequently in the retail store and thus have a wider variety of experiences and interactions with the staff than normal household consumers. Comparing the results of this study with the results of the previous surveys conducted for individual consumers will give information about the potential differences in buying behaviors between B2B customers and household customers. By measuring the delivery of the expectations of the B2B customers the case company Kodin Terra will be able to know how well the company has met the promises of the marketing.

Based on the topic and significance of the work the research problem in this study from the researchers point of view can be defined into the following question: Does satisfaction with the customer service significantly affect the purchase decision of B2B customers and is it worth to invest in good customer service compared to other sources of satisfaction? From the manager's point of view the

problem in this research is clearly the lack of information about the B2B customer's level of satisfaction, which means that the functionality of Kodin Terra's B2B service cannot be estimated accurately and improvements to the service are thus difficult make.

The aim in this research is to first define customer satisfaction and the functions that affect customer's satisfaction in services, products and prices in the type of business that Kodin Terra practices. The objective is then to find out how satisfied the B2B customers of Kodin Terra Nokia are with the different functions of customer service, products, price, logistics and business service of Kodin Terra Nokia. In addition to the measurement of perceived experiences, the study will also measure how well the B2B customer's expectations have been met. The research aims to find out the most important factors that affect the B2B customer's decision to visit and do business with Kodin terra Nokia. The aim is also to find out possible development ideas from the B2B customers to get direct information and feedback on the possible aspects that need to be developed in order to increase the customer's level of satisfaction.

1.3 Limitations of the study

The respondents in this study were limited to the B2B customers of Kodin terra Nokia. The time and budget limitations in this research narrowed the total number of respondents to 72. The demographic variables of only 25 respondents were collected. The responses were gathered mostly through interviewing the respondents in the Kodin Terra retail store. The rather low number of respondents especially in the demographic variables means that the reader should approach the result of the study with care. The results should be considered more as signs, indicators and suggestions for illustrative purposes rather than solid guidelines.

1.4 Structure of the thesis

The first part of the research starts with a brief overview of the hardware retail markets in Finland. After that the Kodin Terra chain and the main competitors are introduced to the reader along with a short description of the case company Kodin

Terra Nokia hardware retail store unit. The theoretical part of the study begins in the third chapter with literature about business-to-business marketing. The characteristics and main issues of B2B marketing are presented in this chapter as well as the B2B operations in Kodin Terra Nokia. Service characteristics, service quality and service outcomes are presented in the next chapter. The final theoretical chapter handles the topic of customer satisfaction. Theoretical frame of references are presented in the sixth chapter to summarize the aspects that were dealt with in the theory. The empirical part of the research describes the research process. The seventh chapter defines the research plan, research and data collection methods, reliability and validity of the study, research tool, the process of sampling and methods of information analyzation. The results of the research are presented in the next chapter and finally an overview of the research is given with suggestions for further studies.

2 KODIN TERRA AND THE MARKETS

In Finland, the iron trade in the retail market is about 4 billion euros (2007). (<http://km.bbm.fi/Default.aspx?tabid=3341>) The majority of the customers consist of traditional households and consumers but business-to-business selling is also an important part of the business in the hardware retail stores. To meet the ever-increasing demand from the business customers the business service model is constantly expanding and changing in the hardware retail stores.

2.1 Kodin Terra and competitors

The SOK service network of companies decided to introduce their own chain of hardware retail stores in 2005. SOK had previous experiences of selling hardware and construction materials in their Prisma stores and Agrimarkets but the construction of a whole new retail chain dedicated only to hardware products was a major change for the organization and the markets also. The first Kodin Terra retail store was constructed in the town of Lahti, and by the end of 2011 a total of 11 Kodin Terra hardware retail stores were operating across Finland. (<http://www.s-kanava.fi/web/s/s-ryhma/historia#2000-luku>)

The Kodin Terra stores are described as hardware stores with big garden sections. The Kodin Terra retail stores concentrates on offering services and products in the field of building, decoration, renovation, garden and outdoor areas. The retail stores have over 35 000 products available and the web store has information about almost 20, 000 products. (<http://www.kodinterra.fi/>)

The main competitor in the markets for the SOK's Kodin Terras is the Kesko group with its chain of hardware retail stores including K-Rauta, Rautia and rautakesko. Kesko is the market leader at the moment with an estimated 39% (2012) of the market share. Other competitors include Starkki, Bauhaus, Lidl and Plantagen. The main tools of competition in the hardware retail markets include service quality and know-how, price and quality of products, availability and variety of products and marketing communications. The main competitors can have some advantages over one another outside the traditional tools of

competition such as better guarantee program for products or more comprehensive bonus systems but these do not give significant competitive edge to any of the competitors.

(<http://www.kesko.fi/fi/Kesko-yrityksena/Toimialat/Rautakauppa/Markkinaosuudet-ja-kilpailijat/>)

2.2 Service in Kodin Terra hardware retail stores

The service part in the hardware retail markets is the section where the competitors can make a difference. The products and the prices between different competitors are at a similar level so better service usually leads to better financial results. This factor has been acknowledged in the SOK-chain and measures have been taken to increase the service level and variety in the Kodin Terra retail stores. At the moment the Kodin Terra stores offer technical services such as transportation, installation, business service and advice on designing and implementation. The range of technical services varies depending on the store and some services such as installation can be outsourced.

Even more important than technical service in hardware retail stores is the customer service. In the case of Kodin Terra the customer service is a crucial factor for success because the organization is relatively new so the brand identification for the customers might be difficult. The customers in the market recognizes the names K-Rauta or Rautia easily as those brands have been operating in the markets for a long time already and the brand name itself already gives a clear message to the customers on what the above mentioned stores sell. Another reason why customer service for hardware retail stores in general is important is the fact that the typical products and purchases tend to cost money in the order of hundreds of euros which means that the perceived sacrifice for the customer is rather high financially speaking. Customer service is usually the only contact a customer has with the company so it is important that these brief interactions will help the company to differentiate itself from the competitors in a positive way. Good customer service also has a strong impact on customer satisfaction and lead up to better relationship between the seller and the buyer. In the Pirkanmaa region where the case company Kodin Terra Nokia is located, there

is an on-going program called “the best service in Pirkanmaa” which aims to improve the service level of the employees in the Kodin Terra stores.

2.3 Kodin Terra Nokia

The Kodin Terra retail store in Nokia started operating in 2010. The retail store is located well beside the busy crossroads of 3-way road and the road to Pori. Next to the crossroads there is also a SOK-owned ABC service station, which is connected to the Kodin Terra store via an underpass road.

Kodin Terra Nokia is one of the biggest Terra’s in the chain and that is why it has a good potential for growth in terms of product and service variety. The hardware store is divided into four different sections: Construction, pick-up store, outdoors and garden, and decoration and paints. The store is designed in a customer friendly way with clear signboards and wide passageways so that shopping and moving in the store is easy and smooth.

3 BUSINESS-TO-BUSINESS MARKETING

In this chapter the reader will be introduced to the main elements of business-to-business marketing and its differences compared to B2C marketing. The chapter will also describe the methods and way of operations in Kodin Terra Nokia's B2B marketing.

3.1 Characteristics of business-to-business marketing

Marketing is concerned with exchanges between buyers and sellers and traditionally the buyer is viewed as a household member purchasing finished goods through a retailer. When the buyer is a company or institution however, then the purchasing process is called business-to-business marketing. In more comprehensive definition, business-to-business marketing is the creation and management of mutually beneficial relationships between organizational suppliers and organizational buyers. The organizations can be private firms, public agencies or nonprofit institutions. (Morris, Pitt & Honeycutt 2001, 3)

Business-to-business selling includes both similarities and differences to business-to-customer selling. The similarities with B2C include for example requirements of good customer service in sales process. The buyers in B2B can also make purchase decisions based on emotions and misperceptions and thus share similarities with normal consumers. The differences of B2B include for example the more relationship centric sales process, the higher cost of sales and importance of brand value. In general the B2B markets tend to have lower number of potential customers and the sales process between the seller and buyer is usually long and complicated compared to B2C. (Morris et al. 2001, 22-27)

3.2 Personal selling in B2B communications

The role of personal selling is important in B2B because of the nature of the sales process. Complex products, information needed and the possible large size of the order for both initial and long-term purchases means that personal selling is the only viable strategy to communicate with the buyer in B2B. (Wright 2004, 403)

The role of the salesperson in B2B has become increasingly complex and challenging. The buyers in B2B are becoming more professional in the way they perform business and make purchases so the sales staff must keep up pace with them. The salesperson in B2B must also constantly upgrade the knowledge and skills about the new market and the customer demands. The image of the organization, ways of running the business and company policy are all conveyed by how the sales representatives behave and present themselves. The salespersons in B2B are expected to have comprehensive knowledge of the customers in the area as well as knowledge of the market and competition at both macro and micro levels. Moreover, the salesperson in B2B will often perform a multitude of tasks including prospecting new customers, constantly calling and satisfying existing customers, supplying solutions to the buyer's problems, dealing with customers dissatisfaction and complaints as well as collecting information about general happenings in the marketplace. (Wright 2004, 404-405)

Even though personal selling has a strong reputation in B2B communications it still cannot be viewed in isolation from other methods of communication such as advertising. In order to work more efficiently, the personal selling should usually be integrated in to the whole communication program to create organizational awareness and support the selling process. (Wright 2004, 405)

3.3 Relationships in B2B selling

Relationships management is an important part of industrial marketing for the suppliers. The key aspect in customer acquisition and retention for suppliers is to find ways of creating value for the purchaser with goods and services that address their needs and objectives. The company activities in B2B should begin with the recognition of a fundamental customer need and be followed up with customer orientation integration throughout the functional areas of the company. The customer satisfaction should be viewed as a means toward long-run profitability goal. In good relationships the value is sustained and enhanced throughout the relationship. (Morris et al. 2001, 3-27)

The low number of potential buyers and high revenue possibility of each buyer in B2B are factors why suppliers aim for long-term relationships that are built on sincerity and trust. Customer retention is crucial for companies in business markets and to achieve it the firms use customer relationship management. Customer relationship management is a cross functional process that aims for continuing dialogue with customers, personalized treatment of the most valuable customers and the sureness of the effectiveness of marketing initiatives. (Hutt & Speh 2009, 104-105)

In meaningful relationships the supplier and the buyer interact frequently and in many cases the business marketer should become the buyers representative within the supplier organization. This will able them to communicate more efficiently and up to date about additional benefits needed, difficulties with products and services or delivery problems. (Wright 2004, 405)

3.4 Business-to-Business selling in Kodin Terra Nokia

The business-to-business selling in Kodin Terra Nokia is a growing operation and that is why the company is investing in it by recruiting more employees and arranging meetings with the business customers regularly as an example. Kodin Terra's business service is managed mostly through the business sellers. Previously there was only one business seller in Kodin Terra but recently the company hired a second employee for the job. The business seller's main task is to manage the relationships and selling processes with the B2B customers. Business customers can order the products they need by either contacting the business seller via phone or email, or alternatively they can independently shop the products they need from the retail store or from the web store. The ordered products will be collected in the retail store to be ready for pick-up or they can be delivered to the customer if so was agreed. The B2B customers visit the company very often and thus the other sales force in Kodin Terra also interacts with them occasionally.

An estimated 80% of the B2B customers in Kodin Terra Nokia are working in the construction industry and 90% of them are small less than five person firms

according to the business seller of Kodin Terra. Most of them are private entrepreneurs though a couple of medium sized companies are also included as customers. The selling processes with the B2B customers of Kodin Terra Nokia are usually conducted in the retail store and mostly in the office of the business seller. (Jarkko Huhta, B2B sales Kodin Terra Nokia)

The S-group has launched a nationwide corporate e-business card for business customers. The card works like a credit card and the advantages of the e-business card include electronic receipts from the purchases. The owner of the card also receives certain percentage of discount depending on the product from Kodin Terra Nokia. The card can be acquired free of charge and it will give 30 day interest-free paying time for the customers on average. The card can soon be used in all of the stores and businesses that are part of the S-group organization. The corporate business card will be partially replacing the invoice customers in Kodin Terra Nokia. (<https://www.s-yrityskortti.fi/koko-kansan-yrityskortti-0>)

4 SERVICES

The following chapter is divided into several parts and goes through the subject of service. The aim in this chapter is to clarify the importance of good customer service and its impact on customer satisfaction in hardware retail business. The reader is first introduced to different types of services and definition of service. Quality in service is then stated along with service encounters and the criteria's of good perceived service quality. Finally the reasons for offering good service are presented with their connection to profitability.

4.1 Services in general

When thinking about services the first thing that might come to mind is probably entertainment services such as movies or municipal services like health care. Services are used every day for example when visiting in grocery stores, driving in traffic, studying in schools and even when watching television. Service is one of the main components in economics and its influence is still growing. In Finland the service factor alone corresponded 69.3 % of the gross domestic product in 2011. (http://www.stat.fi/tup/suoluk/suoluk_kansantalous.html)

Services can be divided into four distinct categories to help clarify its meaning. The first of these categories is the service industries and companies that include those industries and companies typically classified within the service sector whose core product is a service. Services as products are the second category and it represents a wide range of intangible product offerings that customers value and pay for in the marketplace. The third category is customer service that is the service provided in support of a company's core products. Customer service is typically offered free of charge by companies and its good quality is essential in building customer relationships. The final category is a suggestion by Steve Vargo and Bob Lusch -2004 and is called derived service. The derived service concept suggests that the value derived from physical goods is really the service provided by the good and not the good itself. This view is somewhat abstract but in the future people might think even more broadly about services than today. (Zeithaml, Bitner, Gremler 2006, 5-6; Vargo, Lusch 2004, 1-17)

Researching service marketing is important because of the fact that services dominate modern economies of the world and services also gives unique opportunities such as competitive advantage to companies. (Zeithaml et al. 2006, 29) The increased significance to services has also been the evolution of information technologies. The service providers systems are more and more based on IT and network solutions. (Grönroos 2000, 46.)

4.2 Definition of service

Services include “all economic activities whose output is not a physical product or construction, is generally consumed at the time it is produced, and provides added value in forms (such as convenience, amusement, timeliness, comfort or health) that are essentially intangible concerns of its first purchaser”. (Zeithaml et al. 2006, 4; Quinn, Baruch, Paquette 1987, 50-58).

Service in economics is usually described as an intangible asset that you can buy or sell but you cannot own it. Blythe lists five factors distinguishing services from physical products.

1. Services are intangible.
2. Production and consumption often occur at virtually the same time
3. Services are perishable.
4. Services cannot be tried out before buying.
5. Services are variable, even from the same supplier. (Blythe 2008, 257)

Contrary to popular belief physical products can also be intangible in the minds of the customers. For example a car can be both product and service. This means that intangibility doesn't always separate physical objects from services though in most cases services are intangible. (Grönroos 2000, 48; Zeithaml & Bitner 2000) According to Christian Grönroos (2000), services have three general features.

1. Services are *processes*, which consists of *activities* or groups of activities.
2. Services *are produced and consumed* at least to some extent at the same time.

