



DEVELOPING CUSTOMER SERVICE IN PYHÄTUNTURI

Case: Ilona

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ABSTRACT

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<p>This study aimed to investigate the quality of customer service development, products and satisfaction in Ilona in Pyhätunturi. The objective was to receive information directly from the customers in order for Ilona to improve its operations for better customer satisfaction.</p> <p>The researchers used both quantitative and qualitative research methods. A survey was carried out to inquire customers about their experiences with Ilona's customer service. The survey was administered through a questionnaire created by the two researchers and the shop owner. The questionnaire was made accessible in the store for the customers to fill out during the period of December 6, 2014 until April 26, 2015. Interviews were conducted face-to-face and via email. Literature was used to create the theoretical framework and to analyze the findings.</p> <p>This research acquired comprehensive and clear answers from the customers. Strengths, weaknesses and development needs in Ilona shop and in the Ski Resort in Pyhätunturi were found out through the survey. Specifically, customers suggested that the customer service of the shop is to be developed in order to meet the needs and wishes for customer satisfaction.</p> <p>In general, the reputation and customer satisfaction rate of Ilona shop were regarded as good. The overall atmosphere and service in the shop and in the Ski Resort received good reviews from the responding customers. Development proposals by customers were forwarded to Ilona shop in order to receive higher customer ratings in the future. The product range received different opinions and, therefore, extending the product range was found important for improved customer service as well.</p>	
Keywords: Customer satisfaction, service development, service quality	

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1 INTRODUCTION

1.1 Objectives, research question and parameters of work

The aim of the thesis study was to investigate customer service and product range development in a shop called Ilona, situated in Pyhätunturi, by a customer satisfaction survey questionnaire. Ms. Riitta Pesonen, who owns Pienoistavaratalo Ilona in Pyhätunturi, a shop-in-shop store, referred to as Ilona in the text to follow, assigned this study. She wanted to get information from customers of her shop and especially in Pyhätunturi. She wanted to receive answers to the questions of who the customers are, how much money they spend for their trip, and how often they visit destination Pyhätunturi. Additionally, she wanted to find out what kind of habits and preferences they have concerning Ilona's service and the range of products, and their opinion about Pyhätunturi in general. Together with the client, we wanted to help develop the shop's customer service and range of products. In order to receive answers to the questions above, we conducted a questionnaire survey for customers and asked their opinion about Ilona. In the beginning, the thesis study was narrowed down to include only the Russian and Finnish customers. The client was interested in the improvement of services and intended to offer better service for Russian tourists who had made a large part of customers for a few years already. Unfortunately, the economic crisis occurred in Russia during the autumn of 2014, the exchange rate of the Russian ruble dropped 2 times against euro and the number of Russian tourists decreased in the period of our research. Due to this development, it was decided to ask also other foreign tourists to participate in the survey because there were a lot of foreigners in Pyhätunturi during the 2014-2015 winter season. Our study was carried out to provide development ideas for the level and range of services and to know the needs of the customers. Due to the fact that responses were given in several languages, the researches needed to translate the responses across three languages, i.e. English, Finnish and Russian, for analyzing the responses.

1.2 Case company

The case company's family's first shop was located in the village of Pelkosenniemi. The shop was established by Riitta Pesonen's father in 1955. The establishment of a small shop Ilona came out with the idea to expand their operations and product range. The company was opened in Pyhätunturi in 2012, in a new building in cooperation with other shareholders in addition to private entrepreneurs. Ilona offers mostly seasonal products, clothes, cosmetics, local handicrafts and souvenirs.

Pesonen (2015) explained that Ilona has its own loyal customers that are mainly local residents, cottage owners and neighboring villages' residents. In order to obtain more sales during tourist seasons, the entrepreneurs must work in close cooperation with the local hotel, travel agencies and cottage owners. Cooperation is still developing for improvement, but at the moment it works well because of the entrepreneur's own activity.

1.3 Structure of the thesis

This thesis work contains eight chapters. The first chapter presents the project work and introduces a client – Ilona's owner Riitta Pesonen, the development premises and illustrated store's service process including customer services, as well as the range of products. The second chapter of the thesis deals with the theoretical information about the research methods. The third and fourth chapters are about customer service. The theory is based on two concepts, which are customer service and the development of services. The sections to follow explain the research-oriented solutions. In the fifth chapter the development proposals that arose from research results are presented. Chapter six discusses the results of the thesis. Chapter seven specifically analyzes the value chain optimization for Ilona. Lastly, chapter eight presents the discussion and conclusion of this Thesis work, and suggestions for further research.

2 RESEARCH METHODS

2.1 Quantitative Research Method

Quantitative research involves conducting various surveys. Surveys are based on the use of structured questions of the closed type, which is relevant to use to a large number of prospective respondents. The main objective of quantitative research is to obtain e.g. a numerical market assessment or the reaction of respondents to an event. Such studies are used when accurate, statistically reliable numerical data is needed.

A questionnaire is a list of carefully structured questions, which have been chosen after considerable testing with a view to eliciting reliable responses from a particular group of people. The aim is to find out what respondents think, do or feel because respondents' answers will help researchers address their research questions. (Collins & Hussey 2009, 192.) Questionnaires are an efficient data collection mechanism when the researcher knows exactly what is required and how to measure the variables of interest (Sekaran 2003, 236).

The survey in this research was conducted through a questionnaire in order to collect data for answering the research questions by a quantitative method. In other words, a questionnaire was used to achieve the objectives for the benefit of the entrepreneur. A questionnaire means that the questions were handed out personally to Ilona's customers and then were collected directly from them.

The questionnaires were compiled with the help of Webropol program in three languages, i.e. Finnish, English and Russian. The questionnaires were printed on paper, which were transferred to the Webropol program.

We were in the shop on the first day when the season opened on December 6, 2014, and started the survey. The customers could easily ask if a problem arose from filling in the questionnaire. The entrepreneur Riitta Pesonen was present in the store when the questionnaire was accessible to customers

between December 6 and April 26, and she handed out the questionnaire to customers. We were present in the store on March 26 and 27, 2015 to collect all questionnaires with responses on them and entered the responses into the Webropol program. Unfortunately, during these days in Pyhätunturi the Internet connection failed and 81 questionnaires disappeared, even though we entered them into Webropol. We had expected about 200 respondents to participate in our survey and, therefore, the questionnaire was best suited for such a large number of them. There were also some open questions classified as representing the qualitative research method.

The minimum number of the quantitative survey respondents usually recommended should be around 100 if the research is based on statistical methods. The larger the number is, the higher the reliability will be. (Vilkkä 2007, 17.)

The quantitative study includes distinct steps, such as data collection, data processing and analysis, and interpretation. Data processing can be started when the information has been compiled using the quantitative method. The material is analyzed and the information obtained from the forms checked. Deriving from the analyses, the data is entered and stored in a computer in a form to be investigated numerically in tabular and statistical programs. (Vilkkä 2007, 106.)

2.2 Qualitative Research Method

Qualitative methods involve the collection of information in a free format. Qualitative methods do not focus on statistical measurements, and are based on understanding, explanation and interpretation of empirical data, which are the source of speculation and productive ideas. The objective of qualitative research methods is to obtain data for this research, not quantitative distribution of opinions. The qualitative methods, in order to explain, interpret the concepts

using not numbers, but words. In other words, they respond to the questions 'what', 'how' and 'why' rather than 'how much'.

In qualitative research, fairly small sampling is generally used, and it aims to analyse the results as thoroughly as possible. The matter does not focus so much on the quantity, but on quality. (Eskola–Suoraranta 1999, 18)

The theoretical framework is the red thread that helps researchers gather the right kind of data and choose the right analysis method. In other words, the data can determine the study limitation to a certain kind of theoretical frame of reference. It is important to choose the theoretical framework and the appropriate method, to ensure the consistency of the research. In qualitative research, this factor makes it difficult that in research the phenomenon is addressed and inspected from many points of view. For qualitative research data is gathered in a way that allows a wide range of interpretation. (Alasuutari 1995, 84)

3 GOOD CUSTOMER SERVICE AND QUALITY

3.1 The concept of customer service

In business, service means the production of an intangible asset for customers. The service is, at least to some extent, an intelligent act or series of acts, when the customer's problem is usually solved in such a way that the customer service staff and physical resources or goods and service provider's systems interact with each other (Grönroos 1998, 52.)

Service, good or bad, is a unique, personal feeling or experience that the recipient of the service gets when interacting with the provider of the service. Customer service, therefore, refers mainly to personal service, and good service includes selling, advertising, sales promotion and public relations. Customer service is all the good work, which is done for customers. (Lahtinen & Isoviita 2001, 51.)