3. *The customer participates to the production process as a cash producer at least to some extent. (Grönroos 2000, 47.)*

4.3 Service quality

Service quality is a critical element of customer perceptions. In businesses where customer service or services are offered in combination with a physical product (e.g., Kodin Terra), the service quality may be very critical in determining customer satisfaction. (Zeithaml et al. 2006, 116)

Service quality has great impact on customer satisfaction and that is why it is important to know how it is formed. From the customers point of view service quality can be described as totality of features and characteristics that bear on its ability to satisfy stated or implied needs. The service provider on the other hand has delivered quality whenever its service meets or exceeds the customer's expectations. (Kotler 2012, 153; www.asq.org/glossary/q.html)

Service quality is a complicated thing to measure because it includes processes where production and consumption cannot be entirely differentiated. To understand how service quality is formed the service provider must first comprehend the aspects that affect the final perceived quality of the customer. Grönroos model of total perceived quality gives an overview of how quality is formed. (Grönroos 2000, 62)

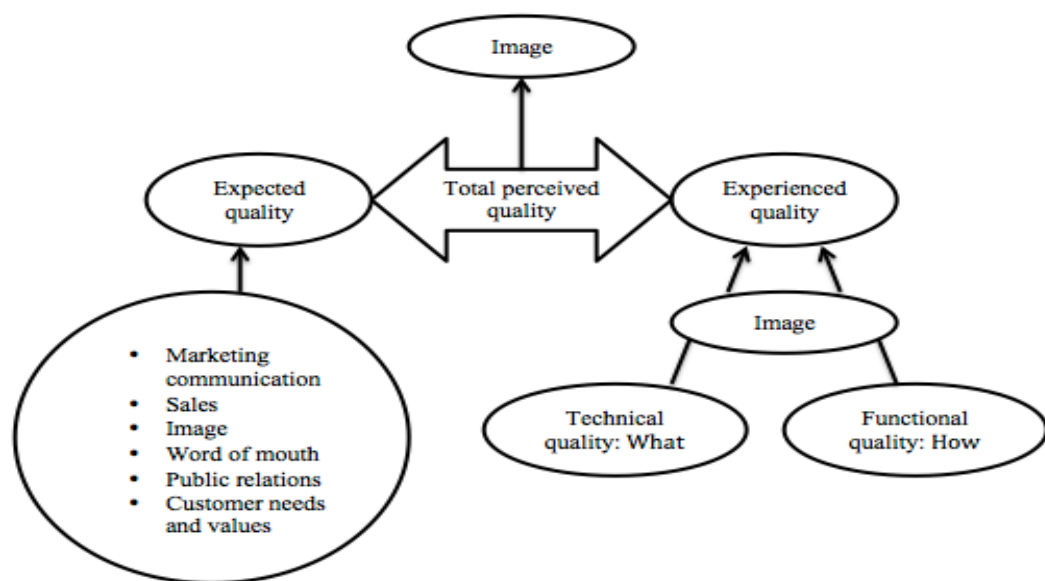


Figure 1. Model of total perceived quality

The feelings and moods of the customers are not accounted in the model but it still gives quite a realistic basis for the formation of quality. According to this model the quality for the customers comes from the expected quality that is measured by the experienced quality. The total quality is good when the customers experienced quality meets their expectations. If the customer's expectations are too high because of unrealistic marketing by the service provider for example, then the total perceived quality of the customers would be low. The service provider must thus be careful in marketing so that the company does not fall in to giving promises for the customer that it cannot keep. According to Grönroos it is always better in marketing to keep the promises low and deliver more than was promised. That way the organization can ensure that the promises will be met. (Grönroos 2000, 67) However, the downside of under promising might be a lower number of customers due to the fact that the marketing does not probably sound inviting enough for the customer. For the most part of services it is better to aim for expectations that meets the delivery in an equal way.

4.4 Service encounters and interactions

Service encounters are situations where customers interact with the service organization. These so called “moments of truths” are critical to the quality experience of the customer especially in first contact situations. The concept of “moment of truth” literally means that this is the time and place where the service provider has the opportunity to demonstrate the quality of its services to the customer. Most of the technical quality of the outcome is transferred to the customer in these interactions. (Grönroos 2000, 72; Normann 1992)

Service encounters can be divided in to three general types: Remote encounters, phone encounters and face-to-face encounters. Customers may experience any of these encounters or a combination of all three in their relations with the service company. The first type of encounter, the remote encounter, can occur without any direct human contact such as when a customer interacts with a bank through the ATM system. The tangible evidence and quality of the technical processes and systems of the service becomes the primary bases for judging quality in remote encounters. Phone encounters are the most common type of encounter in many organizations such as in insurance companies. Important criteria's for judging quality in phone encounters are tone of voice, employee knowledge and effectiveness in handling customer issues. The third type of encounter is the face-to-face encounters that occur between an employee and a customer in direct contact. Service quality determinants in face-to-face encounters include verbal and nonverbal behaviors, tangible cues such as employee dress and other symbols of service like physical setting. (Zeithaml et al. 2006, 125-126; G.L. Shostack 1985) The face-to-face encounters are the most usual type of encounter in Kodin Terra Nokia but phone encounters also occur and are rather frequent at least for business sellers in the company.

Sales personnel and other full-time marketers in service organizations have essential role in the service encounters but most of the interactions are still handled by part-time marketers such as cashiers or logistic personnel. The model below shows the interactions between different parties in the service infrastructure in customer point of view.

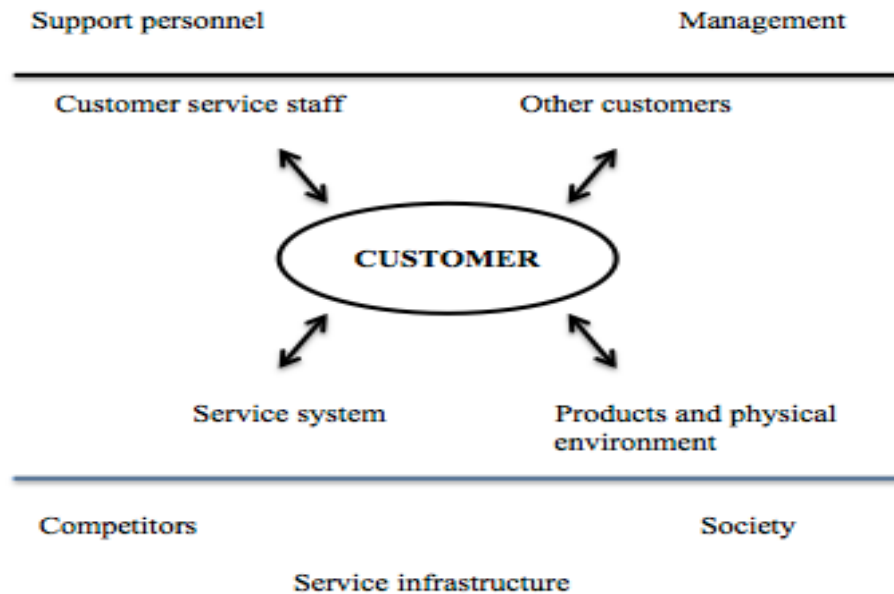


Figure 2. Interactive service production and marketing from the customer point of view (Gummesson 1993, 106-108)

The interaction between the customer service staff and the customer is the essential part of the service encounters in many organizations as stated earlier. A typical encounter might include a salesperson and a customer in hardware retail store for example. The customer also participates in creating quality service in these interactions especially in face-to-face contacts.

Interactions between customers might also produce service if the service provider offers the right environment, personnel and system for it. Examples of this kind of interaction include dance restaurants where dance is the core service and is produced by customers.

The products and physical environment of the service provider also provides interactions with the customers. In hardware retail stores for example the product placement and presentation, the layout of the store and spaces in the parking areas affects the customer behavior and relation to the company.

The fourth interaction in the model above is between the customer and the service system of the service provider. Interactions between service systems and people are as important as interactions between people. In hardware retail stores the

service systems include webpage of the organization and online store. (Gummesson 1998, 99-102)

4.5 Criteria for good perceived service quality

The SERVQUAL research from Parasuraman, Berry and Zeithaml suggested five labels for measuring service quality: Tangibles, reliability, responsiveness, assurance and empathy. This widely known concept has since been used in many researches and has seen some modifications and additions along the way. The seven criteria's of good perceived service quality by Grönroos is an integration of available studies and conceptual work and is mostly based on the original criteria's by Parasuraman, Berry and Zeithaml. The criteria in this model are listed below. (Grönroos 2000, 74-75; Parasuraman, Zeithaml, Berry 1985, 47)

1. Professionalism and Skills
2. Attitudes and Behavior
3. Accessibility and Flexibility
4. Reliability and Trustworthiness
5. Service Recovery
6. Serviscape
7. Reputation and Credibility

The first of these criteria, professionalism and skills, is outcome-related and thus a technical quality dimension. The criteria from 2 to 5 are process-related and represent the functional quality dimension. The serviscape criteria following the conceptual work by Bitner, Rust and Oliver is also functional quality dimension. The last criteria, reputation and credibility, is image related and thus fulfilling a filtering function. The seven criteria of good perceived service quality can be viewed as guidelines based on a solid body of empirical and conceptual research. (Grönroos 2000, 80)

4.6 Service quality and profitability

The effects of service quality to profitability have begun to interest companies in recent years as researchers and company executives have found strong evidence to

support the relationship between them. Understanding the key effects of service quality and its relationship to profitability is important to companies as it will help them understand what aspects of service quality they need to change to influence the relationship to customer.

Service quality has offensive and defensive marketing effects that affect profitability. Offensive marketing effects of good service quality means attracting more and better customers to the company. Offensive marketing involve market share, reputation and price premiums that all contribute to increased sales and better profit. Good service attracts more customers to the business and gives the company a positive reputation that in turn increases the market share. The bigger market share gives the company the ability to charge more from the services than its competitors.

Defensive marketing effects of good service are an approach to profitability by means of customer retention. The key aspects of defensive marketing effects include lower costs, volume of purchases, price premium and word-of-mouth communication. Getting new customers is five times as costly as retaining an existing one because it involves advertising, promotion and start-up operating expenses. The good quality of service can lead to very satisfied customers who may give the best type of promotion for the company through word-of-mouth. In summary, the longer a customer stays with the company, the more profitable the relationship is for the organization. The effects of service to profits and sales are demonstrated in the model below. (Zeithaml et al. 2006, 546; Fornell & Wernerfelt 1987)

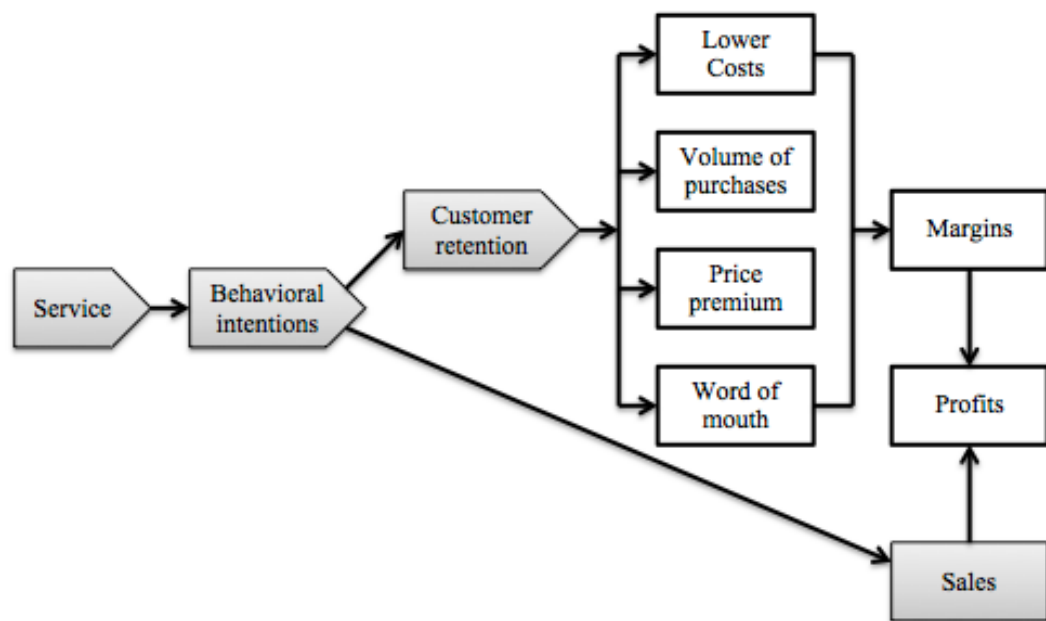


Figure 3. The Effects of Service (Zeithaml et al. 2006, 554)

Good service quality and customer satisfaction affects the behavioral intentions of the consumers in positive ways and leads up to better profits and sales as shown in the model.

5 CUSTOMER SATISFACTION

This chapter describes the theory concerning customer satisfaction and begins with a definition of the subject. Customer satisfaction and customer expectations are then presented along with different factors that affect on customer satisfaction. The two last sub chapters introduce the reader on customer satisfaction monitoring and outcomes of customer satisfaction. The aim of the chapter is to give the reader an overview on theory about customer satisfaction and its importance for businesses.

5.1 Customer satisfaction definition

Zeithaml, Bitner and Gremler (2006) defines customer satisfaction as the customer's evaluation of a product or a service in terms of whether that product or service has met the customers needs and expectations. It is assumed that the failure to meet needs and expectations result in dissatisfaction with the product or service.

Customer satisfaction and service quality have certain things in common but the relationship between the two concepts can be differentiated. Satisfaction is generally viewed as a broader concept, whereas service quality focuses on dimensions of service. Thus the perceived service quality is a component of customer satisfaction.

Depending on the context or type of service, satisfaction can also be related to other types of feelings than just the feeling of fulfillment. Common services that are used routinely by the consumers such as public transportation may not be given much thought by the consumers and can be viewed as contentment which is more of a passive response. On the other hand services that are associated with a sense of happiness such as an amusement ride may give feelings of pleasure for the consumers. When the consumer is surprised by the service in a positive way a feeling of delight might occur. In situations where the removal of a negative leads to satisfaction the consumer may feel a sense of relief associated with satisfaction. When a mix of positive and negative experiences occurs with product or service,

the consumer satisfaction may be associated with a feeling of ambivalence. (Zeithaml et al. 2006, 106,110)

5.2 Satisfaction and expectations

Satisfaction is dynamic by its nature and may evolve over time when influenced by a variety of factors. In the case of new services or service not previously experienced the customers expectations may be just forming and will begin to solidify when the customer begins to form his perceptions. (Zeithaml et al. 2006, 110)

Grönroos uses dynamics of expectations study by Ojansalo to describe three different kinds of expectations in customer relationships. The expectations are characterized as fuzzy, explicit and implicit. Fuzzy expectations occur when customers have a problem but do not have a clear understanding of what should be done and they expect the service provider to solve it. In other words the customers feel that something is needed or missing and do not now clearly what would fulfill it and what should be done. The service provider has an opportunity to satisfy the customer if they can make these expectations explicit for the customer and itself.

The explicit expectations can be divided into realistic and unrealistic expectations and they are clear in the customer's minds in advance of the service. Customers assume that explicit expectations will be met and that is why it is important for the service provider to help customers adjust the unrealistic expectations into more realistic ones.