The essential features of service include intangibility and abstraction. Service cannot be touched, seen with the eyes and actually one cannot smell, taste, weigh, measure, transport or store it. Buying service, production and consumption can take place in different physical locations. The same customer may try to experience the same service in different places at different times. Customer satisfaction with the service will depend on how the experience meets the expectations. (Lahtinen & Isoviita 2001, 53)

Service can be divided into core service and ancillary services. A part of the customer service is released in a way that the customer does not see all stages of the service event and does not participate in service events' invisible steps. These invisible steps may be crucial to the whole process. It is, therefore, important that the internal services between various departments of the company are processed well and everyone is doing their job appropriately. (Lahtinen & Isoviita 2001, 54 -55)

Good service consists of the following four parts: a service culture, service package, service delivery, and service quality. The service culture is what the customer tries himself, sees and senses the service as a whole. Service culture is a community service, an atmosphere that reflects community values and impacts on the operation of other parts of the service. The service culture is an implicit agreement on what the community is permitted, prohibited and undesirable to. (Lahtinen & Isoviita, 2001, 54 - 55)

3.2. Service quality

The actual quality of service is always the customer's view of the service's success, and the customer's quality assessment influences the whole service process. The customer has usually the image and preconceptions on services providers and they know how the service must work. The customer evaluates the quality of service by comparing the expectations to the service, and it will form his experienced quality. (Korkeamäki, Pulkkinen & Selinheimo 2000, 24)

The external framework for action, namely the physical factors and the service provider's competence or interaction factors, has effects on the quality. Grönroos (2007) maintains that the service package consists of various components and of the customer experience benefits. Many theories describe service as a process that is able to distinguish its components. Grönroos (2007, 77) separates three service product components from the service package as follows: core services, ancillary services and support services. The service package is illustrated in figure 1.

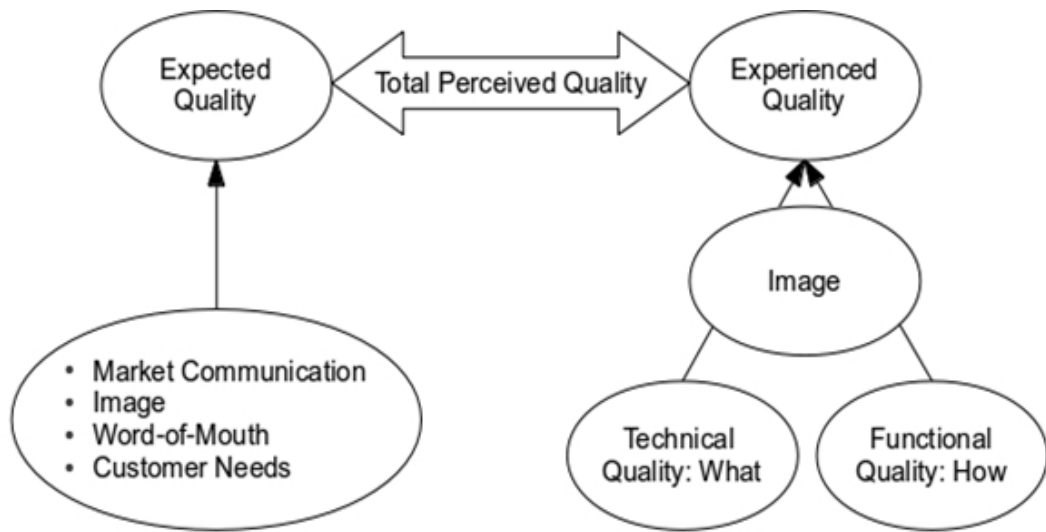


Figure 1. Model of service quality (Grönroos 2007, 77)

The customer experience of service quality has two dimensions, in other words, that is technical and operational quality. Together, technical and functional quality form the perceived overall service quality. In addition, the overall quality is affected by a customer's image of the company, personal needs and expectations.

4 THE DEVELOPMENT OF CUSTOMER SERVICE PROCESS

4.1 Customer service process steps

In the service process, the customer receives the service at the same time as it is produced for the customer and often interacts with the customer. Customer service process can be divided into the following steps: interaction-marketing start, the service arrival, waiting phase, clarification necessity step, sales conversation phase, the service deciding step, depuration, and customer aftercare phase. The moment when the customer arrives to be served is accounted for as the first step. The aim then is to create a good first impression, backup to use the service, as well as services promise. The success of a good first impression is important. Later in providing customer service, some small errors or omissions can take place, but the customer forgives them if the first impression was good. (Lahtinen & Isoviita 2004, 48.)

The sales discussion phase is divided into three different parts. All the stages of the discussion take place between the customer and the customer service assistant. The following steps occur in every sales discussion: needs analysis, product overview, and the right to object processing. The first step is needs analysis when the customer service assistant must find out what needs and expectations the customer has. This shows that he knows how to present a product or solution which can satisfy the customer's current needs better. The customer's needs, wishes and expectations can be found out easily by asking and listening. (Lahtinen & Isoviita 2004, 51-52.)

The decision phase, to buy or not to buy, starts when the customer accepts the responses to all the objections and wants to buy the product. This phase can begin even when the customer does not want to buy a product or service. The decision phase has such objectives as to help the client in decision-making, to reach an agreement on price and terms of payment, to provide a purchasing decision, and to create a good final impression. When the customer leaves with

satisfaction, the customer is also likely to come again. (Lahtinen & Isoviita 2004, 56.)

There are several closure steps, when direct exhortations to buy can be presented to the customer. For example, there can be a proposal for signing the contract with a case according to which the service may be used immediately. If the decision to buy is not completely sure, you can suggest alternatives such as to take a product, "a" or "b". Special wishes invocation will also be given to trade knotted if any additional service is performed free of charge. (Lahtinen & Isoviita 2004, 56)

Aftercare phase can ensure the continuity of the relationship with the customer. Store sales aftercare measures are products supply, management of billing and complaint handling. Complaints due mainly to the fact that customer's expectations and aspirations are not fully carried out.

Sales report in sales business forms a picture about customer visits. On the basis of this information, sales staff of the company will be able to make effective sales transactions too. For instance, the report can be done immediately after contact termination and all customers' relevant issues will be recorded. These include the target and the objective of the visit, as well as the results of the agreed follow-up action. Some complaints and grievances are also recorded. The ultimate aim is to strengthen the customer's perception of a good shop. Satisfied loyal customers make good target group for further and continuing sales, this often uses the term post-marketing, including communications after the sale and delivery. (Lahtinen & Isoviita 2001, 223)

4.2 Customer service process in Ilona shop

The research was started by the interview with entrepreneur and owner of Ilona Riitta Pesonen. The purpose of this interview was to understand the main questions for the research and the goal of this project. During the interview, it

was revealed that business of Riitta Pesonen is run actively only in the winter season, when the number of tourists is the highest in Pyhätunturi Ski Resort. However, winter-time income is not enough to cover all annual expenses, the main goal of the research is to find the way how to improve the income. It is evident that the customer service and range of products will be the most important questions in this research. The product range of the Ilona shop mainly includes clothes, shoes, souvenirs and some other products. The owner wanted to know what other products the customers want to buy in her shop. She works alone in the shop for the whole season, sometimes she hires an assistant who comes only when the owner needs.

5 DATA COLLECTION AND FINDINGS

We carried out a questionnaire survey in Ilona in order to receive information about customers' needs, preferences and their opinion on the service in Pyhätunturi and Ilona. The questionnaire consisted of important points for this study and we combined it together with the information received from Ilona owner Riitta Pesonen. We were handing out forms to the customers of the shop for the period from December 6 2014, until April 25, 2015, in Ilona hall. This was the idea of Ilona's owner. On the first day of this period of time we were in Pyhätunturi, we explained to the customers the objective of our work, and after that they decided to participate in filling in the questionnaire or not. It was the season's opening day and there were many customers. Following the first stage of data collection, the sheets with the questionnaire were at hand during December – March 2015 period and the shop owner printed them out when necessary. Pens were also provided. The shop owner explained the reasons of this survey to the customers and offered the questionnaire to the customers to fill in. Customers could give the completed forms back to Riitta Pesonen or she collected them from the tables herself. The respondents were mostly people around 40 – 50 years of age. The biggest part of the customers comprised of Finns, a half of them are living around Pyhätunturi or have their own cabins there, and they visit this place often. Therefore, the results of the survey can be looked as probable.

Most customers filled in the survey with great pleasure in order to promote our work. Ilona's owner organized a lottery among the respondents. Everybody who filled in the survey and gave contact information had a chance to win wool socks and mittens from a local manufacturer.