The implicit expectations refer to parts of services that are so obvious for the customers that they do not consciously think about them and take them for granted as long as they are fulfilled. Dissatisfaction for the customer occurs when the service provider does not meet these expectations and that is why it is important for the service provider to make sure that no implicit expectations remain undetected. (Grönroos 2000, 90-91; Ojansalo 1999)

5.3 Factors affecting customer satisfaction

Customer satisfaction is multi-dimensional in its characteristics and is affected by different variables including features of services and products, perceptions of service and product quality and price. Other factors may include the customer's emotional state and situational factors such as family members opinion. Zeithaml, Bitner and Gremler -2006 list five determinants for customer satisfaction that are mostly based on different researches and studies of the topic. The first determinant for customer satisfaction is the product and service features that are influenced significantly by the customer's evaluation of product and services. Studies have shown that customers of services will make trade-offs among different service features such as friendliness of personnel versus level of customization. (Zeithaml et al. 2006, 110-111; Oliver 1997, Ostrom & Iacobucci 1995, 17-28)

Customer emotions are another determinant that affect customers perceptions of satisfaction with products and services. Positive emotions of the customer may influence on how they feel about the service in a way that they are more easily satisfied. Negative emotions of the customers on the other hand may carry out to the service they receive causing for example overreactions or negative responds to any little problems. (Zeithaml et al. 2006, 111; Price & Arnould 1995, Liljander & Strandvik 1997, 148-169)

The third factor affecting customer satisfaction is attributions for service success or failure. In perceived causes of events where customers have been surprised by an outcome of the service both by much better or much worse than expected, the customers tend to look for reasons and their assessments can influence their satisfaction. In many services customers take at least partial responsibility for the outcome. (Zeithaml et al. 2006, 112; Hubbert 1995, Bitner 1990, 69-82)

Perceptions of equity and fairness also affect customer satisfaction. Customers tend to compare themselves to other customers about the service they receive. Notions of fairness and equity are central to customer's perceptions of satisfaction

particularly in service recovery situations. (Zeithaml et al. 2006, 112; Seiders & Berry 1998, 8-20)

Other people may often influence consumer satisfaction also. For example a holiday trip with family members or friends is a dynamic phenomenon influenced by the reactions and expressions of every individual in the vacation. The satisfaction or dissatisfaction of the participants will be expressed after the trip and it will be influenced by stories and memories that are told. (Zeithaml et al. 2006, 112; Fournier & Mick, 1999)

5.4 Customer satisfaction monitoring

Most companies execute systematical monitoring of the customer's satisfaction in order to know how well they treat their customers. Customer satisfaction measurements typically occur when there have been changes for example in companies operations or marketing. Regular monitoring of customer satisfaction is preferable because it is one key to customer retention. The connection between customer loyalty and customer satisfaction however is not proportional. (Kotler 2012, 150) Kodin Terra Nokia has monitored the customer satisfaction of regular household customers but no measurement about the satisfaction of business customers have yet been conducted.

A factor that needs to be recognized especially when monitoring customer satisfaction by using grading scales is the fact that customers defined company's performances in different ways. Some customers may have stricter grading scales and other can be more easily satisfied. That is why a bigger amount in sampling gives more reliable information. (Kotler 2012, 150) In the case of business customers in Kodin Terra the base sample is rather small so getting enough respondents can be difficult.

Monitoring the competitor's performance is also important because it may open up different opportunities for the company. For example monitoring the competitor's customer loss rate can give information about customers that have stopped buying or who have switched to another supplier. Other techniques for

monitoring competitors can include hiring of mystery shoppers who pose as potential buyers and report strong and weak points of the competitor's service or products during buying process. (Kotler 2012, 150-151; Morgan, Anderson & Mittal 2005, 131-151, Homburg, Koschate & Hoyer 2005, 84-96, Jones & Sasser 1995, 88-99)

5.5 Outcomes of customer satisfaction

Customer satisfaction began to receive a lot of attention when companies discovered that a higher level of customer satisfaction could be linked to customer loyalty and profits. As stated in the previous chapter, the link between customer satisfaction and customer loyalty is not proportional and it tends to be particularly strong only when the customers are very satisfied. This means that the firms should aim to more than satisfy or even delight their customers to ensure loyalty. The ones that aim simply to satisfy customers may not be doing enough. The figure below illustrates the satisfaction and repurchases function. (Zeithaml et al. 2006, 113-114; Heskett, Sasser & Schlesinger 1997)

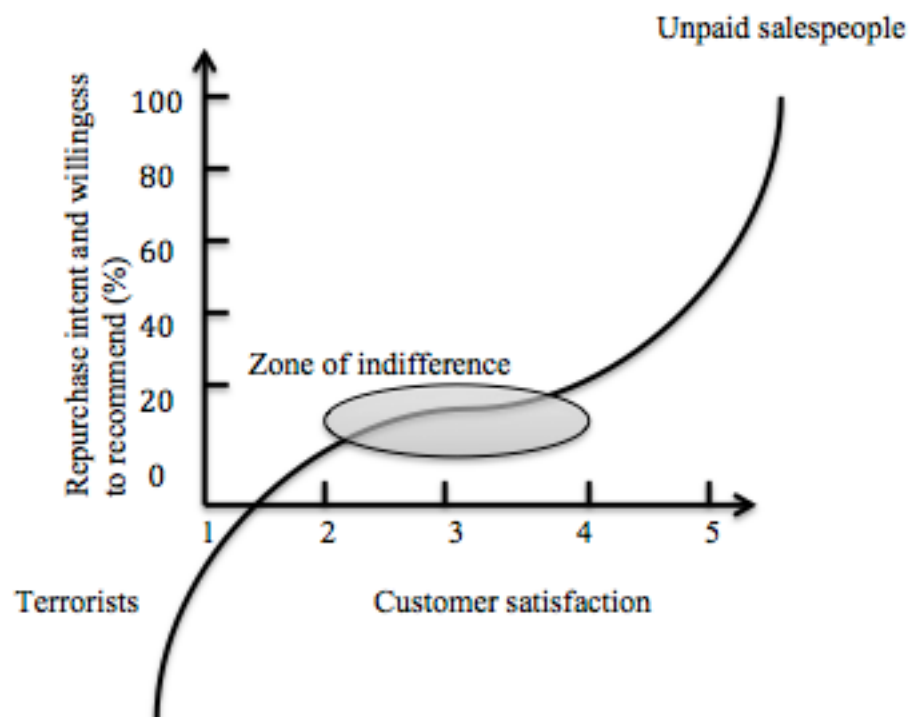


Figure 4. The satisfaction / repurchase function (Grönroos 2000, 129; Hart & Johnson, Marketing management 1999, 9.)

The customers in level one are those with very low level of satisfaction and they are likely to abandon the company or even terrorize it by spreading bad word of mouth. Customers at level two to four are in the zone of indifference where they are fairly satisfied but can still easily switch to other companies if a better offer occurs. The very satisfied customers at level five are likely to repurchase and even spread good word of mouth about the company. In addition, high satisfaction or delight may also create emotional bond with the brand or company. (Kotler 2012, 150)

Besides the above-mentioned positive outcomes of customer satisfaction, a highly satisfied customer is less sensitive to price, offers product or service ideas to the company and costs less to serve than new customers because transactions can become routine. One research conducted to a company called Xerox discovered that customers giving 5 on a satisfaction scale (very satisfied) were six times more likely to repurchase their equipment than those that gave 4 (satisfied). (Kotler 2012, 150)

6 THEORETICAL FRAME OF REFERENCES

The theoretical frame of references presents an overview of the theory that is used in this research. The theoretical part in this research was divided into three main subjects. The theoretical part began with a description of the industrial area of the research subject, the business-to-business marketing. This was followed up with chapters considering services and customer satisfaction. The three main theoretical subjects were all chosen with the topic of the research in mind and all of the subjects were designed to support each other along with the research.

The business-to-business marketing chapter starts with a short definition of the subject and continues on to describe the importance of personal selling and relationships in B2B field. The B2B characteristics in the case company Kodin Terra Nokia were the main motivator for the chosen subjects in this chapter.

The theoretical part of the services goes through the characteristics of services and their influence on customer satisfaction. The main objective in this chapter was to describe how the quality in service is created and what aspects in services are most critical to the creation of value and satisfaction among the customers. The importance of good service is explained in the last paragraph to answer the question why service and customer service in particular is something worth investing for. The selected features of service were introduced with the case company and its business activities kept in mind.

The subject of the research is customer satisfaction and that is why it was natural to also choose it as a theoretical part of the study. The customer satisfaction is closely related to service quality and the relationship of the two was raised in the chapter. The chapter partially explained the same phenomena that service quality has, but in a wider and more detailed way. Customer satisfaction monitoring was explained as it has an essential role in research along with the outcomes of customer satisfaction.

7 RESEARCH METHODOLOGY

This chapter describes the objectives of the empirical research and the method how the empirical research was conducted. The reader will learn what aspects were measured in this research and how the information was collected. The data analyzation method and timetable of the empirical research are also presented.

7.1 Research plan

The empirical work in research requires planning as well as any other part of the study. Behind the data gathering, questionnaire design and analyzation methods there are organizing to be done in order to meet the schedules. The research plan describes the objectives of the empirical research and the process of how the empirical work was done step by step. (Burns & Bush 2010, 50-51)

Before the empirical process may truly begin the researcher must set the research objectives. The research objectives answer to the question: “What information is needed in order to solve the problems”? The problem in this research is the lack of information about the formation of satisfaction in B2B customers and aspects that need to be improved to increase the satisfaction. Thus the objective in this research is to determine the B2B customers average level of importance and satisfaction of the customer service, business service, products, logistics and prices of Kodin Terra Nokia. (Burns & Bush 2010, 56)

A structured questionnaire conducted mostly by interviewing was chosen to gather the data for the research objectives in this study. The questionnaire in this study was designed and examined during February 2013. The method of the data collection and the topic of the research make this study mainly descriptive in its design. (Hair, Babin, Money, Samouel 2003, 60) The questionnaire for the business customers was conducted during February, March and April 2013. The questionnaires were carried out during the business breakfasts for the business customers that are held once every two weeks in Kodin Terra Nokia retail store. The business breakfasts are set up in the construction department next to the business seller’s office and the meetings usually lasts from 07:00 to 10:00.

Besides the customers and the staff of Kodin Terra there are also at least two different suppliers that are presenting their products in the event.

The data evaluation, coding and entering of the data to the database is done after the empirical fieldwork. The evaluated and stored information contains the results of the study, which will be analyzed by the researcher and demonstrated in graphs and figures. The last part of the research process includes the conclusions of the research. (Burns & Bush 2010, 61-63) The data coding and entering as well as the analyzation and conclusions in this study were conducted in April 2013.

7.2 Quantitative, qualitative and pluralistic method

Quantitative research is a method for collecting data through the use of structured questions where the response options have been predetermined. It is the traditional research method of the mainstay industry and sometimes referred as survey research. Quantitative research often involves a large number of respondents and a formalized procedure for gathering data. The purpose of quantitative research is usually very specific where client and researcher have agreed that precise information is needed. The format and sources of data are clear well defined in quantitative research and the compilation and formatting of the gathered data follows an orderly procedure that is largely numerical in nature. (Burns & Bush 2010, 235)

Qualitative research method involves collecting, analyzing and interpreting data by observing what people do and say. In the background of the subject of qualitative research is usually a connection to man made meanings. In qualitative research observations and statements are in a non-standardized form but qualitative data can be quantified if a translation process has taken place. Qualitative research can be any study that is conducted using an observational technique or unstructured questioning. In qualitative research the subject persons of the study are carefully chosen because of the usually low number of respondents. (Burns & Bush 2010, 235)

Pluralistic research is a combination of qualitative and quantitative research methods. Pluralistic research usually starts with exploratory, qualitative techniques such as in-depth interviews with selected dealers. Even an observational study can help the researcher understand problems and bring issues to the surface. These activities often provide the researcher knowledge of the problem and thus the researchers design and execution of the quantitative phase are superior to what they might be without the qualitative phase. The pluralistic method has become an increasingly popular research method, especially in studying complex marketing phenomena such as online shopping behavior. (Burns & Bush 2010, 237)

This research used both quantitative and qualitative methods. The research data acquisition was carried out in the case company during business breakfasts conducted for the B2B customers at a regular basis. The quantitative method was the primary research method and it included structured questionnaires that were given directly to the respondents in Kodin Terra Nokia. To get more responses for the research, a qualitative method in the form of interviewing the customers was carried out. Most of the responses came with the combination of structured questionnaires that were carried out by interviewing. The physical presence in the field also enabled the observation of the respondents and thus added another qualitative aspect for the research.

7.3 Data collection method

Research data collection in empiric studies can be roughly divided in to two classes: Ready material such as official statistics, archives and data from previous researches and self gathered material. The researcher selects the preferred data collection method depending on the purpose of the research and the research problem. The research arrangements such as formality and level of structuring also affect for possible and favorable data collection methods in the research. There are also practical factors that affect the data collection choice such as financial and time limits. (Tuomi 2007, 136)

Usually the researcher has to gather the observational data themselves. The basic methods for gathering data include inquiries, interviews, observations and documents. The difference between inquiry and interview is directly related to the linguistic interaction. An interview is based on straight linguistic interaction whereas inquiry is missing interaction either entirely or mostly. Inquiries are commonly seen as structured questionnaires where the questions and answers are determined in advance by the researcher. Interviews on the other hand are usually seen as open in design where the progression and questions are not decided in advance. Different combinations between structured and open questions in questionnaire are used more often than just either one of the two. For example interviewing can be used to fill structured questionnaires. In this case the interviewing gives advantages including knowledge of the respondent and the option to interview the questions in the most fitting order. Another advantage is the chance to clarify the asked questions if the respondent does not fully understand it. (Tuomi 2007, 137-139)

This research used both self-gathered material and ready material. The self-gathered data came from the respondents in the form of questionnaires, interviews and own observations. The secondary data in this study included books, Kodin Terra web-site information, articles and knowledge acquired from school. The previous experiences while working in the company as well as information given by the employees of Kodin Terra were also secondary data.

7.4 Reliability and validity

Reliability and validity are used in research to know how good the overall performances of the measurement were. A reliable measure in quantitative research is one where the respondent responses similarly in an identical or near identical question. In other words the stability and repeatability of the results are the decisive factors for the reliability of the research. (Burns & Bush 2010, 319)

Validity of the research describes how accurate the measurements have been. More specifically: Have the given questions measured exactly what they were supposed to measure? The research is valid if the measures that were used are

truthful. Reasons for invalidity in research provided by the respondent can be lying, faulty memory, misconception and bad guessing. (Burns & Bush 2010, 319-321)

7.5 Questionnaire

The research tool in this study is the structured questionnaire. A questionnaire is a predetermined set of questions designed to capture data from respondents. A number of interrelated activities must be considered when conducting questionnaire-based study. These activities include the general design of the questionnaire, validation of the questionnaire and the method by which the questionnaire is conducted. Questionnaires are designed to obtain large amount of data because of the quantitative nature of the research tool. The gathered data is usually in numerical form. The wording in questionnaire is important to the accuracy of the information that is collected. (Hair et al. 2003, 130-132)

The questionnaire design process usually starts with question development. In question development the researcher selects the appropriate response formats and question wording that are understandable, unambiguous and unbiased. The wording in questions should be focused on a single topic, grammatically simple, brief and crystal clear. The researcher should avoid using words that are extreme absolutes such as best, worst, never or always. In question wording the researcher should particularly avoid leading respondents to a specific answer or using loaded wording or phrasing. Double barreled questions and questions that overstate the conditions should also be avoided. The completed questions should undergo a final evaluation where each question is examined and tested in order to avoid any potential bias. (Burns & Bush 2010, 332-335)

The questionnaire organization is the next phase in questionnaire design and refers to the sequence of statements and questions that make up a questionnaire. There are two main aspects in questionnaire organization: The introduction and the flow of questions in the questionnaire. The first part of the questionnaire is the introduction and it is important in questionnaire design especially in e-mail or online surveys. In interviews the introduction part can be verbally presented as

opening comments. The introduction part of the questionnaire should usually include introduction of the researcher and the general purpose of the study. The respondent's willingness to respond and the reason why they were selected should also be stated in the introduction. (Burns & Bush 2010, 341-343)

The question flow is the second aspect of the questionnaire organization and it refers to the placing of questions in a logical sequence to ease respondent participation. The first questions in the questionnaire should be screening questions that help the researcher to select desired respondents for the survey. Warm-up questions are placed after screening to increase the respondent's interest and to show that the survey is easy to complete. Before the more complicated questions the researcher can place transit questions to let the respondent know that changes in question topic are about to happen. The difficult questions should be placed in the middle of the questionnaire or close to the end. The personal and possibly offensive questions including classification and demographic questions are placed at the end of the questionnaire. (Burns & Bush 2010, 344-345)

7.5.1 Questionnaire for Kodin Terra B2B customers

The questionnaire in this research was divided in to four parts that were customer service, products, logistics and business service. In the end of the questionnaire there was also a space left for development ideas. The second half of the survey process also introduced demographic variables to the questionnaire. The variables included area of industry, business operation starting time, number of employees in the company and most significant factor for visiting in the store. The demographic variables were included in to the questionnaire so that the results could be analyzed in more detail. The questionnaire used a scaling system from one to five where one was weak and five was excellent.