Our goal was to make at least 200 respondents to participate in the survey, which was exceeded by 38 respondents. Our research was made only with 157 answers. On March 26 and 27, 2015, we visited Ilona and started to transfer the questionnaire to the Webropol program. Challenges with the Internet referred to earlier. A total of 81 questionnaires that we transferred to Webropol that day

disappeared. Unfortunately, the questionnaires in paper forms were shredded and we could not enter the responses again to Webropol.

We achieved our objectives and the answers reflect reliable results. We started the analysis by entering all the answers into the Webropol program, which gives us a possibility to see them in tables in order to clarify the results.

With the help of tables, we investigated the development goals and necessary products. We divided our development points in different areas as follows: service, range of products, what the tourists need to buy or to use in Pyhätunturi, and how much money they spend during the trip. The customers rarely gave negative feedbacks, and we trust that the responding customers provided their honest opinions on paper. Thus, we were able to find out possible areas for development that often are not presented in oral feedback.

6 RESULTS

6.1 Finnish customers' opinions on services in Pyhätunturi

6.1.1 Age and gender

Two questions in our survey were about customer gender and age. Both questions were in a multiple-choice form, where the response options were given. These questions were important to ask, to find out customer base composition by gender and age.

The first question was about the age of the customers. There were 5 answer options to ask about the age. (Figure 1)

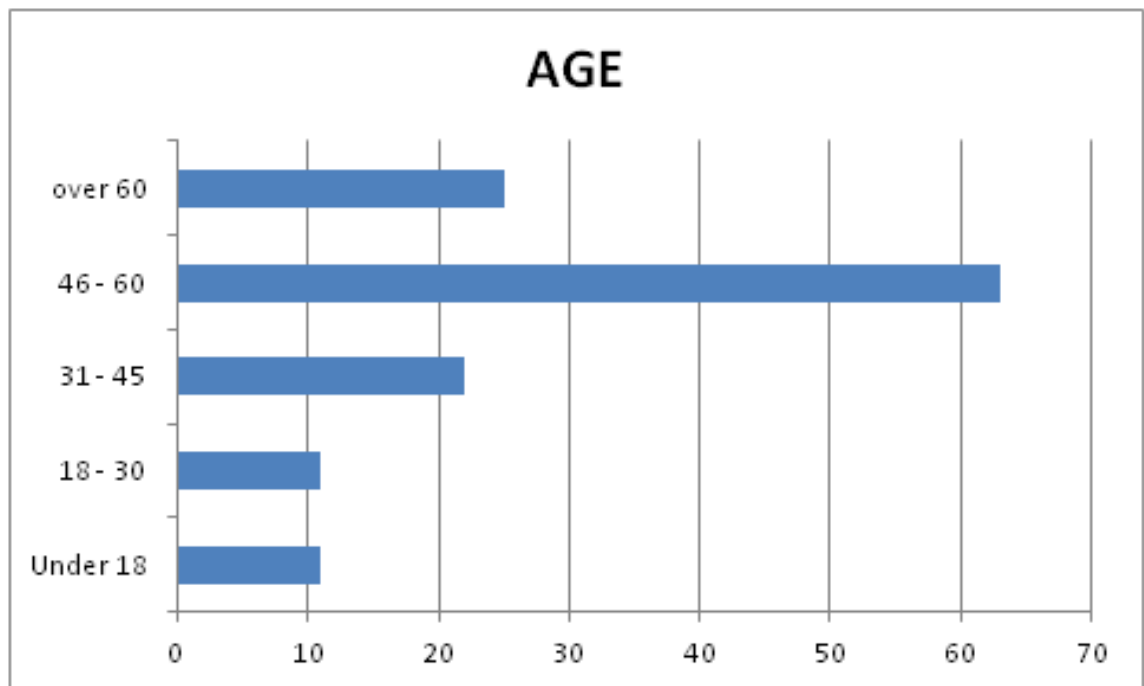


Figure 1. Age

According to the results, the less-than-18-year-old group and 18 – 30 year-old group are the smallest groups of clients and clientele of the shop consists mainly of 46 - 60 year-olds. The second group was more than 60 year-olds and the third 31 – 45 year-olds.

The next question was about gender. It was important to know how many women and men visit the shop. All 131 Finnish customers answered to this question. One participant did not answer to this question. (Figure 2)

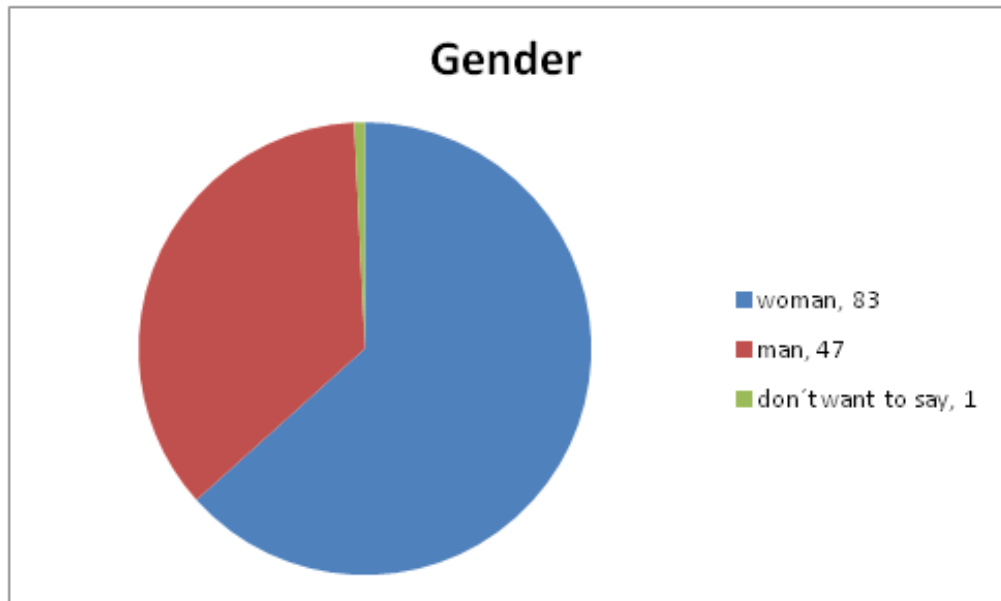


Figure 2. Gender

In the gender question, we found out that the largest group of customers was women - 83 and men were 47. The results of the study are typical of all winter seasons, so women go shopping more often during their being in Pyhätunturi.

6.1.2 Accommodation in Pyhätunturi

We asked Finnish customers about their accommodation in Pyhätunturi. They could choose the answer in multiple-choice, where the response options were already given (Figure 3).

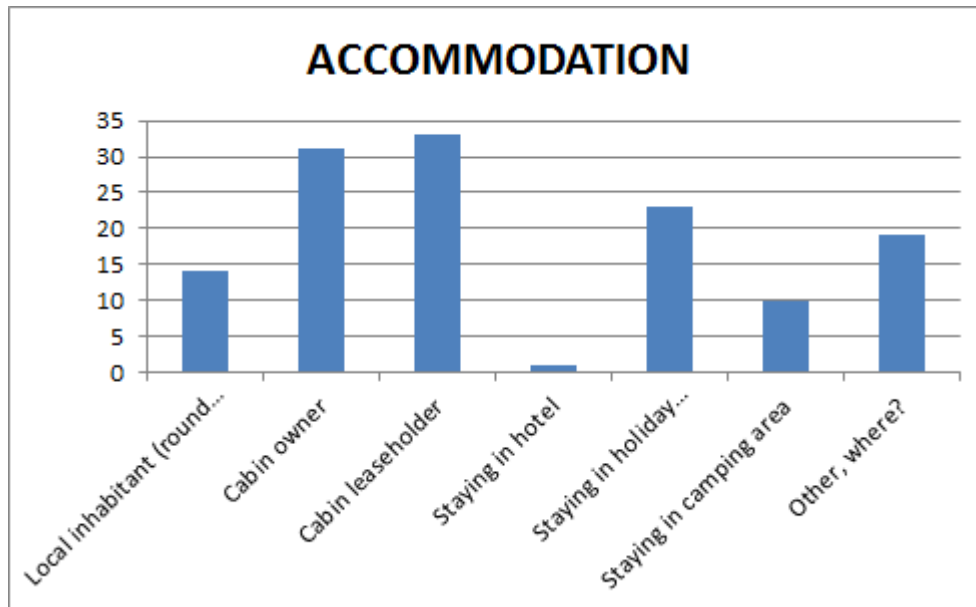


Figure 3. Accommodation in Pyhäntunturi

The largest group of customers stay in cabins, 33 rent a cabin and 31 have their own cabins in Pyhäntunturi. The third group - 23 people stay in holiday apartments, the fourth group - 19 people have another type of accommodation. 14 participants are local residents and they live in 50 km area from Pyhäntunturi. Altogether 10 people came by their own Caravan car and they stay in camping area. Only 1 Finnish tourist stayed in a hotel.