In the theoretical part of the research customer satisfaction was concluded to form from the customer's evaluation of a product or a service in terms of whether that product or service has met the customers needs and expectations. (Zeithaml et al. 2006, 110) The main focus in the questionnaires questions was thus put in to perceived service quality and expectations. The criteria's of good perceived

service quality that were presented in the theory were used in great extent to measure the satisfaction towards the customer service of Kodin Terra Nokia. The first questions in the customer service section of the questionnaire measured service skill and product knowledge of the staff. The question about product knowledge was added to the questionnaire because it forms a big part of the employee's service skills in Kodin Terra Nokia. The next questions measure the approachability, reachability and attitudes and behaviors of the service. These aspects were found on the criteria of good perceived service quality and they were also deemed as important factors for the formation of satisfaction in Kodin Terra Nokia's customer service also. For the same reasons the questions considering service reliability, service normalization and service environment were also added to the customer service section of the questionnaire. The last question in the customer service section measured the delivered expectation of the customer service of Kodin Terra Nokia so that the experiences and expectations could be compared. (Grönroos 2000, 74-75; Parasuraman, Zeithaml, Berry 1985, 47)

The second section in the questionnaire consisted of three questions about the products in the case company. Customer satisfaction is formed through the customer's evaluation of products also, which is why it was important to include the aspect in the questionnaire also. The questions concerned the products availability, location, variety and price and quality compared to competitors. Previous experiences and observations while working in the case company had also shown that these aspects of products are important for customer's satisfaction in Kodin Terra Nokia. (Zeithaml et al. 2006, 110)

The logistic section of the questionnaire had three questions that concerned product order, delivery and retrieval. The preferred order method was asked in the questionnaire so that conclusions about the B2B customers buying behavior could be made. Product delivery and retrieval usually forms one part of the B2B customers buying process so it was important to measure the level of satisfaction for these processes as well.

The last section concerning customer satisfaction was about the business service of Kodin Terra Nokia. Five questions that were concluded to be important for the

formation of the satisfaction were included in this section. The first questions concerned the usefulness of the business card and thoughts about the business breakfast. The entrepreneur business card is a new addition to the business service of Kodin Terra Nokia so customer's thoughts about its usefulness were seen as rather important. The business breakfast events are not unique concepts in hardware retail business services but it still can form a part on the customer's satisfaction towards the B2B service. The third question measured the competence of Kodin Terra Nokia's business service compared to other hardware retail business services in order to find out how the competitors are faring against Kodin Terra Nokia. The last questions measured the expectation of the customers and overall level of the business service in Kodin terra Nokia. As stated in the theory the customers perceive the satisfaction through expected quality that is measured by the experienced quality. (Grönroos 2000, 67) The development ideas were added to the end of the questionnaire so that direct improvement ideas by the B2B customers could be taken in to consideration in the conclusions.

Overall the questions in the questionnaire were designed to be simple, clear and well articulated so that no misunderstandings would occur. Around 70% of the questionnaires in this research were administered by interviewing which meant that big part of the questions could be asked verbally. Because of this the questionnaire itself did not utilize the question flow concept presented in the theory though a simple and brief introduction page was included. The screening of the respondents was conducted verbally and the personal observations in the research field further helped to screen the respondents. Warm-up questions were used in situations where they were deemed necessary to create a relaxed atmosphere.

7.6 Sampling

Sampling is an important part of business research process. The sampling process includes the following phases:

- Define the target population
- Choose the sampling frame

- Select the sampling method
- Determine the sample size
- Implement the sampling plan

Target population is the complete group of objects or elements that are relevant to the research project because they possess the information the study is designed to collect. The elements and objects in the sampling process are known as sampling units that can be for example people or businesses. (Hair et al. 2003, 209-210) The target population in this research is the employees of companies in the industrial area of Tampere that require products from hardware retail stores regularly in their businesses. The sample units are the business customers in the area where Kodin terra Nokia offers services.

A sampling frame is a list of all the sample units in the population. A sampling frame can be for example yellow pages listings or company internal database listing of customers. A sampling frame might offer an accurate listing of element of the target population in the research but it also can be flawed in many ways including having information that is not up to date or elements that do not belong to the population. (Hair et al. 2003, 211) The sampling frame in Kodin Terra Nokia is a listing in their database that includes the B2B customers that have the entrepreneur business card in Kodin Terra. The listing however is not complete as the entrepreneur card is a rather new concept and thus there are many B2B customers that do not have it yet. The customer listing in this research was glanced briefly to get some indication about the B2B customer's area of industry. The listing was not deemed comprehensive enough to be utilized in the data collection.

The sampling methods can be divided into two broad categories that are probability and non-probability sampling. In probability sampling the elements are selected randomly and the probability of being selected is determined ahead of time by the researcher. In non-probability sampling the elements in the target population do not have a 100% chance of selection. This research used both probability and non-probability sampling methods. The probability method used

was stratified sampling where the case company specified the relatively homogeneous subgroup of B2B customers. The non-probability sampling method used in this research was purposive sampling where the respondents are asked about their demographic variables such as area of industry. (Hair et al. 2003, 211, 214. Burns & Bush 2010, 383)

The determination of sample size depends on the objectives of the study, nature of the study, required estimation precision and time and budget available. The researcher can implement the sampling plan when the details of the sample design are known. The sampling plan defines the target population, sampling frame, sampling method and sample size. (Hair et al. 2003, 218-220) The thesis supervisor estimated the minimum size of the sample in this research to be at least 70 objects in order to get precise information.

7.7 Analyzing the data

Data analyzation is the part in the research where the collected information is converted in to knowledge. Before the data can be analyzed however the researcher must examine it for completeness and consistency. Blank responses, misunderstood questions and suspicious patterns in responses need to be dealt with in some way. If the inconsistency is of limited scope then it may be able to be corrected. In minor ambiguities it is also possible to remove the particular information from the data analysis if it is seen as unqualified. When missing data or inconsistencies in responses are more widespread then the data editing may result in the elimination of whole questionnaires. (Hair et al. 2003, 226-230)

Data coding and entry is the next part in the process after the data has been examined. Data coding means assigning a number to a particular response so that the answer can be entered in the database. The coding can be done before or after the data is collected. Data can be entered to the database by using computer-assisted approach, scanners or a manual approach. Human errors can occur during data coding or entry and therefore at least 10 percent of the coded questionnaires as well as the database are typically checked for possible data errors. (Hair et al. 2003, 230)

The coded raw data from the survey is called data matrix. The first part in the actual analyzation of the raw data is called data summarization, which is defined as a process of computing small number of measures from the data matrix that characterize the data set. Data summarization also includes description of underlying patterns, generalization of sample findings and the use of graphs and words to illustrate the results. Five types of basic statistical analysis can be used to reduce the data matrix: descriptive analysis, inferential analysis, differences analysis, associative analysis and predictive analysis. The techniques are progressively more complex and have unique roles in the data analyses but in order to satisfy research objectives they are usually combined into a complete analysis. (Burns & Bush 2010, 461)

The collected data in this research was examined twice in order to erase any inconsistencies. The data examination was done eye denominated by observing and checking the responses for any inconsistencies. The data coding was conducted before the data collection so that entering data to the database could be started immediately after the data edition. The data was coded in the questionnaire by using measurement scale from one to five for the questions. The data entry was performed manually by tapping the results from each questionnaire individually to excel file. During the data entry the already once examined data was again inspected to avoid any errors that might have concurred during data entry. Data summarization was conducted for the data matrix as first part of the analyses and the main statistical analysis used were descriptive and inferential analysis. Descriptive technique included summarization of the basic findings in frequency, distribution and mean value. The inferential analysis was used to generate conclusions about the populations' characteristics for hypothesis. (Burns & Bush 2010, 462- 463)

8 RESULTS OF THE RESEARCH

This chapter presents the results of the customer satisfaction survey conducted to the business customers of Kodin Terra Nokia hardware retail store. The goal was to get a minimum of 70 answers because of the quantitative structure of the questionnaire. The data collection required four separate interview times in order to get enough answers. A total of 74 responses were received and 72 of those were qualified for analyzing. The results are demonstrated in graphs that were done using the Microsoft Excel program.

8.1 Background information

According to the business seller in Kodin Terra all of the B2B customers in Kodin Terra Nokia are in some way connected to the construction industry and 80% of them directly. In terms of size around 90% of the customer companies are smaller than five person firms. Because of the secondary data about the respondents the questionnaire did not originally include demographic variables. In the second half of the survey however, the demographic variables were taken in the inquiries so that the responses could be analyzed in more detail. The demographic variables in the questionnaire included area of industry, company operation starting year and number of employees in the company. The first variable divided the respondents according to their company's area of industry. (Jarkko Huhta, B2B sales Kodin Terra Nokia)

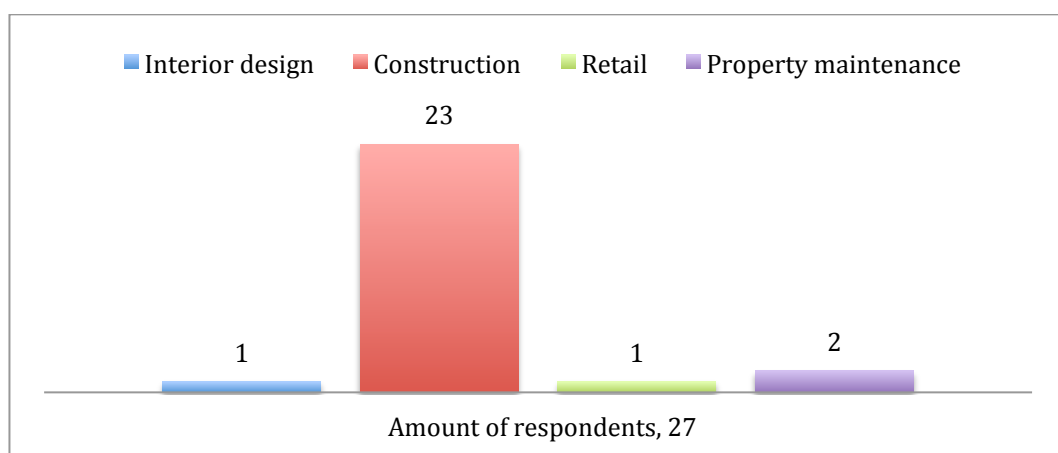


Figure 5. B2B customer's area of industry

The results in figure five confirm the secondary information about the B2B customers' area of industry as 85% of the respondents were found to be working in the construction industry. The low number of the respondents was due the fact that the demographic variables were included only in the second-half of the survey.

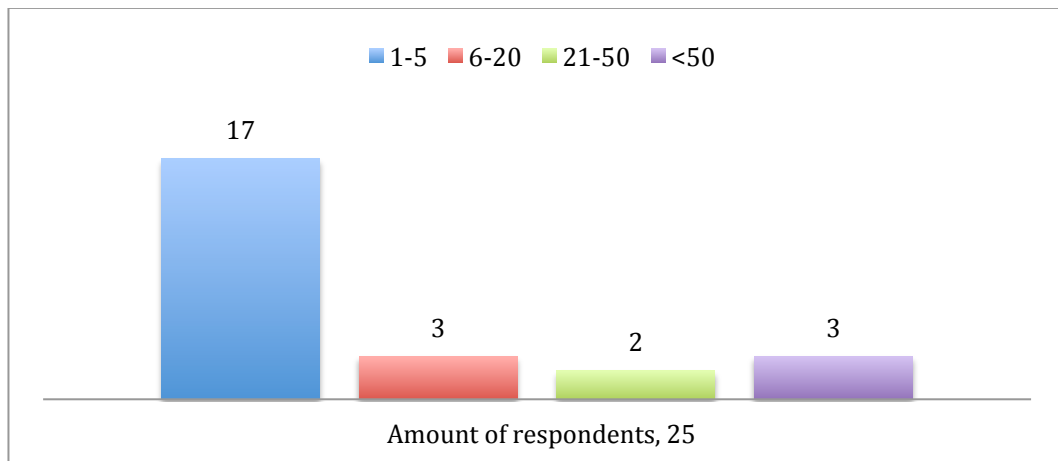


Figure 6. Number of employees in respondents companies

The second variable divided the respondents according to the number of employees in the company they are working. The secondary information about this variable stated that 90% of the B2B customers were working in companies that included five or less employees. The finding in the survey did not fully match the secondary information as only 68% of the respondents were found to be working in companies with one to five employees. The low number of respondents in this variable however means that the primary information most likely does not provide the real statistics concerning the number of employees in the B2B customers companies. There is no reason to doubt the secondary information in this case and with more respondents the statistics would have been closer to the secondary information.

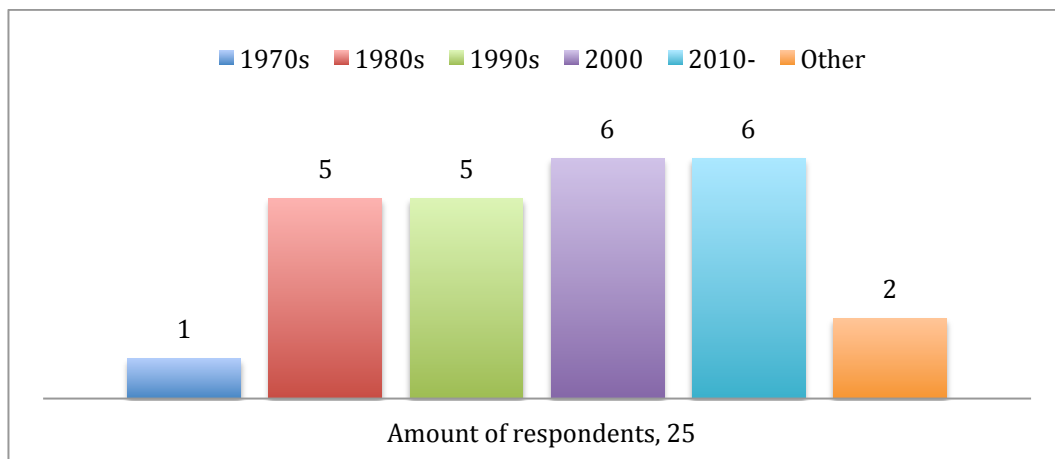


Figure 7. Respondent's Company starting year

The figure 7 shows that the respondent's diversity in company starting year is quite evenly spread out. The companies that belong to the "other" section started their operations in 1890s and 1930s respectively and thus there was no individual bar dedicated to them. According to this graph neither older nor newer companies seems to particularly favor or avoid visiting Kodin Terra Nokia.