The last point was 'another accommodation' and it was opened as customers could describe their accommodation in Pyhäntunturi. The list to follow illustrates the answers from them:

'Accommodate at my relatives'

'Accommodate at my spouse'

'Came to spend Ski-holidays for one day'

The respondents' reactions above were translated from the Finnish questionnaire into English by the researchers.

We can draw a conclusion that almost a half of Finnish customers in Pyhäntunturi, or 49 % of them, take a lodging in their own cabins or at relatives

or came there for one day without staying anywhere. This part of customers can be important to “Ilona” shop owner, because they can be loyal customers, as they own real estate in Pyhätunturi and have reasons to visit the Resort often. Their opinion about the range of products and services must be taken into account.

6.1.3 Purpose of visiting Pyhätunturi

We asked the customers about their purpose of visiting Pyhätunturi. They could choose one point from three follows: holidays, work or something else. (Figure 4)

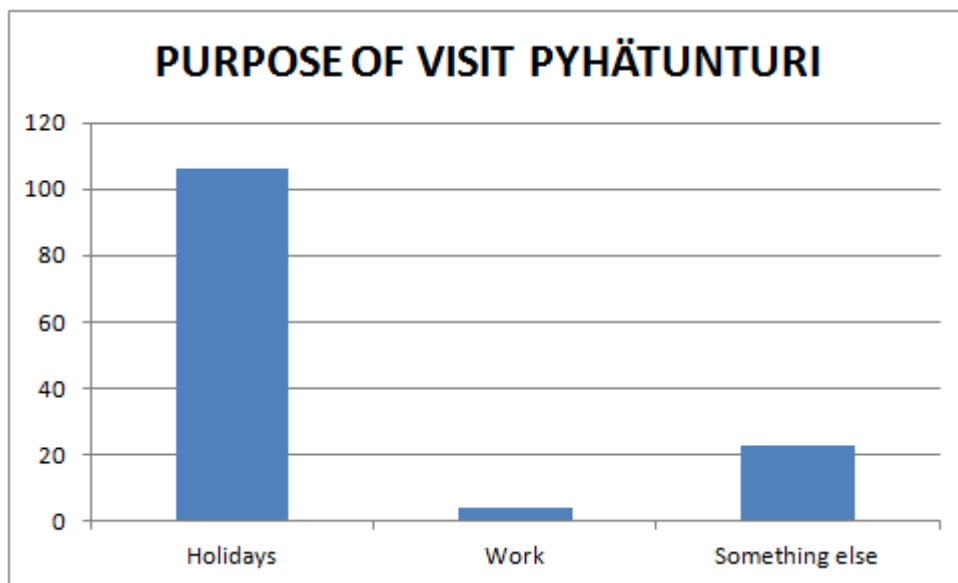


Figure 4. The purpose of the visit

The absolute majority i.e. 105 visitors answered that they came to the destination to spend holidays. Three people were working in Pyhätunturi and 22 visitors had other reasons for being there.

The last point was another reason, and the most popular answer was that a customer lives in Pyhätunturi. We can make a conclusion that 80% of customers of Ilona shop are spending their holidays at the destination. They

came to have rest and sport activities. Other reasons for visiting Pyhätunturi are shown in the quotes below from the questionnaire, for example:

'I came here for a holiday event'

'I spend here winter time'

'I live here'

The respondents' reactions above were translated from the Finnish questionnaire into English by the researchers.

6.1.4 Frequency of visits at Pyhätunturi

We asked the customers how often they visit the destination. The point for answer were in multiple-choice, where the response options were already given. (Figure 5)

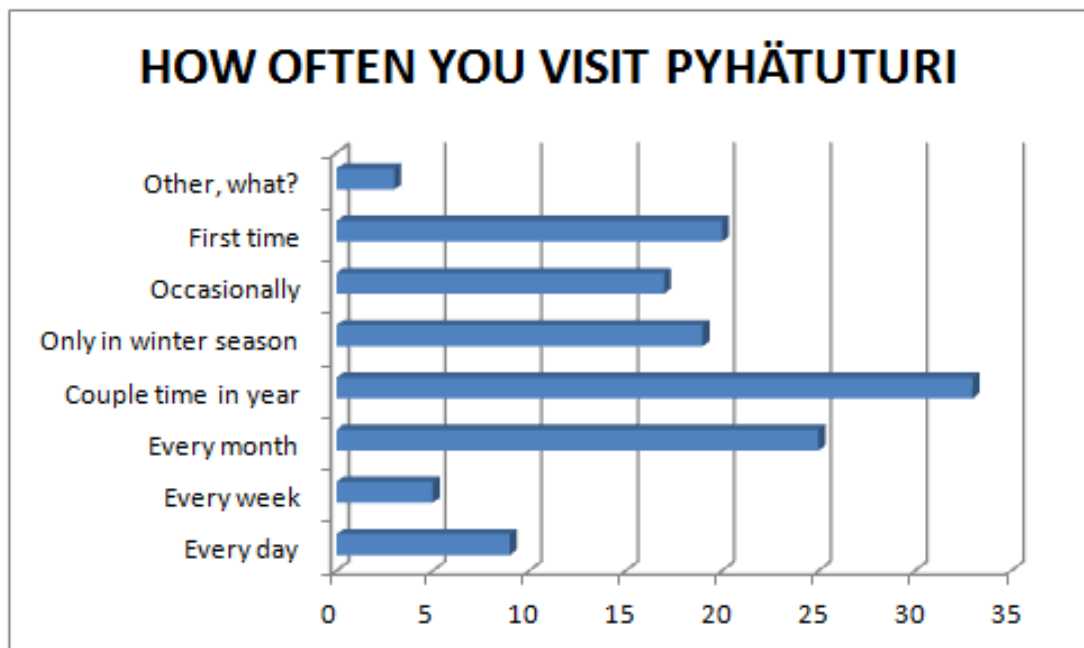


Figure 5. Frequency of visits

There were 33 respondents who visit Pyhätunturi a few times a year. It was the most popular answer. A total of 25 customers visit Pyhätunturi every month, 19 people come only in winter season, 17 customers come occasionally, nine people come every day (they live there or work), and five people come every week. It was the first visit to Pyhätunturi for 20 customers.

On the basis of the answers concerning the frequency of visits, it can be concluded that almost 82% of customers visit Pyhätunturi often, more than 1 time in a season. The most of them visit destination 4 times in a season, so they could be really prospective customers of the Ilona shop.

6.1.5 Source of information concerning Pyhätunturi

We asked this question because it was interesting for our client to know from which resources the tourists found out the information about the destination. The response options were already given and the customers could choose more than one point (Figure 6).

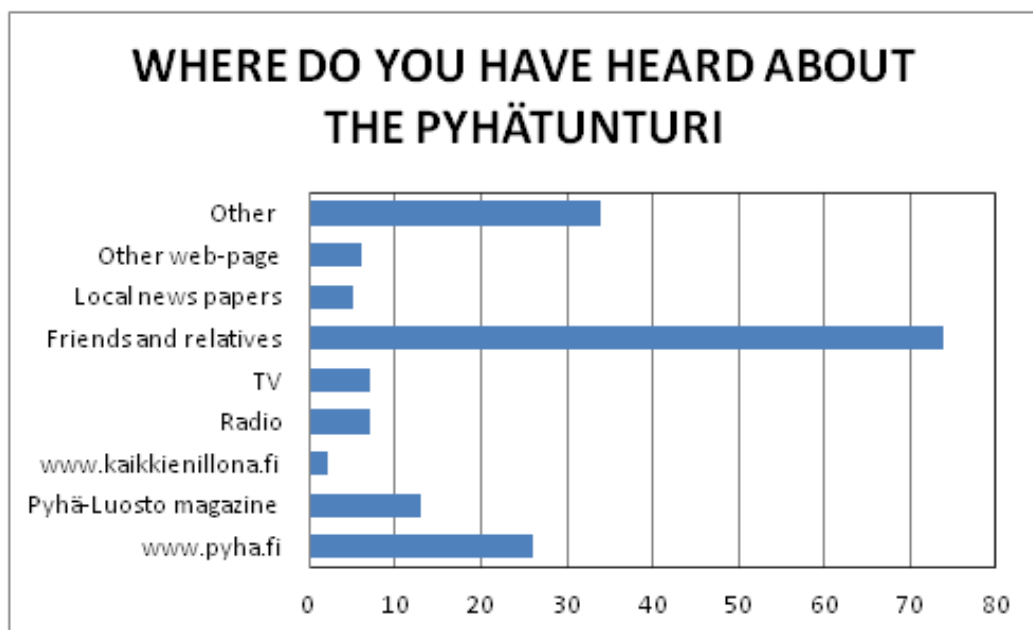


Figure 6. Source of information concerning Pyhätunturi

More than a half of customers found information from relatives and friends i.e. 74 people.