Figure 8. Most significant factor for visiting the store

Figure 8 indicates that 48% of the respondents favored the store because of its location. This information was also confirmed with observations found during the time in the research field. Most of the respondents were wearing clothing suited for working in construction fields and some respondents openly discussed with their colleagues about the convenience of visiting the store because of the nearby

location of the construction field they are working in. Observations about the importance of service and relationships were also verified in the research field. There was a core of around 50 B2B customers that were found to visit in the event in all of the four interview times. Many of these regular customers seemed to have developed a strong relationship with the B2B seller of Kodin Terra Nokia and some respondents actually commented the friendship with the B2B seller to be one reason why they choose to do business in the store.

8.2 Results

The results of the questions considering the satisfaction of the respondents are divided into five sub chapters, which are customer service, products, delivery and retrieval, business service and summary and development ideas. Each question save for one had ready answer options that were scaled from 1 to 5, where one is weak and 5 is excellent.

8.2.1 Customer service

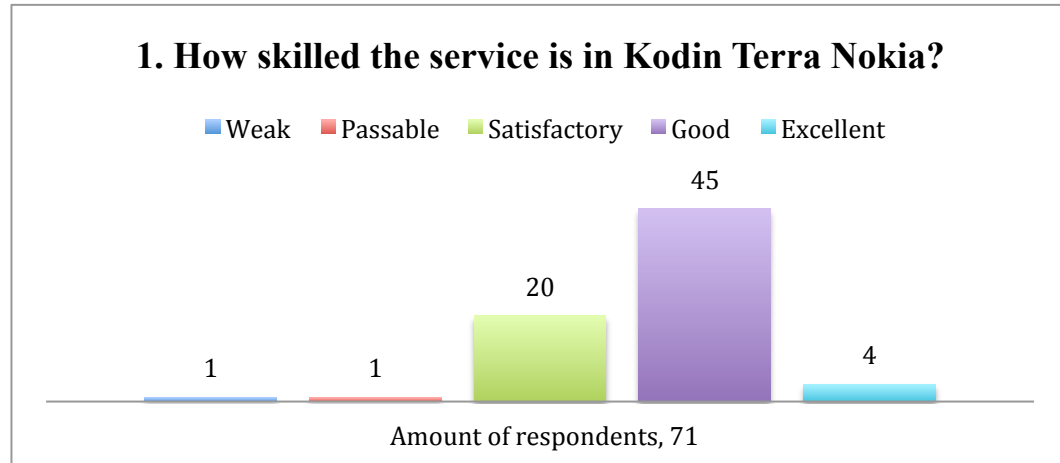


Figure 9. Service skill in Kodin Terra Nokia

The first section in the questionnaire covered the customer service of the whole retail store and the first question measured the service skill. A total of 71 responses were received for the first question and 63.4% deemed the service skill good while 28.2% deemed it satisfactory and 5.6% thought the service skill in Kodin Terra Nokia is excellent. One response was left blank. The mean value of

the service skill was 3.7 so overall the respondents were rather satisfied for the service skill in Kodin Terra Nokia.

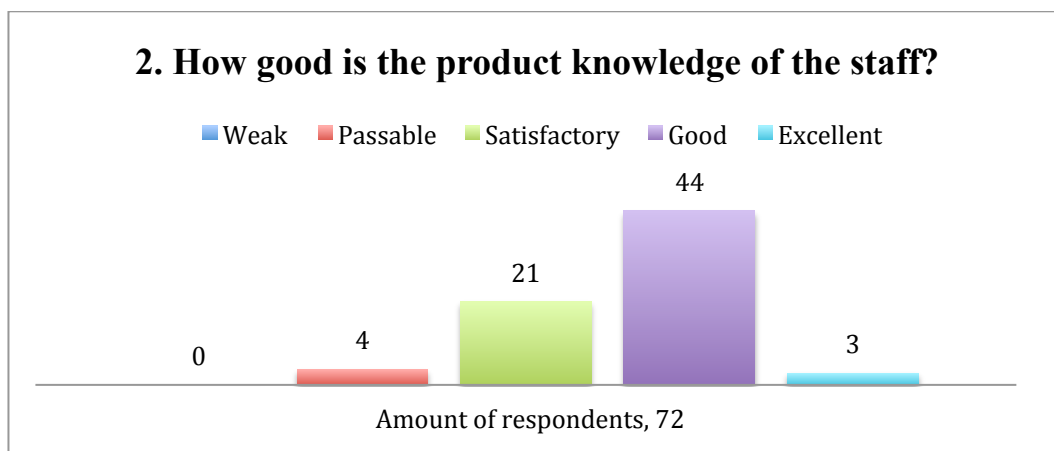


Figure 10. Product knowledge of the staff in Kodin Terra Nokia

The results for product knowledge were quite similar to service skill as the two aspects are connected to each other. A total of 72 responses were gathered, 61.1% of them perceived as good, 29.2% satisfactory, 5.6% passable and 4.2% perceived the product knowledge excellent. The mean value for product knowledge of the staff was 3.64. The observations in the research field gave expected notifications considering this question. Some respondents gave comments that stated the obvious difference in the product knowledge between the regular staff and the seasonal workers. The hardware retail stores have seasonal business operations and that is why it is not possible for the companies to invest only in regular employees. Recruiting seasonal employees that have previously worked in the company or in some other hardware retail store might be the best option in order to increase this aspect of service.



Figure 11. Service reachability and staff approachability

For the staff approachability and service reachability 47.9% of the respondents answered “good” and 23.9% gave excellent. 22.5% gave neutral answer and only 5.6% were dissatisfied or very dissatisfied to the accessibility of the service. The mean value in this question was 3.89. According to these statistics it can be concluded that the service accessibility is rather good in Kodin Terra Nokia.

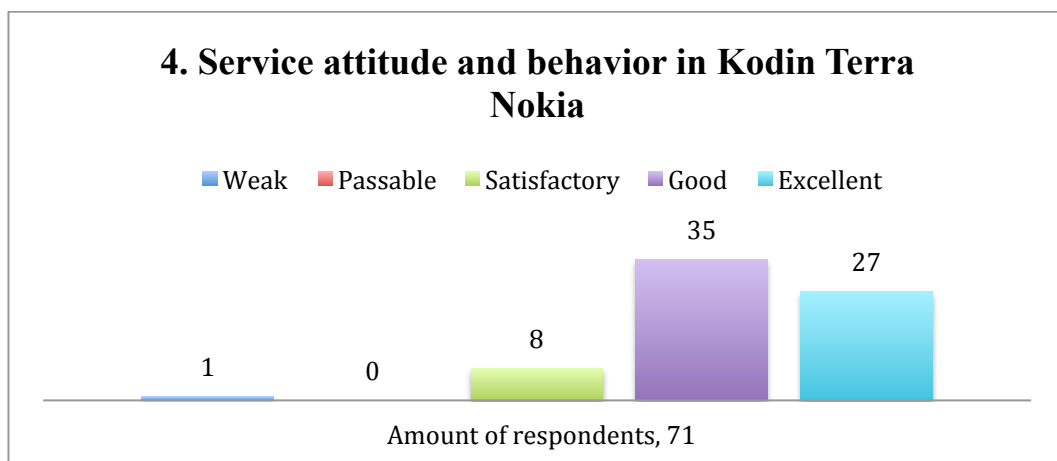


Figure 12. Service attitudes and behaviors in Kodin Terra Nokia

The total number of responses in the fourth question was 71. The majority of the respondents (87.3%) thought that the service attitudes and behaviors are either good or excellent in Kodin Terra Nokia. The average grade was 4.23, which is good news for Kodin Terra Nokia. It is also noteworthy that 38% of the respondents gave the highest grade for this aspect of service. The slogan “best

service in Pirkanmaa” that is used by Pirkanmaan osuuskauppa does have something to back on at least when it comes to service attitudes and behaviors.

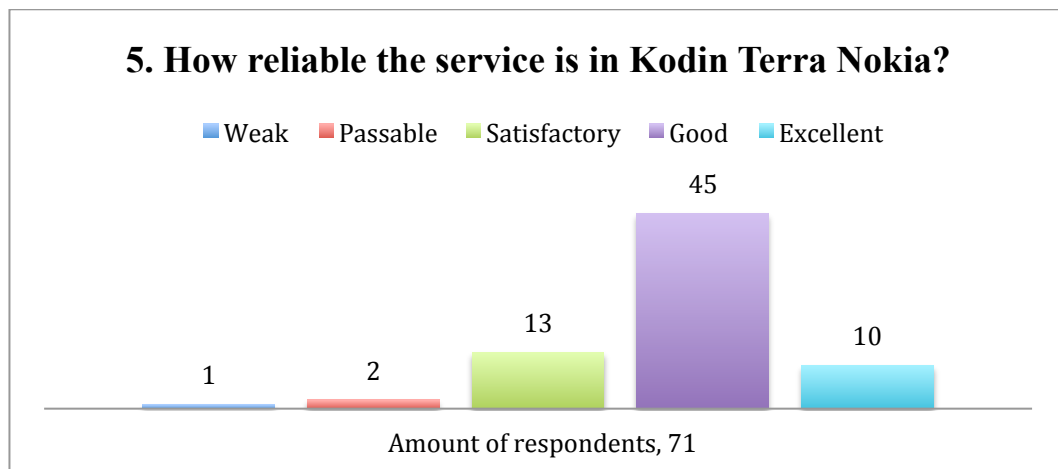


Figure 13. Service reliability in Kodin Terra Nokia

The service reliability in Kodin Terra Nokia had a mean value of 3.86. Of the respondents 77.5% had positive experiences about the service reliability and only 4.2% had negative feelings. 18.3% of the respondents gave the “satisfactory” grade so they did not have experiences about the service reliability towards either end. It can be concluded that in general the B2B customers are rather satisfied to the service reliability of the staff in Kodin Terra Nokia.

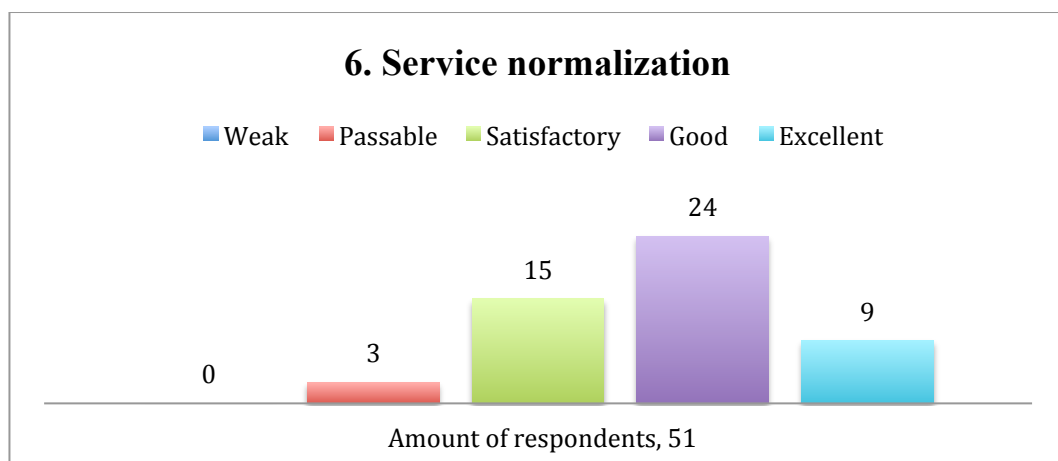


Figure 14. Service normalization in Kodin Terra Nokia

The sixth question asked how the service and communication in Kodin Terra Nokia has worked in problematic situations, such as in reclamation cases. A total of 51 responses were only received because over one fourth of the respondents (28.17%) had not had a problematic situation in Kodin Terra. From the respondents who had experienced a problematic situation 64.7% thought that the service and communication had worked well or very well and 29.4% thought it had worked satisfactory. 5.9% of the respondents has had clear issues with either service or communications in problematic situations. Four respondents who answered “satisfactory” stated during interviews about minor issues in service normalization while one respondent have had bigger problems with communications but still went on to answer “satisfactory”. The mean value of service normalization was 3.76 so the respondents are rather satisfied to how the staff in Kodin Terra Nokia handles problematic situations.

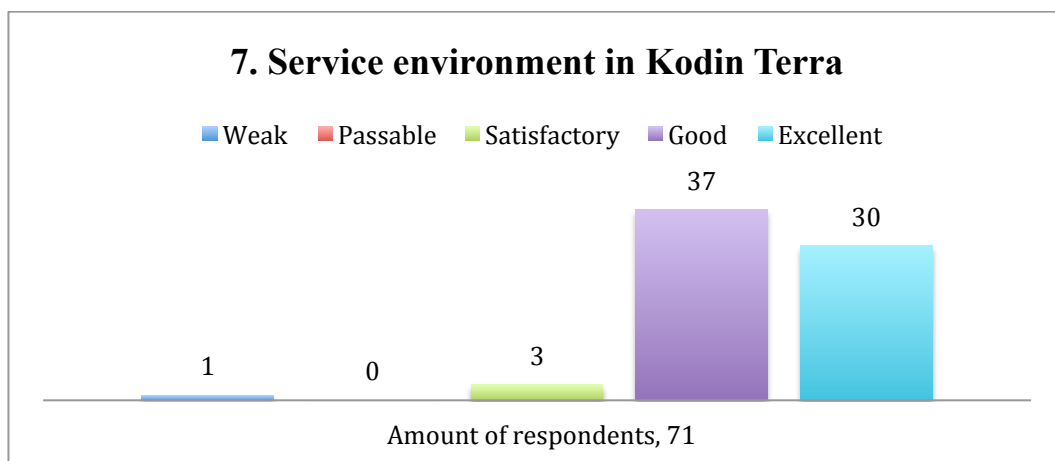


Figure 15. Service environment in Kodin Terra Nokia

The service environment received the second best grades for the respondents in the questionnaire with a mean value of 4.34. 42.3% of the respondents gave the “excellent” grade for the orderliness and cleanliness of the retail store and 52.1% gave the “good” rating. This is a significant improvement for Kodin Terra Nokia as previously the customers deemed cleanliness of the retail store especially in the construction department as rather poor. The improvement in the general service environment came also clear during the interviews as many respondents gave positive remarks about the change in the store.

The development ideas for the service environment had three separate comments that stated the need for a door between the construction department and pick-up store so that the customers would not have to go around outside.

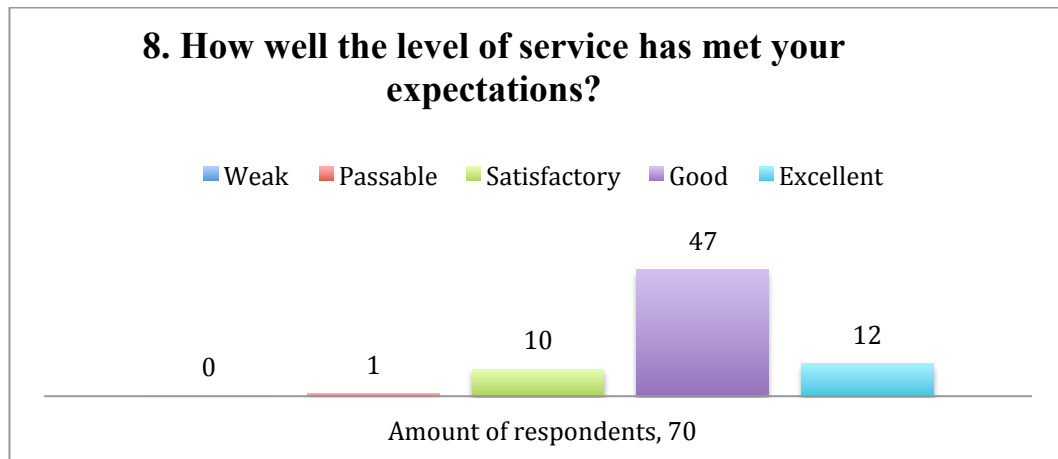


Figure 16. Service expectations results

The respondent's expectations of the service level in Kodin Terra Nokia were met well as the mean rating in the customer service expectations was 4.00 and 67.1% of the respondents gave the grade "good". 17.1% of the respondents gave the "excellent" grade so their expectations on the customer service of Kodin Terra Nokia may have even been exceeded. 14.3% of the customers gave the rating "satisfactory" and only one respondent clearly stated that expectations have not been met. It can be concluded that at least 84.3% of the respondents thought that the service level in Kodin Terra Nokia has either met or exceeded their expectations.

8.2.2 Products

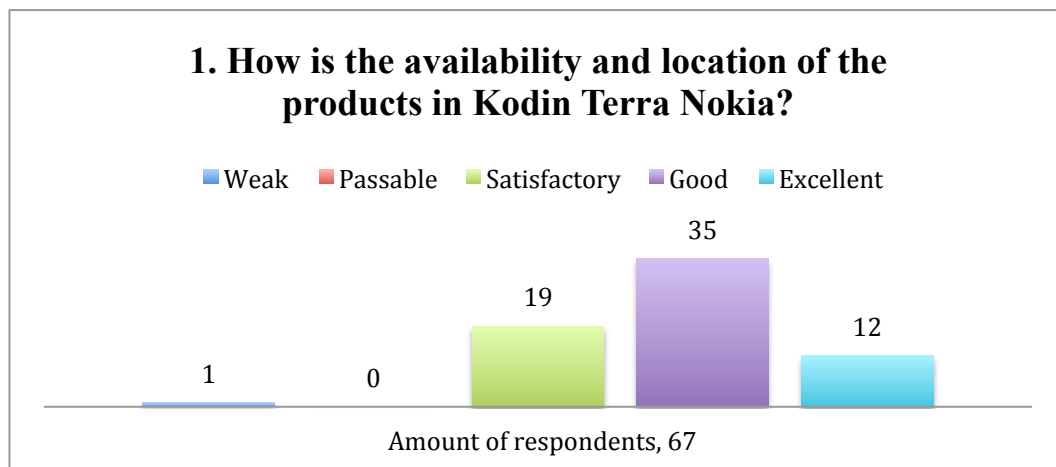


Figure 17. Product availability and location in Kodin Terra Nokia

The availability and location of the products in Kodin Terra Nokia was deemed good by 52.2% of the respondents and excellent by 17.9%. The rating “satisfactory” gained 28.4% of the answers and only one respondent thought that the product availability and location is very bad. The mean rating in this question was 3.85. One respondent commented for the development ideas that the paints should be moved closer to the main door and cashiers mainly because of their weight. Three respondents did not respond to this question most likely because of the change in subject that may have disrupted them. During the interviews it was found out that the rating “satisfactory” was usually given by the respondents because of the availability of the products had not been that good. Because of this observation it can be concluded that the B2B customers are satisfied to the location of the products but availability of the products could be improved. One way to improve the availability of the products on behalf of Kodin Terra is to make more detailed estimations about the consumption of products. Usually the source of problems in the availability of the products however are in the supplier end so the only way for Kodin Terra to reduce the harm is to make sure the communication for the customers work.

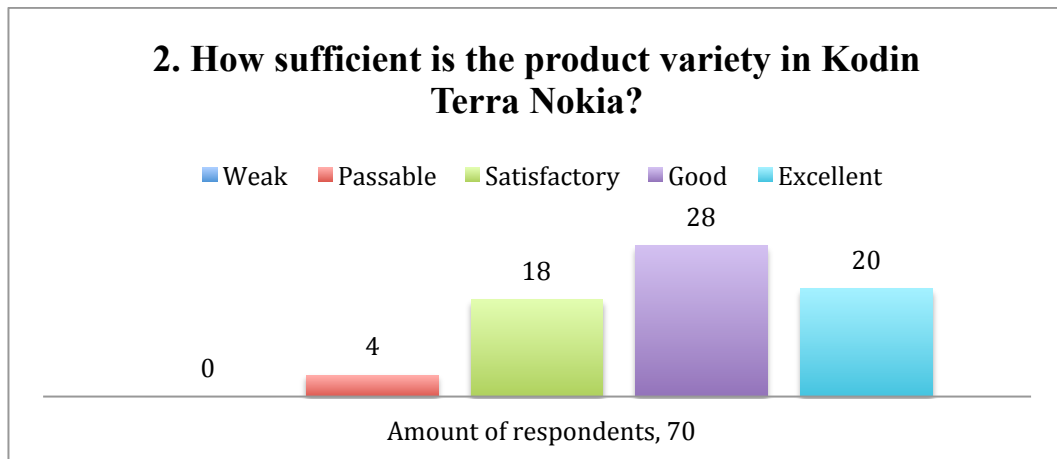


Figure 18. Product variety in Kodin Terra Nokia

The product variety in Kodin Terra Nokia was deemed good by 40.0% of the respondents and 28.6% thought that the product variety is excellent. One fourth of the respondents chose satisfactory on the variety of products and 2.9% stated the product variety as passable. The mean rating for product variety was 3.91, which is rather good. The big size of the hardware store is a huge asset because more products can be added for the inventory. An amount of customers (24%) already choose to visit in Kodin Terra simply because of the variety of products and in the future the product variety can become one of the most important advantages compared to nearby competitors.

The respondents gave many development ideas about the addition of particular products. Three respondents stated the need for more electrical equipment. Other product additions included:

- Dispenser drawers with screws
- White mat lists
- The addition of Makita brand
- Drill bits for demolition, tile and chisel work
- Addition of frames of the distance meters of Bosch
- More variety and brands for products overall

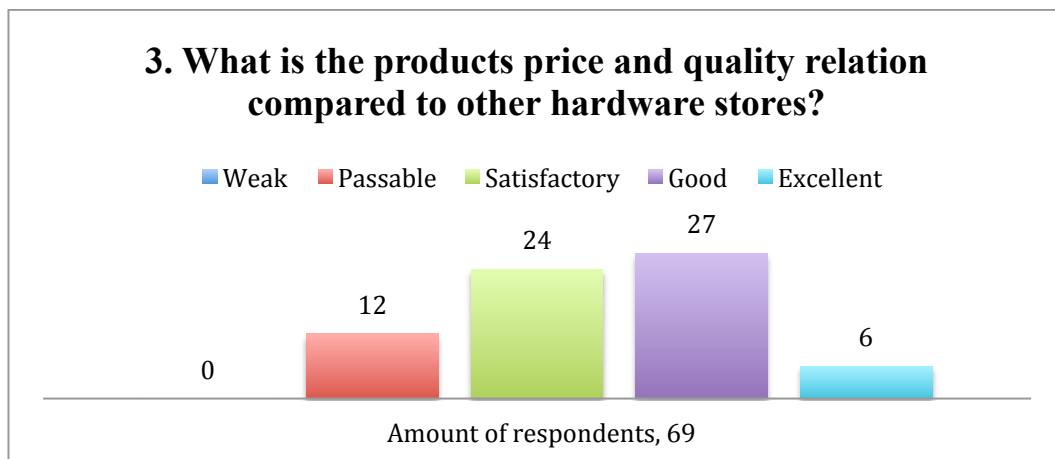


Figure 19. Price and quality relation compared to competitors

The product's price and quality relation in Kodin Terra Nokia compared to other hardware retail stores received the lowest average rating of the whole questionnaire with a grade of 3.39. The slight majority of the respondents (39.1%) still gave the "good" rating and 8.7% even gave "excellent". One third of the respondents (34.8%) thought the price and quality relation of the products in Kodin Terra Nokia is "satisfactory" and 8.7% thought it was bad. The interviews revealed that the B2B customers are very aware of the prices in different hardware retail stores. Many respondents stated that price campaigns often determined where to purchase a particular product.

It was not surprising to notice that price was one of the main contributors for B2B customers when deciding where to purchase.

8.2.3 Product Order, Delivery and Retrieval

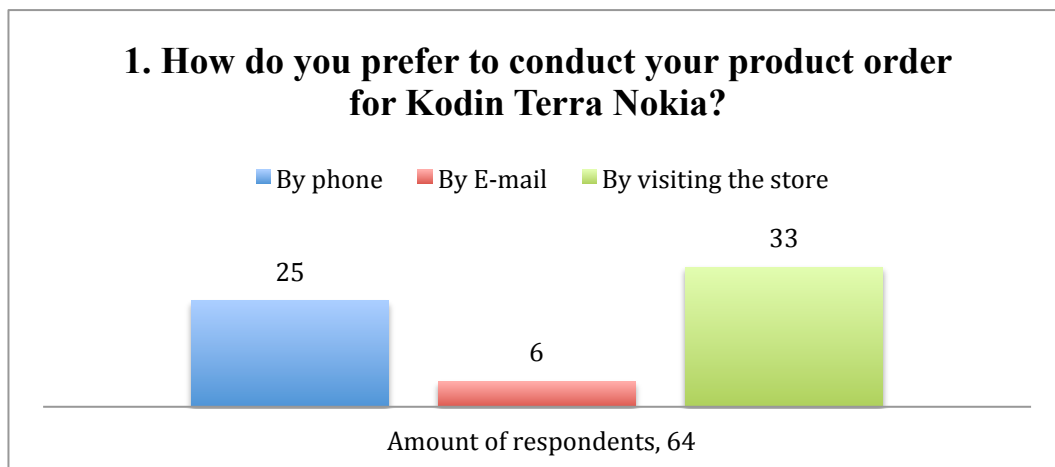


Figure 20. Product ordering in Kodin Terra Nokia

Most of the B2B customers (51.6%) conducted the product orders while visiting in the store. Phone call was the second most used method for product ordering with 39.1% and e-mail the third with 9.4%. The total number of respondents was only 64 because six respondents had chosen multiple options and two answers were left blank.



Figure 21. Product delivery management in Kodin Terra Nokia

Respondents (84.3%) who have had product delivery from Kodin Terra Nokia rated the delivery management with a mean grade of 3.95. Of the respondents 74.6% gave the grade “good” and 10.2% thought the delivery has been managed

excellently. Only 15.3% of the respondents rated the delivery as satisfactory and no one had experienced any major problems that had occurred from delivery. Overall the B2B customers were satisfied with delivery service.

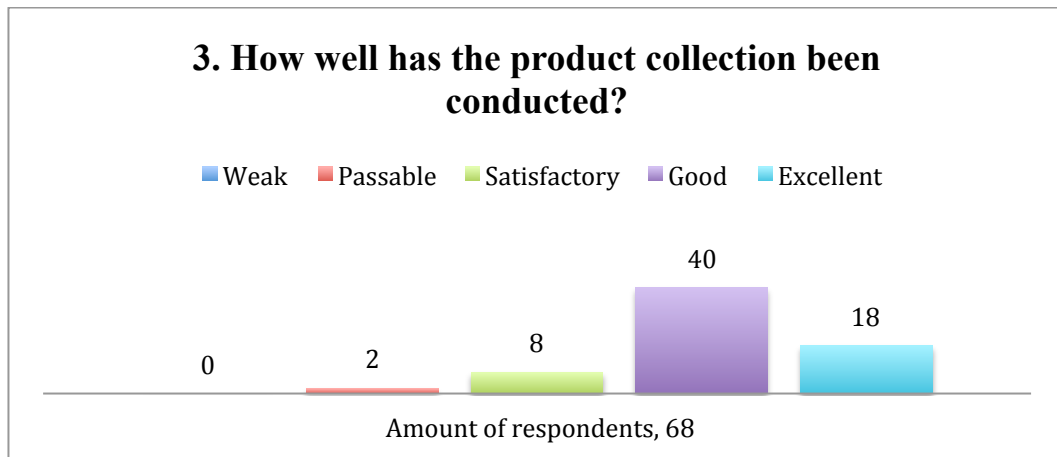


Figure 22. Product collection in Kodin Terra Nokia

The collection of the ordered products was mostly perceived to be managed well by the staff of Kodin Terra as 58.8% of the respondents answered “good” and the mean rating was 4.09. Over one fourth of the respondents (26.5%) gave the grade “excellent” for the product collecting and only 11.3% had neutral feelings considering the product collection. There were two respondents who had experienced problems during the product collection or otherwise were not happy with the product pick-up experience. It can be concluded that overall the B2B customers are satisfied to the product collection.

8.2.4 Business service

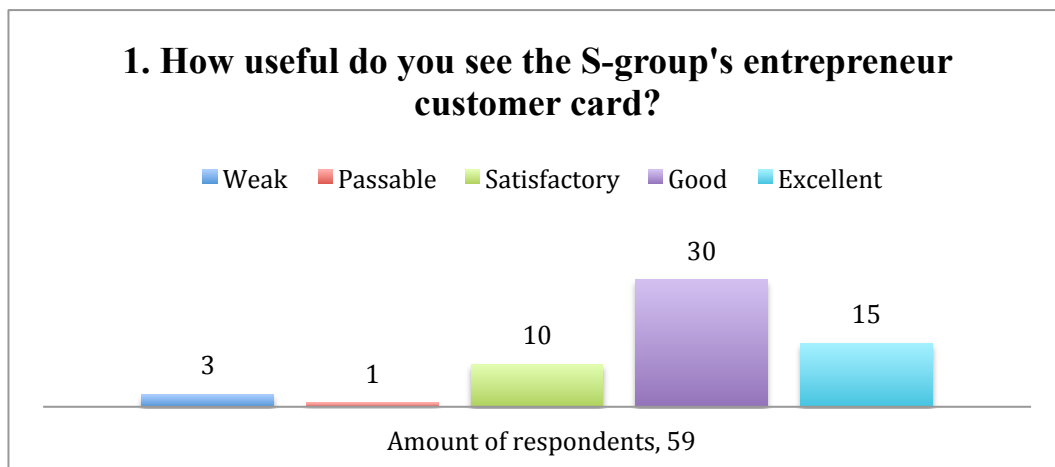


Figure 23. S-group business customer card

The respondents evaluated the S-group corporate credit card with an average value of 3.90. Half of the respondents (50.8%) rated the card as “good” and one fourth (25.4%) gave the “excellent” grade for the usefulness of the card. The “satisfactory” rating got 16.9% of the responses and 6.8% of the respondents clearly thought that the S-group entrepreneur credit card is not useful. Only 59 responses were gotten for this question, as many of the respondents did not have experiences of the fairly new company credit card and thus left the question unanswered. Many respondents who had experiences of the card gave positive remarks about its usefulness, which is evident in the number of “excellent” ratings in the figure above. Overall the B2B customers see the S-group credit card as fairly useful at the moment. In the future however it is likely that the S-group corporate business card can be one of the key elements and an advantage in the business service of Kodin Terra Nokia.