The second popular answer was that the customers found information from other sources, there were 34 answers, for example:

'Local newspaper Koti-Lappi'

'Facebook'

'Newspaper Suomi kiinni'

'Internet page Aikalomat'

'I have my own cabin in Pyhätunturi'

The respondents' reactions above were translated from the Finnish questionnaire into English by the researchers.

The third popular answer showed us that a customer has heard about destination from the internet page www.pyhä.fi, there were 26 such respondents. The information was found by 12 people from local newspapers and 14 people got it from radio and TV and only two customers found information from the Ilona shop internet page www.kaikkienilona.fi.

We can make a conclusion that the most part of customers found information about destination from their relatives and friends, but also Internet pages influence much in choosing destination for a winter rest and visit Pyhätunturi.

6.1.6 Time activities

We asked the customers what they mostly spent their time on when visiting Pyhäntunturi. They could choose three important points from our proposed points. (Figure 7)

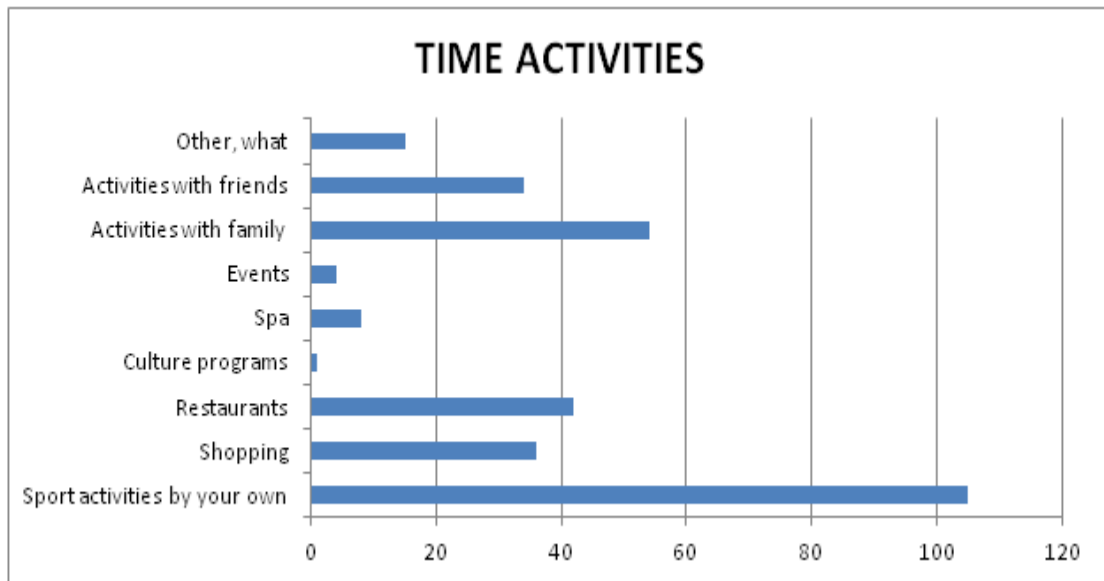


Figure 7. Time activities

The most popular answer was that the customers spend time for sport activities: skiing, downhill skiing and others, in total 105 people mentioned this. The second popular answer was that they spend time for activities with family, totally 54 people, the third popular answer was that they spend time in restaurants, totally 42 people. Spending time for shopping was important for 36 respondents and 34 like to take part in different events at destination.

Other preferences of spending time are shown in the quotes below from the questionnaire, for example:

'Going for a walk in a winter nature'

'Play with dog in the forest'

'Listening birds' signing'

'Look and research new place'

The respondents' reactions above were translated from the Finnish questionnaire into English by the researchers.

Absolute majority of the customers, totally 78 % came to the destination for sport activities.

6.1.7 Spending money during a trip

This question was asked because the client wanted to know how much money the tourists spend for shopping and other activities or purposes during the trip. The customers could choose three important points. We gave the following options for choice: accommodation, restaurants and bars, shopping, culture programs, entertainment and something other. (Figure 8)

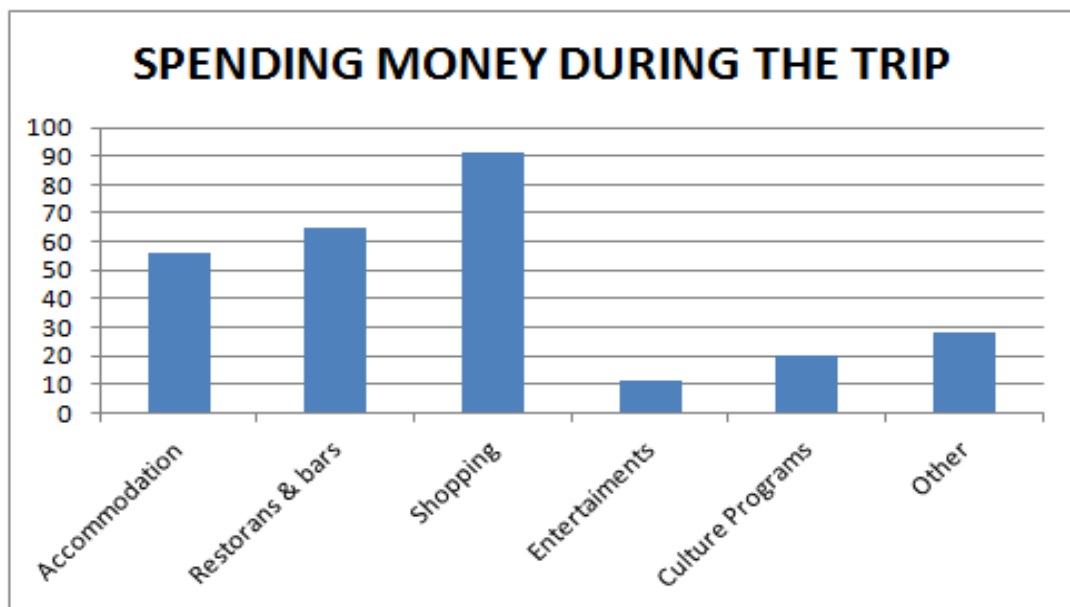


Figure 8. Spending money during a trip

The most popular answer was that customers spend money for shopping, in total 91 people mentioned this. The second important point was restaurants and bars, totally 65 answers, the third was accommodation, totally 56 answers. In total 20 customers answered that they spend money for programmed services and 11 chose events.

Opened point presented some answers like: food, the tickets for slopes, sports, rent of sport equipment. The most part of tourists, 70% spends money for shopping, 50% spend money mostly for restaurants and bars, 43% of tourists pay more money for accommodation. Accommodation was only the third popular answer because the most part of customers in Pyhätunturi have own cabins or came to relatives or friends, as they answered question before. That is why they do not spend most money for accommodation. This fact that they spend money mostly for shopping must be important for Ilona shop, so the client knows that people who came to the destination are ready to spend money in her shop if they find what they need.

6.1.8 Reasons for destination choice

The question was about why the customers choose Pyhätunturi as a destination for holidays. They could also choose three important points. The answer options were the following: activities for children, activities for young people, activities for adults, the slopes and ski tracks, shopping opportunities, restaurants and bars, options of accommodation, resort reputation, the attractiveness of the web-page, price level, and location and transport connections. (Figure 9)

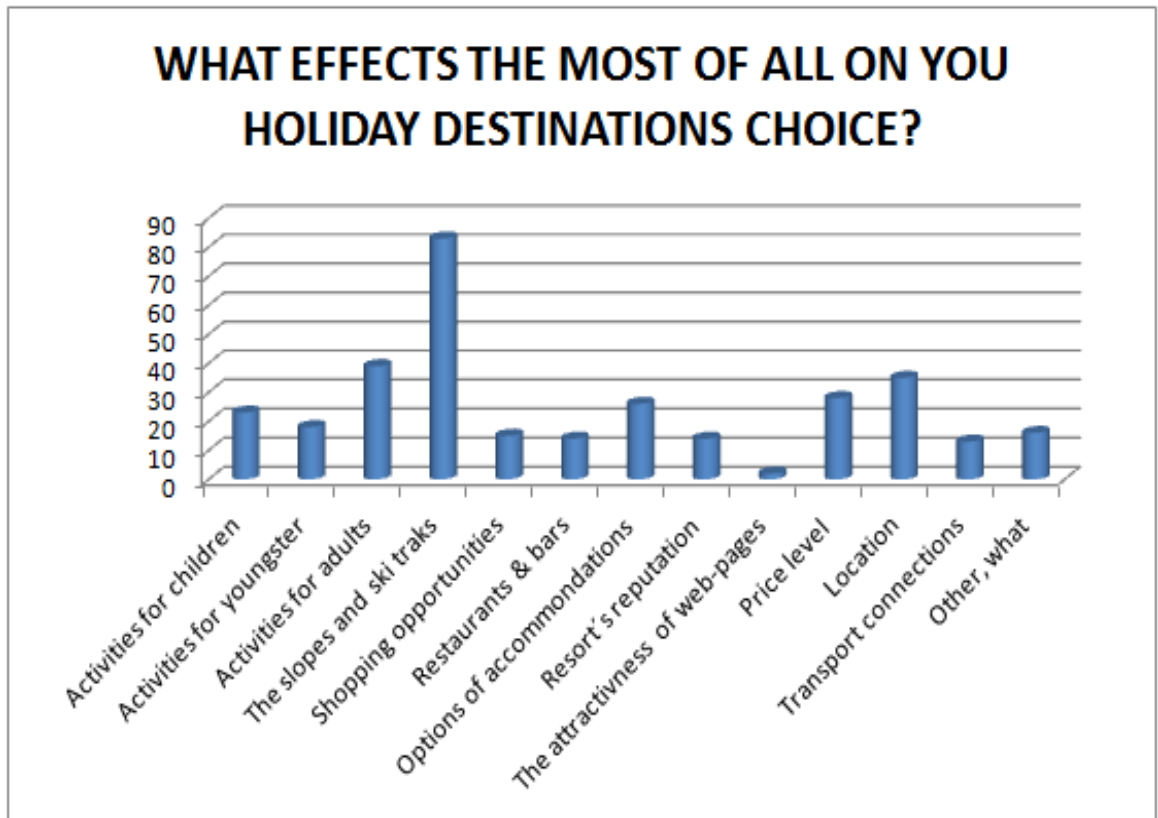


Figure 9. Reasons for destination choice

The most part of customers, 80 people, answered that the main point for them was quality of the slopes and ski tracks. The next popular answer was activities for adults, 37 customers mentioned it as important. The third popular answer was location, for 31 customers it was the important point in choosing destination. Only one customer mentioned the attractiveness of web-page as an important point for choosing Pyhänturi. All other points were also popular, from 10 to 25 customers mentioned them.

The most popular answer in opened point was that customers have own cabins in Pyhänturi, that's why they choose this place for holidays. Other reasons for destination choice are shown in the quotes below from the questionnaire, for example:

"I know this place for many years"

"Pyhänturi gives me good impression"

The respondents' reactions above were translated from the Finnish questionnaire into English by the researchers.

Shopping opportunities was not very popular answer, only 9% of customers mentioned this point as important. Totally, 61% of customers mentioned that the quality of slopes and ski tracks are important for them, 28% of customers were interested in the activities for adults. Location of destination was important for 24% of customers.

6.1.9 Services in Pyhäntunturi

The next question asked concerned services at the destination, i.e. what the customers wanted to increase and what other services they wanted to see at a Pyhäntunturi ski resort. The customers could choose three important options for them from the list and also they could add some more services that they need. Among the points there were such as activities for children, activities for young people and activities for adults as well as a field where the customers could write what activities they personally want. (Figure 10)

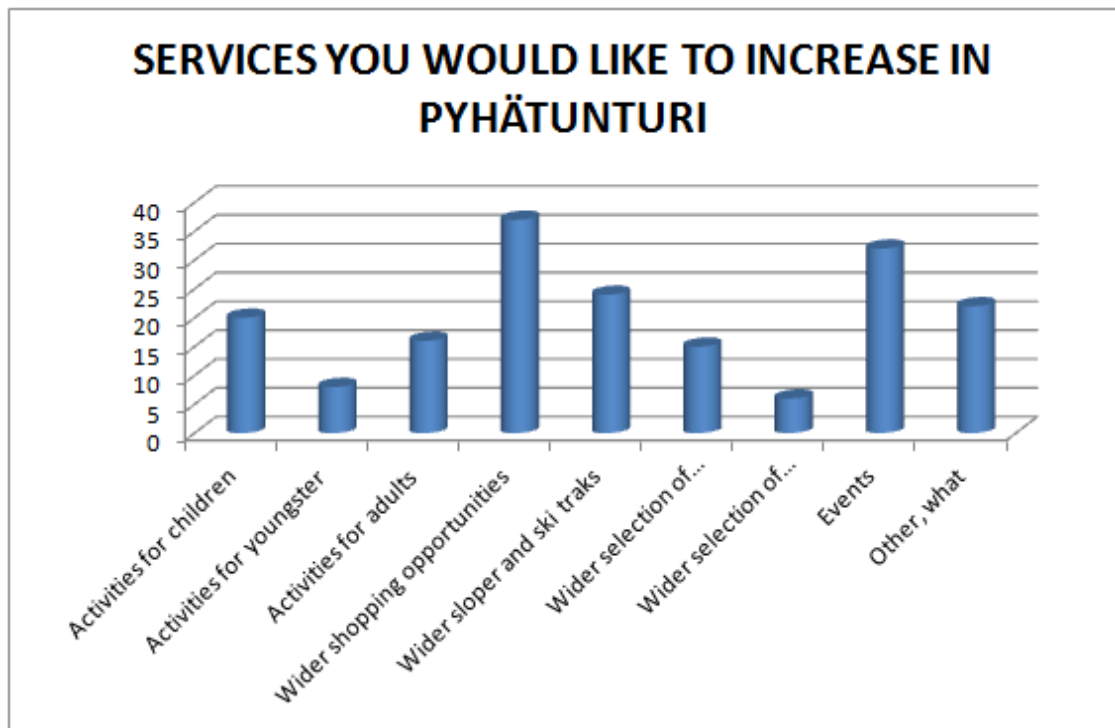


Figure 10. Services in Pyhäntunturi

The most popular point was wider shop opportunities, 35 customers want to buy products at the destination. The next popular point was events on destination, 30 customers mentioned this, 23 people wanted more slopes and ski tracks in Pyhäntunturi. The fourth popular point was other service, it was an opened point, and 20 customers wrote their proposals and needs.

In the opened field of the activities the customers wrote that they want more events, playgrounds, competitions, performances for children. For young people it was important to get place for skating, supervised activities, shows, events. Adults wanted tennis court, dancing evenings, and downhill skiing events. In opened point there were many different proposals. Here is one interesting proposal from two customers:

'Here must be a place where we can wait for a bus on the day of departure, because we were forced to spend almost all day without any activities. This place can be charger by us'

The respondents' reactions above were translated from the Finnish questionnaire into English by the researchers.

The most popular answers were that they need a cash machine at destination and also a liquor store. Another grocery store was also mentioned in opened fields. There were some answers that the customers have all they need at the destination and there is nothing to change.

6.1.10 Products to be available

The next question for the customers inquired about the products they wanted to buy in Pyhätunturi during their stay there. We offered the customers to choose three important points. (Figure 11)



Figure 11. Products to be available in Pyhätunturi

The most popular point was 'local grocery products', 63 people mentioned it. The second popular point was grocery products, 42 customers want to buy food products. The third answer was clothes and shoes, 31 customers wanted to buy those products.

We can see in figure 11 that the customers want to buy local grocery products most of all, 47% chose this point. Altogether 31% want to have wider range of grocery products, 23% want to buy clothes and shoes. A total of 22% of customers need the opportunities to buy hobby equipment and local handmade products. In the opened point the customers wrote that they want to buy alcohol products and wooden wares.