Figure 24. B2B customers breakfast events

The average rating by the respondents for the breakfast events organized to B2B customers was 4.38. A total of 94.2% of the respondents rated the event either good or excellent and only 5.8% thought the breakfast event is just “satisfactory”. Overall the respondents were very satisfied with the event but there were development ideas also. Two respondents commented that a microwave should be added for the event. Other development ideas for the breakfast event included:

- Changing the timetable of the event from 07:00-10:00 to 09:00-12:00
- The events should be conducted more frequently than once in two weeks

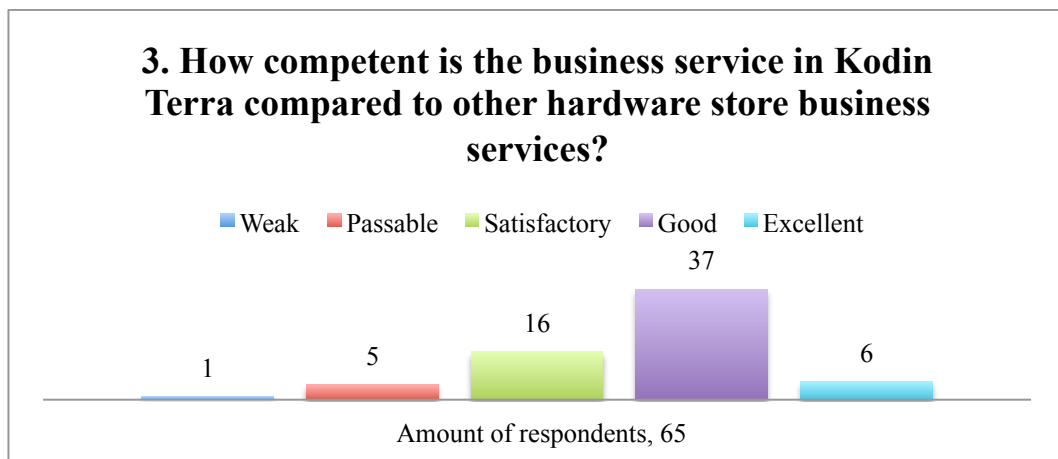


Figure 25. Competence of Kodin Terra Nokia Business service

The majority of the respondents (56.9%) perceived the competent of the business service in Kodin Terra Nokia as competitive (good) and 9.2% perceived it highly competitive (excellent). One fourth of the respondents (24.6%) did not have strong views about the competence and 9.2% of the respondents thought that the business service in Kodin Terra Nokia is not as competent compared to business services of other retailers. The mean value for the competitiveness was 3.65. It can be concluded that in general the B2B customers perceive the business service in Kodin Terra Nokia as rather competitive.

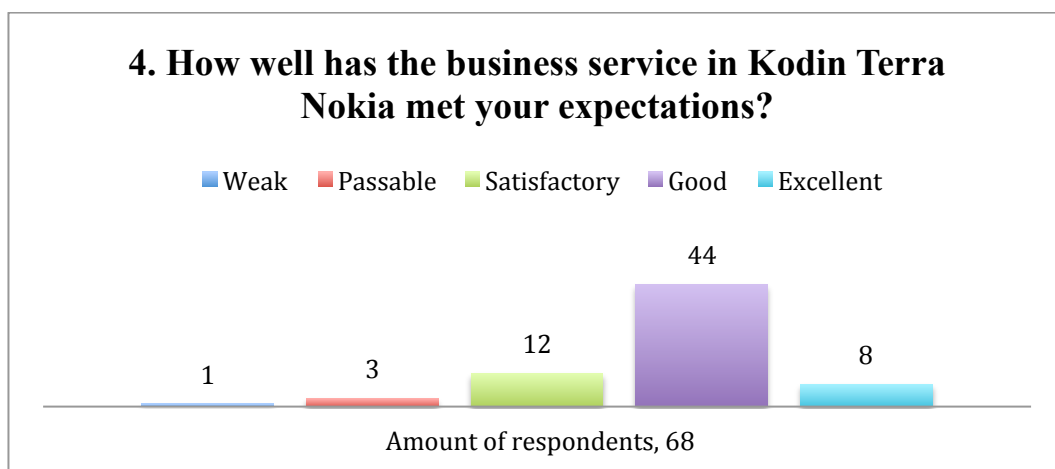


Figure 25. Business service expectations

The business service of Kodin Terra Nokia has met the expectations of the respondent's quite well, as the average grade by the B2B customers was 3.81. Most of the respondents (64.7%) felt that the expectations of the business service were met (good) and the expectations of 11.8% of the respondents might have even been exceeded (excellent). Neutral feelings (satisfactory) about the delivery of the expectations were shared by 17.6% of the respondents. Only 5.9% of the respondents clearly felt that the business service of Kodin Terra Nokia had not lived up to expectations.

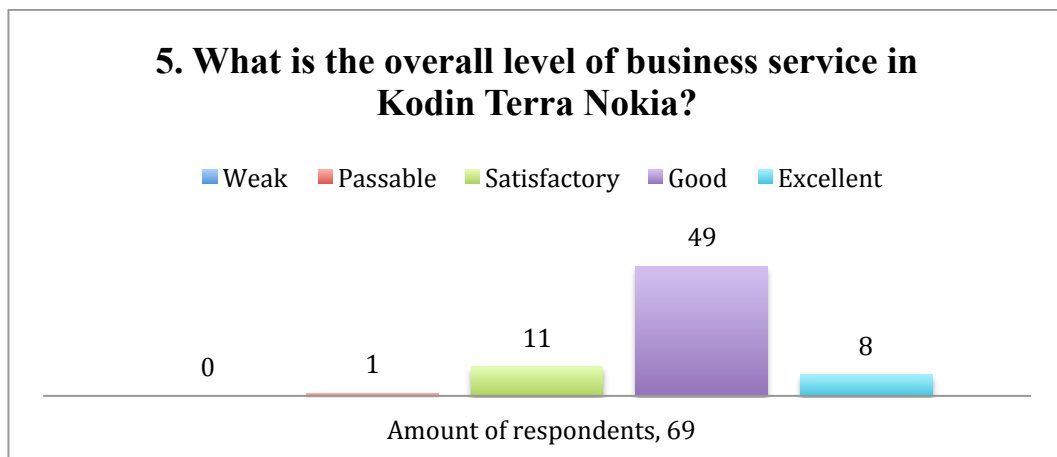


Figure 26. Overall level of business service

The overall mean value for the level of business service was 3.93. The big majority of the respondents (71%) perceived the level of business service as “good” and 11.6% felt that the business service in Kodin Terra Nokia is excellent. Satisfactory feelings about the level of business service accounted for 15.6% and only one respondent experienced the business service in Kodin Terra Nokia as “passable”. It can be concluded that in general the B2B customers are quite satisfied with the level of business service in Kodin Terra Nokia.

8.2.5 Result summary and other development ideas

The figure below presents how the mean values in each different category in the questionnaire were divided.

	Average mean value	Expectations mean value
Customer service	3.92	4.00
Products	3.72	
Delivery and Retrieval	4.02	
Business service	3.96	3.81
Total average mean value	3.90	3.90

Figure 27. Average mean values

According to the statistics the B2B customers were slightly more satisfied to how their expectations of customer service were met than how they generally perceived the customer service of Kodin Terra Nokia. For business service however the B2B customers were less satisfied to how their expectations were met compared to how they actually perceived the business service of Kodin Terra Nokia. In conclusion the B2B customers were rather satisfied both to the overall level of performance in Kodin Terra and to how their expectations were generally met in the store.

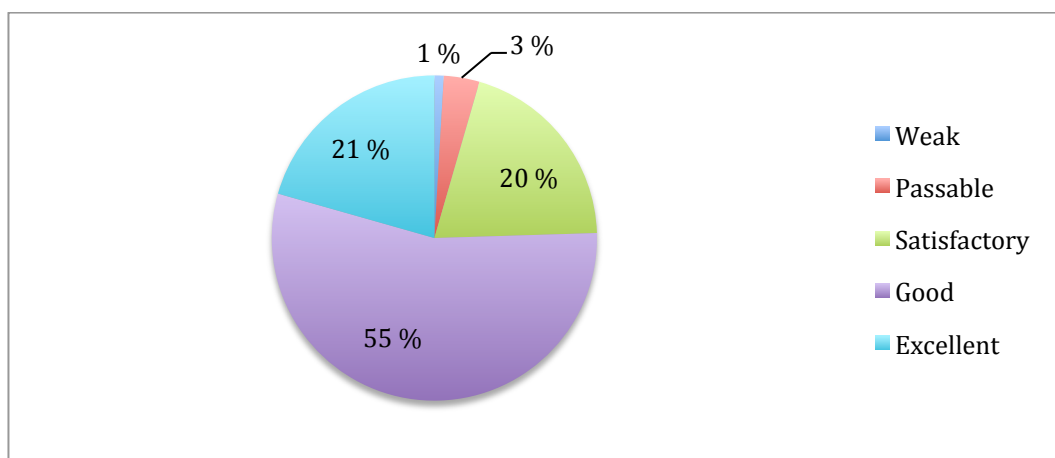


Figure 28. Questionnaires respond distribution (excluding expectations)

The pie chart above indicates the overall respond distribution excluding the expectations. It is noteworthy that over one fifth of the responses were “excellent” which means that some aspects in Kodin Terra Nokia might even be worthy of recommendation on behalf of the B2B customers.

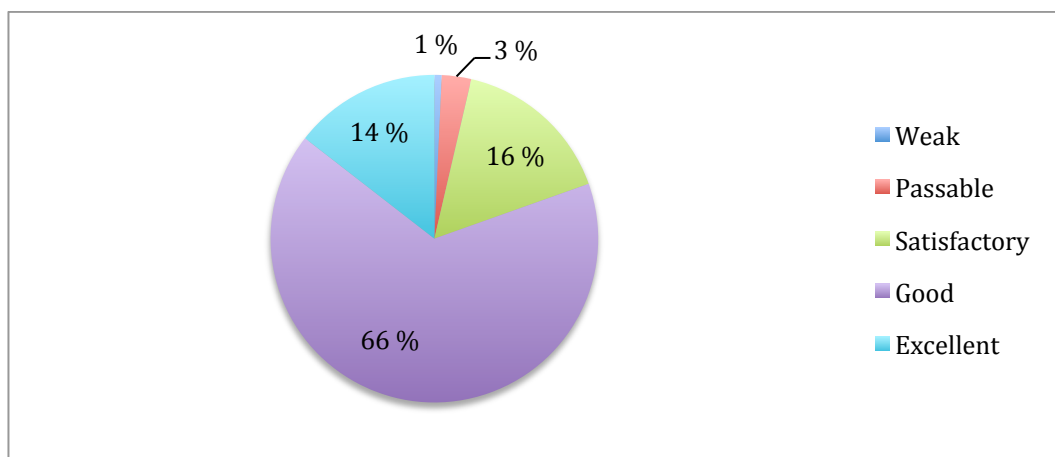


Figure 29. Expectations respond distribution

The pie chart above illustrates the overall response distribution about how well the B2B customer's expectations were met.

The most announced development idea by the respondents was increasing the number of staff in the store. There were a total of four comments considering the number of employees two of which required overall increase of personnel and another two, which specified the requirement for more employees to the pick-up store and business service. Kodin Terra Nokia hired a second business seller during the research period so the wishes by the B2B customers have been answered already at least in that part. The respondents also gave the following comments to the development ideas and suggestions section:

Plate cutting service should be available more than once in a week.

Creating social networking between the B2B customers and business sellers of Kodin Terra Nokia by organizing evenings and events.

Visiting in the pick-up store is time consuming, its functioning should be improved somehow.

More clarification to the prices, the cashiers are not always aware of the price discounts conducted for business customers. The flow of information between the staff should be improved.

The functionality of the web store should be developed by adding personal customer codes which help to clarify the price discounts for the product orders.

A contract agreement between the municipality of Nokia and Kodin Terra Nokia should be made to simplify the business process for municipal employees.

A more efficient computer program of software should be installed in the store.

9 CONCLUSIONS OF THE RESEARCH

The purpose of this chapter is to underline the main results of the research. The findings of the research are briefly presented question by question along with comments and conclusions. The theoretical connections will also be presented along with evaluation considering the reliability and validity of the research. Suggestions for further research are stated in the final sub chapter.

Around 85% of the B2B customers in Kodin Terra Nokia were confirmed to consist of companies working directly in the construction field of business. It can also be confirmed that at least 68% and most likely closer to 90% of the B2B customers companies include only one to five employees. Hardware retail stores have traditionally been focused in the construction area of industry because of the products they sell and for B2B customers working in the particular industry it makes more sense to purchase their products rather from retailers than from the suppliers directly. One hardware retail store can offer all the material the entrepreneur needs for building or renovating for their customers and they do not have to buy large quantities if not necessary because the costs for smaller amounts are not significantly higher. In general hardware retail stores organize their B2B activities towards entrepreneurs in the construction industry simply because there is a need for the products and services they offer. Kodin Terra Nokia makes no exception in this, which is evident in most of the demographic variables of the B2B customers.

Around half of the B2B customers companies were founded in the 21th century and about 40% were founded in the time period of 1980s to 1990s. The rest of the companies (12%) had been operating even longer so neither newer or older companies didn't seem to particularly favor or avoid doing business with Kodin Terra Nokia. The B2B customers did however seem to favor Kodin Terra Nokia because of its location as 48% of the respondents answered the location of the company as the most significant factor for visiting in the store. Almost one fourth (24%) of the B2B customer's choose Kodin Terra Nokia because of its good product variety while 16% of the respondents stated that good service was the

main reason for the choice. The pick-up store and price in Kodin Terra Nokia were also mentioned as reasons to visit Kodin Terra Nokia. Though price factor was mentioned only once in the research, the general cost factor seemed in general to be the most important reason for B2B customers when choosing between the different competitors. The overall price for the products in hardware retail markets is pretty much the same for all the retailers because they use mostly the same suppliers, although price bidding and discount campaigns can temporarily increase the differences in the prices. Most of the B2B customers (at least 95%) had used business services of the competitors and all of them seemed to compete the price as much as possible. In fact one of the suppliers in the B2B breakfast event commented that if one was to go and visit in any of the competitors similar events he would soon found out that the same group of customers also visits in those events too. The biggest difference in the cost to B2B customers seemed to come from the logistical expenses. This conclusion is supported by the importance of the hardware store location for B2B customers when choosing the hardware retailer. The observations in the research field also backed-up the cost factor as a main reason as many respondent commented about the convenience of visiting in the store because of the nearby location of the construction field they were working.

Customer service covered the first part of the questionnaire and the first two questions measured the service skill and product knowledge of the staff. The questions measured quite similar aspect of service and this was found out in the results also as the customers seemed to be rather satisfied to both service skill and product knowledge of the staff. Over 60% of the respondents were satisfied to the service skill and product knowledge of the staff but the mean values in these questions were still the lowest from customer service. As stated in the results already, the reason for the results in this aspect of service was most likely because the hardware retail stores have quite seasonal business operations and therefore the companies must rely also on less experienced seasonal employees who usually don't possess the same skills and knowledge than the regular staff. It was concluded that recruiting seasonal employees that have previously worked in the

company or in some other hardware retail store might be the best option in order to increase this aspect of service.