6.1.11 Money spent

We asked this question because it was interesting to our client to find out how much money the tourists are ready to spend during their stay at the destination. The point for answer were in multiple-choice, where the response options were already given. (Figure 12)

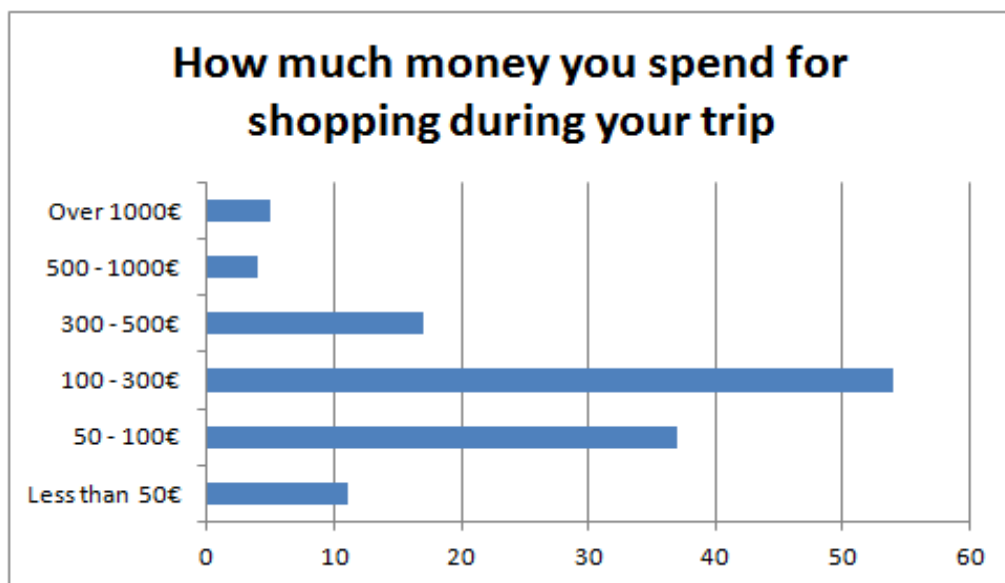


Figure 12. Money spent in euro

On the figure 12 we see that 55 customers out of 131 answered that they spend about 100 - 300 euros during the trip. The next quantity of money was 50 - 100 euros, 38 customers chose this point, the third popular point was 300 - 500 euros and 17 customers answered.

Another figure show money spent in percentage. (Figure 13)



Figure 13. Money spent in percentages

The most popular answer was 100 - 300 euros, 42% of customers spend so during the trip. A total of 29% spend 50 - 100 euros, 13% waste 300 - 500 euros, 9% can spend 500 - 1000 euros, 4% use more than 1000 euros during the trip and 3 % use less than 50 euros (Figure 13).

This fact that 71 % of customers spend less than 300 and a half of them spend less than 100 euros we can interpret as almost a half of inquired customers are local inhabitants or they have their own cabins at destination and they not need to pay for accommodation and do not visit restaurants often.

6.1.12 Visit to Ilona shop

As the questionnaire was made in Ilona, almost all respondents answered that they visited the shop. Only two answers were that customers have not visited the shop. (Figure 14)

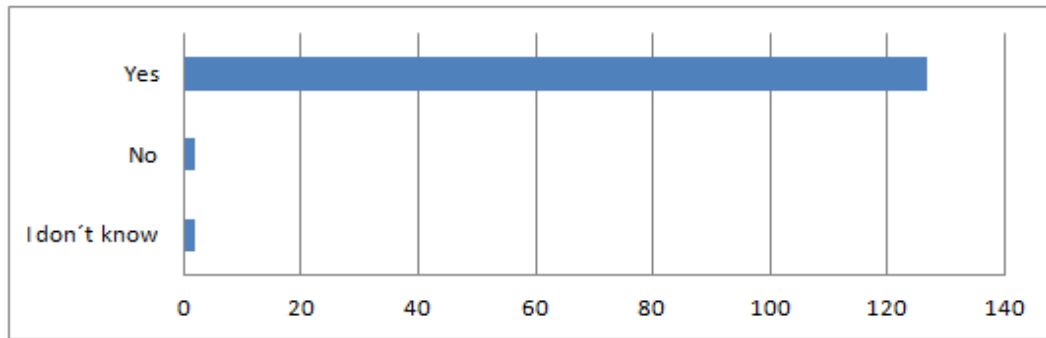


Figure 14. Visit to Ilona shop

6.1.13 Product range in Ilona shop

This question was asked to find out the customers' opinion of Ilona shop product range in the overall score. We provided options as follows: excellent, good, satisfactory and I cannot say. The last meant that the customer had no opinion on the matter. Everybody answered this question. (Figure 15)

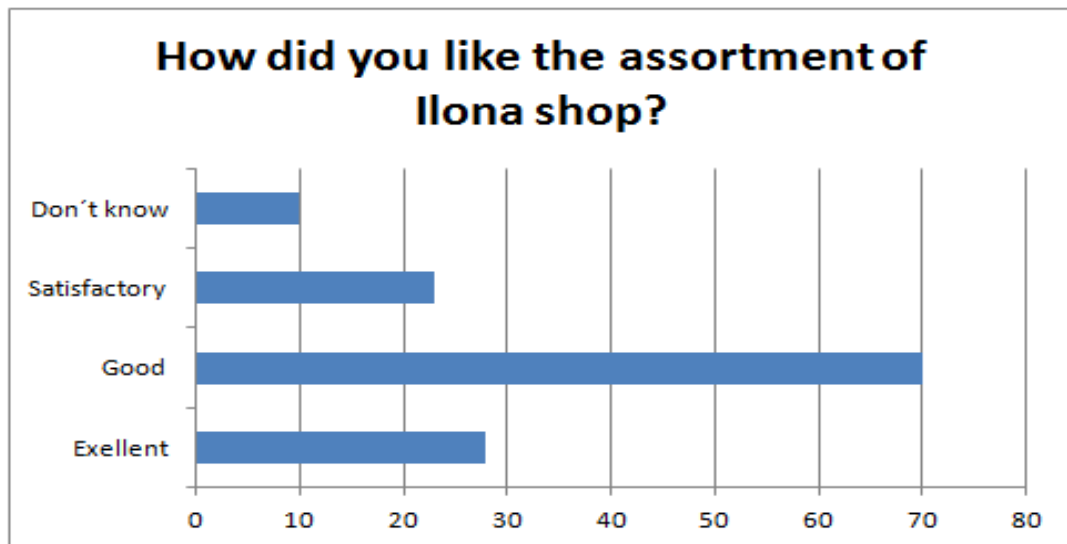


Figure 15. Assessment of the product range in Ilona shop

A total of 21% of respondents considered Ilona shop product assortment as excellent and 53% of them gave an overall score 'good'. Only 8% of customers rated overall rating as they could not say. A total of 18% of respondents

considered product range as satisfactory. As a whole we can make a conclusion that the product range in the Ilona shop is good and suitable for the customers.

6.1.14 Customer service in Ilona shop

In this question, we asked customer opinion of Ilona shop customer service in the overall score. We gave the questionnaire ready options 'excellent', 'good', 'satisfactory' and 'I cannot say'. The last meant that the customer had no opinion on the matter. Everybody gave the answers. (Figure 16)



Figure 16. Assessment of customer service

From the answers we see that 59 customers gave an excellent evaluation of the customer service in the Ilona shop, 58 gave good mark, only 6 customers found the service satisfactory and eight people could not give a feedback on service in the shop.

We can make a conclusion, that the level of customer service is very high because 45% of customers gave an excellent mark for it, and 44% gave good mark. A total of 89% of respondents are very pleased with the service.

6.1.15 Proposals for products and services

This question was with open field for writing suggestions and they were not given any options. Totally 26 customers answered this question. The most popular answers are shown in the quotes below from the questionnaire, for example:

'I want to buy toys for children'

'More clothes for young people'

'More local handmade products'

'More sport equipment'

'Sport clothes'

'Big size clothes for women'

'Café'

The respondents' reactions above were translated from the Finnish questionnaire into English by the researchers.

A total of 80% of customers didn't answer this question, so in general Ilona shop has good assortment and service. Maybe some proposals from the customers can be taken into account by Ilona shop owner.

6.2 Foreign customers' questionnaire report

As it was mentioned earlier, when this project was planning, the client was interested mainly in Russian and Finnish tourist's preferences. However, in

autumn 2014, there was an economic crisis in Russia and currency exchange rate was very weak for the Russian ruble. The value of ruble decreased 2 times and there were only very few Russian tourists in Finland in the winter season 2014 – 2015. We decided with the client that the questionnaire survey will be proposed also for other foreign tourists and it will be done in English.

For Russian tourists the questionnaire was in Russian. The researches visited Pyhätunturi three times during this project, i.e. in December 2014, in January 2015 and in March 2015. During those days the researches met some Russians and some other foreign tourists and proposed them to fill in the questionnaire. Totally there were about 30 answers from Russians and about 20 from tourists from other countries. As was stated earlier, a part of the questionnaires disappeared because of the Internet problems in Pyhätunturi on 26 and 27 of March, 2015. Therefore, the researches had 15 questionnaires with responses from Russian customers and 11 from other foreign tourists. The authors shortly reported on their opinions on the research questions in free form.

6.2.1 Russian customers

Almost all Russian and other foreign tourists came to the destination for holidays. A total of 70% of Russians, who answered our questionnaire, were in Pyhätunturi for the first time. Other answers are shown in the quotes below from the questionnaire, for example:

‘Sometimes’

‘In winter season’

‘Second time’

The respondents’ reactions above were translated from the Russian questionnaire into English by the researchers.