The results in this research stated that the B2B customers were most satisfied to the service environment and attitudes and behaviors in the customer service of Kodin Terra Nokia. The customers were rather satisfied to the approachability of the staff and reachability of the service. Experiences on service reliability and service normalization were also perceived rather satisfied by the respondents. The service in Kodin Terra interestingly met the expectations of the customers better than they actually perceived the service. This means that the B2B customers have rather low expectations towards the service in Kodin Terra Nokia or the service in hardware retail stores in general. The results for the service environment are very positive news for Kodin Terra Nokia because previously the construction department in particular had received negative comments from the respondents. It is noteworthy that the amount of “weak” or “passable” answers for customer service was very low and in turn the “excellent” grades corresponded for one fifth of the responses. The satisfaction for the service of the staff was also evident in the reasons why the B2B customers choose to visit in Kodin Terra Nokia. A good service culture can thus provide an advantage for Kodin Terra Nokia against competitors.

The B2B customers were rather satisfied to the availability and location of the products. The product variety was perceived good and it was also one of the reasons why some of the respondents choose to visit Kodin Terra Nokia. The price and quality relation of the products compared to other retail stores was seen closer to satisfactory than good. The mean value for that question was the lowest in the questionnaire but the statistics and observations indicated that while the price level was seen as quite high it still wasn't necessary higher than the competitors price levels. Price level for products just seems to be something that the customers always hope to be lower no matter what the industry.

The B2B customers did their product orders for Kodin Terra mostly by either visiting in the store or contacting the business sellers by phone. Less than one tenth of the B2B customers preferred E-mail as the method for ordering products.

The B2B customers were satisfied to the delivery and collection of the products. The statistics strengthens the conclusion about the importance of the retail stores location for B2B customers and it also proves the importance of good customer service because of the frequent visits of B2B customers in the store.

The business service of Kodin Terra Nokia was overall seen as rather satisfied by the B2B customers. The S-group entrepreneur customer card was mostly perceived as useful though it divided the opinions somewhat. Most B2B customers were satisfied for the features of the card but there was found to be a lack of information among many of the customers about the cards features. This was quite expected because the card is still rather new addition in Kodin Terra stores business service. The breakfast sessions conducted for B2B customers received very satisfied response by the respondents quite unsurprisingly. The competitiveness of the business service in Kodin Terra Nokia was rated between satisfactory and good. The delivered expectations by the business service of Kodin Terra Nokia was rated lower than the B2B customers perceived experiences about the business service. This means that while the B2B customers were rather satisfied to how expectations were delivered by the business service in Kodin Terra Nokia, the level of business service in the hardware retail markets in general is still seen as slightly higher. This conclusion is also supported by the results on the competence of Kodin Terra's business service compared to other hardware retail business services. To increase the level of business service Kodin Terra might want to consider some other events for the B2B customers also based on the success of the breakfast events and comments about the respondents.

The B2B customers of Kodin Terra Nokia perceive the aspects of service, products, and prices as rather satisfied and overall their expectations have been delivered evenly when comparing to their perceived experiences. Minor improvements in some aspects can be suggested in order to increase the B2B customer's satisfaction. For example the passage between the pick-up store and the indoor areas of the store should be made easier. This could be done by adding a door or pass way between the two sections of the retail-store. The functionality and features of the web store of Kodin Terra chain is also something that holds

room for improvement. Kodin Terra chain might want to introduce personal customer codes that could be used in the web store so that normal price discounts for regular B2B customers might be given in the web also. Product variety and customer service can always be improved and those improvements should not require strong financial invests. There were a few other development ideas from the B2B customers also but before conducting any major changes the company should first evaluate the cost and worthiness of the possible changes.

9.1 Theoretical connections

The purpose of this chapter is to review the subject that was under study and to compare the statements in the theoretical section with the result to see if these two are aligned with each other. The aim in this research was to find out how satisfied the business customers are to the services and products of Kodin Terra Nokia and what can be done to increase B2B customer's level of satisfaction. The study also measured how well the expectations of the business customers were met.

Business-to-business marketing was defined in the theory as the creation and management of mutually beneficial relationships between organizational suppliers and organizational buyers. (Morris et al. 2001, 3) In Kodin Terra Nokia the organizational buyers were found to be mostly private entrepreneurs and SME: s with small less than five person companies. The importance of the sales person in B2B activities was also found to be in line with the theory as the business sellers in Kodin Terra Nokia handles the vast majority of the B2B activities in the store. The theoretical section presented both similarities and differences between B2B and B2C marketing. Similarities included requirements of good customer service in sales process and purchase decisions based on emotions and misperceptions. Differences with B2C were found to be the lower number of potential customers, more relationship centric sales process, higher cost of sales and importance of brand value. (Morris et al. 2001, 22-27) In the case of Kodin Terra Nokia the similarities and differences between B2B and B2C were mostly found to be in line with the theory with the exception of the brand value importance. The B2B customers of Kodin Terra Nokia didn't appear to choose the case company or any other hardware retail store because of the brand but rather because of the general

cost factor. Though it also might be that Kodin Terra simply does not have a brand value strong enough at the moment to affect on the customers. Kodin Terra brand is the newest addition to the hardware retail markets and the B2B service of the organization is just beginning to take shape and image.

The formation of customer satisfaction was examined in the theoretical part of the research. According to the theory customer satisfaction forms from the customer's evaluation of a product or a service in terms of whether that product or service has met the customer's needs and expectations. In addition the customer satisfaction in the theory was also found to be affected by perceptions of service and product quality and price. Kodin Terra Nokia is a hardware retail store that offers a wide variety of products and services with an emphasis to customer service so the definition of the customer satisfaction seemed to fit well to the case company's way of operations. Aspects including customer's emotional state and situational factors such as family members opinion also affected the satisfaction experience according to the theory. (Zeithaml et al. 2006, 106-111) The research didn't gather information about these factors but there is no reason to doubt that those aspects would not affect the satisfaction experience of the customers in Kodin Terra Nokia.

The theory stated that service quality is a component of customer satisfaction. The customer's perceptions about the quality in service and products were stated to be formed by their expected quality that was measured by their experienced quality. The importance of good customer service in the case company meant that the aspects that affect most to the perceived experiences of the customers in customer service should be presented and used to measure the satisfaction. To measure the experiences of the B2B customers the criteria's of good perceived service quality according to the theory were presented and in most part the criteria's were in line with the aspects that forms the customer satisfaction in the customer service of Kodin Terra Nokia. The criteria that were not used for the measurement of satisfaction were flexibility, trustworthiness, reputation and credibility. These criteria's were not seen as important factors for the creation of customer satisfaction in the customer service process of Kodin Terra Nokia and thus they

were not included for the empirical fieldwork. To understand the level of satisfaction better the expectations of the customers towards the customer service and business service were also measured so that the results between the experiences and expectations could be compared. Overall the customers were evenly satisfied to the delivered expectations and perceived experiences.

As was stated previously, the perceptions and features about the products quality and price also affect the formation of customer satisfaction. In Kodin Terra Nokia the variety of products was found to be an important factor for the formation of satisfaction as many respondents stated the product variety to be the most critical aspect for the visit to the case company. There were also a lot of development ideas that required the addition of particular products or brands to the store. The price of the products also proved to be a factor for satisfaction and purchase decision. The B2B customers were found to keep track of the product prices of different hardware retail brands and occasionally the price campaigns were the main reason for purchase decision.

9.2 Reliability of the results

Reliable research in qualitative study is one that can produce consistent scores in repeated applications. In qualitative research reliability can be measured through the consistency and stability of the results, which can be found out by doing a similar study under the same conditions. (Johnson & Christensen 2012, 138-143)

The reliability of the measurement in this research was achieved rather well. Most of the questionnaires were conducted by interviewing, which helped clarifying the questions to the respondents. In interviews the questions were asked in the same manner for each of the respondents to avoid differences in answer behavior. The researchers physical presence in the research field may have had some effects on the respondents answering and because of that the researcher wore civilian clothes instead of work clothing and no indication of company connection was given verbally. The questionnaire however did state the researchers status as a company employee so those respondents who filled the questionnaire themselves may have

had some bias towards answering, though any indication of false answering was not observed.

The reliability of this research can be checked by doing another similar customer satisfaction survey for the B2B customers and comparing the results between the two studies. High test-retest reliability is achieved if the results of the different tests are similar.

9.3 Validity of the results

Validity in research means the ability of a construct to measure what it is suppose to measure. The validity of a research can be inspected from different angles including internally, externally, constructional related or logically. (Johnson & Christensen 2012, 143-150)

Construct validity assess what the chosen scale is measuring in the research. The theory in the research was the main source for the questionnaire design along with information given by the contact person and business seller of Kodin Terra Nokia. The construct validity about the research topic was supported by a number of authors in the theory and is deemed valid. (Hair et al. 2003, 174-175)

The face validity in research questionnaire evaluates whether questions measure what they are suppose to measure. (Burns & Bush 2010, 321) The face validity of the questions in the questionnaire was evaluated in co-operation with the contact person of Kodin Terra before the survey was carried out. During the survey the respondent were given the chance to skip a question if they weren't sure what to answer in it. This ensured that the results were not based on guessing. The questionnaire was anonymous by design in order to get as honest responses as possible. In a time period of two months there were a total of four different interview times in order to get enough respondents. During that time the business service of Kodin Terra Nokia had acquired a new business seller so there was a change in the aspects that affect the satisfaction of the customers. Because of this change, the earlier respondents might have responded in a more critical manner compared to the later respondents.

The validity in the study mostly suffered in the measurement of the demographic variables. The measurements tool and method of conduction by themselves were deemed valid but the low number of respondents made the results somewhat inaccurate. The demographic variable considering the company operation starting time in particular did not achieve accurate results because of the low number of respondents and lack of secondary information. The low number of respondents in the demographic variables also made the comparison between the different sample units highly inaccurate and in the end impossible. The validity considering the expectations was also problematic because the research did not measure the actual expectations but rather the delivered expectations. The scaling in some questions in the questionnaire could have also been arranged in different manner and the questionnaire included some double questions, which somewhat might have lowered the accuracy of the measurement.

External validity in research means the ability to generalize the results to particular people or times. (Klenke 2008, 37-38) The external validity in the empirical part likely suffered from the sample unit that was chosen. Most of the respondents were already customers of the case company and had accepted the service level and products at least in some level, so they were already quite satisfied. To get more accurate information about the sources of dissatisfaction in Kodin Terra's service and products, the research should have target subjects that had stopped doing business with the case company or were customers of the competitors. The results in this study can thus be generalized to B2B customers that do a lot of business with Kodin Terra Nokia and are operating in the local industrial area. Most of the respondents have had experiences of doing business with the competitors so the results can also be generalized to the competitor's customers at least in some level.

The overall internal validity in this research is perceived as rather good as the study measured what it was suppose to measure. The results were pretty much what was expected and the stated research problems were answered quite well.

9.4 Suggestions for further research

The time and financial factors limited the scope and accuracy of the study so another research considering the satisfaction of the B2B customers in Kodin Terra Nokia can be suggested. The research could measure the demographic variables more accurately and from those bases a comparison between the buying behaviors of different sample units could be done. The expectations of the B2B customers should also be charted rather than the delivered expectations. A qualitative method in the form of depth interview could be used to get the results considering expectations and differences between sample units. It is recommended that the respondents chosen for the interviews would be customers that use the main competitors services more or customers that have stopped doing business with Kodin terra Nokia

END WORDS

My thesis process started as early as in October 2012 with a topic that was assigned by Kodin Terra Nokia's head of department. The research did not start well as in December 2012 I decided together with the thesis supervisor to change the topic to one that would better match my skills and motivation. The new topic for the research was also approved by Kodin Terra Nokia.

Changing the topic immediately seemed to be a good idea and the process started to go onward with good pace in January 2013. The theoretical part of the research was mostly finished during February and the empirical part started in the same month. The data collection was the most time consuming part in the whole research and it lasted for almost one month. Interviewing the customers was challenging at times, as not all of them were willing to give responses and many required some persuasion.

Analyzing the results was rather interesting and it also helped to give a better view about the B2B operations in hardware retail industry. At the time of the result analyzing the research still required some major changes for the empirical part.

During the research time schedule underestimation seemed to be the most problematic task for me along with theory concerning research processes. The inexperience of conducting individual researches came apparent on many occasions and usually it led up to doing significant changes to the work. This of course ate the motivation towards the study but the resolution to graduate was still intact at all times.

Overall the thesis process was more challenging than I expected but it was also a good learning experience and a test for future challenges. Customer satisfaction survey was an interesting topic and it might be nice to do another study concerning the same topic with different methods in the future.

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Interviews

Asp, L. Head of service in Kodin Terra Nokia 2013. Interviews during spring 2013.

Huhta, J. business seller in Kodin Terra Nokia 2013. Interviews during spring 2013.

APPENDICES

APPENDIX 1

Questionnaire to business customers

Customer satisfaction survey for business customers of Kodin Terra Nokia

Dear business customer of Kodin Terra Nokia!

I am a student in Vaasa University of Applied Sciences in the degree program of international business and I also work as a seasonal seller in the garden and outdoor department of Kodin Terra Nokia. At the moment I am conducting the thesis process that belongs to the study program with aims to measure the satisfaction of the business customers in Kodin Terra Nokia. By answering to this brief questionnaire you help the conduction of the study and also the improvement of our operations. The questions concern customer service, products, logistics and business service. The questionnaire is anonymous.

Good customer service is an important aspect for us and now you have the chance to affect on our operations in the future.

With distinction

Ville Kangasniemi

KODIN TERRA NOKIA

Juhansuonkatu 6

37150 Nokia

Phone, 010 76 70600

Answer to the questions by circling the number that is closest to reality. In case you have development ideas or issues considering the questions, you can write them on the space left in the last page.

Rating:

1 Weak

2 Passable

3 Satisfactory

4 Good

5 Excellent

Customer Service

1. How skilled the service is in Kodin Terra Nokia?

1 2 3 4 5

2. What is the employee's level of product knowledge?

1 2 3 4 5

3. Is it easy to approach the staff and is the service reachable?

1 2 3 4 5

4. Service attitude and behavior in Kodin Terra Nokia?

1 2 3 4 5

5. How reliable the service is in Kodin Terra Nokia? (The accuracy and faultlessness of the service)

1 2 3 4 5

6. Service normalization (How well the service and communication has worked in problematic situations such delayed product delivery?)

1 2 3 4 5

7. Service environment in Kodin Terra (The common tidiness and orderliness of the store)

1 2 3 4 5

8. How well the level of customer service has met your expectations?

1 2 3 4 5

Products in Kodin Terra Nokia

1. How is the availability and location of the products in Kodin Terra Nokia?

1 2 3 4 5

2. How sufficient is the product variety in Kodin Terra Nokia?

1 2 3 4 5

3. What is the products price and quality relation compared to other hardware stores?

1 2 3 4 5

Product order, delivery and collection

1. How do you conduct your product order for Kodin Terra Nokia?

By phone

By E-mail

By visiting in the store

Other?

2. How well the product delivery has been managed?

1 2 3 4 5

3. How well the product collecting has been managed?

1 2 3 4 5

Business Service in Kodin Terra Nokia

1. How useful you see the S-groups entrepreneur customer card?

1 2 3 4 5

2. What grade would you give to the breakfast sessions conducted for business customers?

1 2 3 4 5

3. How competent the business service in Kodin Terra is compared to other hardware store business services? (Answer only if you have used business services of other hardware retail stores also)

1 2 3 4 5

4. How well the business service in Kodin Terra Nokia has met your expectations?

1 2 3 4 5

5. What is the overall level of the business service in Kodin Terra Nokia?

1 2 3 4 5

Development ideas and suggestions for Kodin Terra Nokia?