Russian tourists found information about the Ski Resort from the internet pages of local travel agencies and also from friends, who visited the destination earlier.

The age of 80% of Russian tourists is 30 - 45 years, 20 % are older than 45. A total of 90% of Russian tourists spend their time for shopping, sports activities and for the rest with family.

A total of 90% of Russians spend money for accommodation, shopping and entertainment. On average Russians spends about 300 - 500 euros for their trip.

Three most popular answers to the question: 'What is important in your choice of a destination?' were the following: activities for adults, the slopes and ski tracks and price level.

To the question about other services they need Russian tourists answered, that they want more opportunities for shopping, sports shops, they want to find Aqua Park at the destination, different events and also they need a cash machine. About 90% of Russian tourists want to find sport clothes, sport equipment, local grocery and alcohol in the range of products in Pyhätunturi. Russian respondents answered the following about Ilona shop's assortment: 9% found it excellent, 64% expressed as their opinion that it is good and 27% gave satisfactory mark. Customer service in Ilona shop was appreciated very well generally. There was no satisfactory mark. A total of 27% of tourists gave an excellent feedback and 73% gave a good mark for the customer service.

On other products and services in Ilona shop Russian tourists gave the following opinions:

'We want the tables for a mini-café'

'Toys for children'

'Sport equipment'

'Sport clothes'

The respondents' reactions above were translated from the Russian questionnaire into English by the researchers.

6.2.2 Other foreign customers

Other foreign tourists who answered the survey were from the Netherlands, France, Belgium, Sweden and Norway. In all, we have 11 answers to our questionnaire, 7 of them given by men and 4 by women. A total of 6 respondents were between 30 - 45 years, 4 respondents were in the age category of 45 – 60 year and one was from 18 to 30. Tourists were staying at the hotel and holiday apartments.

Holiday was the purpose of visit Pyhätunturi for all respondents, 100% answered so. From them 7 customers came for the first time and 4 occasionally visit Pyhätunturi.

A half of tourists found information about the destination from relatives and friends and others from local Internet pages and travel agency.

Absolute majority of foreign tourists spend time for sport activities and rest with family. Only 4 of them mentioned restaurants and culture programs as a main purpose of time spending.

A total of 100% of customers chose accommodation as a main item of costs during trip. Restaurants as a second item of spending money were mentioned by 81 % of customers, 27% mentioned shopping as a third item of their expenses during their rest at the destination.

Foreign tourists to the opposite of Finnish tourists were spending more money during their vacations. From our respondents six have spent 300 - 500€ during vacation in Pyhäntunturi, 4 of them wasted 500 - 1000€, only 1 spent less than 50€. In any case the biggest holiday costs for foreign tourists consist of accommodation costs, equipment rent and restaurants and bars.

Activities for adults, resort reputation and the quality of slopes and ski tracks are three main factors that influence choice of a destination according to foreign customers. In some way options of accommodations also affect the destination choice. Activities for children and shopping opportunities were less influential factors for destination selection.

Even though the activities for adults are the main factor for visiting Pyhäntunturi, foreign tourists have indicated preferences to improve variety of activities for adults and improve variety of slopes and ski tracks. Single desires came to increase shopping opportunities, restaurant and bars services and one wish was to increase selection of accommodation.

In addition to service improvement in the questionnaire foreign tourists have mentioned some products they want to have in Pyhäntunturi. All respondents concentrated their answers around local grocery products. It is very important for foreign tourists to have a possibility to taste local producers' food besides the winter activities, taste Lapland's cuisine. A total of 40% of respondents showed prominence to have more souvenirs and local handmade products and 10% of foreign responders wanted to have some hobby equipment shop and larger variety of grocery products.

After visiting the shop of our client R.Pesonen foreign tourists characterised service and assortment in Ilona shop as good. They could not say what they would like to have in greater variety in Ilona shop, even though it was possible with open answer in our questionnaire. One person mentioned "food". May be in future in connection with "Mini Café" that is located inside the shop some sweets and hot sandwiches can be provided.

7 VALUE CHAIN OPTIMIZATION FOR ILONA

The combination of business analysis and advanced modeling tools can be used to align a company's supply chain infrastructure, process, and policies with its service level requirements. It helps to improve profitability and customer satisfaction. (Supply Chain Optimization, 2015)

The analysis of all logistics components, for instance inbound and outbound transportation, facility location, product sourcing, facility sizing, and inventory determine the current cost structure. It could develop alternatives to improve service and minimize the costs. (Supply Chain Optimization, 2015)

Our case company is a small size company and business is taking place mostly in the winter season. Optimization for profit margin must be as active as possible. After an interview with the client Riitta Pesonen, we came out for some new ideas to improve the case company's operation using Porter's Value Chain pattern (Figure 17).

Support activities	Firm Infrastructure					M A R G I N
	Human Resource management					
	Technology Development					
	Procurement					
	Inbound Logistics	Operations	Outbound Logistics	Marketing & Sales	Service	
	Primary activities					

Figure 17. Porter's Value Chain Analysis (Mind Tools Ltd. 2015)

7.1 Primary Activities

For analyzing primary activities as an inbound logistics, operations, outbound logistics, marketing and sales and services, we analyzed the supply chain of the client's products' way from producers/distributors to the client's possession based on the second interview with our client in September 2015.

7.1.1 Inbound logistics

Ilona has 20 permanent wholesalers and about 30 occasional wholesalers from Finland and from other Europe. Domestic suppliers could deliver the products in 2 – 7 days. The delivery time from other suppliers from Europe varies between 2 and 3 weeks. The delivery time is not short enough for tourists, if we take into account that they usually do not stay longer than one week at Pyhätunturi and some Finnish visitors usually stay for only over a weekend. Delivery times could be shorter if the customer need more products, different size and different accessories for their outfit. Warehousing is implemented in the small storage inside Ilona and in the little shop in the village of Pelkosenniemi that belongs to Riitta's father.

7.1.2 Operations

The next phase in primary activities is operations of what and how the client prepares the delivered products for customers. These are the transformation activities that change inputs into outputs that are sold to customers (Mind Tools, 2015).

In our case, the shop assistants or the client do the following work: check products quality, organize and sort clothes and accessories into an ensembles. That is the point to show customers how different clothes would look together with different accessories. At the same time, it may increase the sales of products as combination. To get more interests from customers, it could be

recommend to improve Ilona's web page with more products information and pictures, even if the client is not interested in Internet-sales. Unfortunately, in Pyhätunturi they do not have good IT-specialists. To make web-page workable and full of information, it is possible to use the help of IT-students and other students. This suggestion is discussed further in the chapter with a focus on support activities.

7.1.3 Outbound logistic

In Ilona, inside the shop, the outbound logistic contain mostly a service delivered to customers. A few times a year the client opens a Pop-Up store in other municipalities, usually after the winter season. She also participates once in a year in Feel Good-exhibition in Kemijärvi. A problem found out was that those tourists who are staying in a camping site on the other side of Pyhätunturi, have no possibilities to visit Ilona after they have been enjoying the meal in the local restaurants because taxi service is deficient, and busses drive once in the morning and once in the evening.

The best way for optimization of outbound logistic and to reach tourists in places where they stay is to invest in a delivery van. With a delivery van, the client could drive around tourists places and participate in different events as a seller person with own products.

7.1.4 Marketing and sales

It can be recommended that advertising be improved by using it better for products in Ilona shop. A web page is not enough for reaching clients among the tourists. Using the social media may increase tourists' pre-visit interest before they visit Pyhätunturi. They could already know what they are looking for. With better contact information or chat-service, customers could ask about the availability of sizes and colors of the products that they need. The little brochures with the core information and color pictures about Ilona shop

provided in the hotel, in camping cabins and in restaurants would be effective advertisement for the case company's business.

7.1.5 Service

On the basis of the answers to our questionnaire, it was concluded that many customers are satisfied with customer service in Ilona. As a small recommendation in order to keep customers happy and to rise the profit of the case company, the client can give to the customers small gifts together with the product, which they buy in Ilona. For example, a little candy with the taste of Lapland's berries or a key-holder with the logo of the shop could be used as an advertisement in future, wherever the tourists come back and show to their friends and relatives.

7.2 Support Activities

The support activities are grouped into four categories and support the primary functions above. Each of them can play a role in each of the primary activities.

7.2.1 Procurement

Among the existing vendors and suppliers, it is important for the client to look for new perspectives into their business, such as finding new suppliers near or far away to her shop, probably with a shorter delivery time and lower purchase prices than those of the present suppliers. After combining all suppliers and prices, the client could develop combinations or packages for different tourists by looking up what is more common in the incoming season in their countries and what they will be looking for to buy during their visit to Pyhätunturi.

7.2.2 Human resource management

In Ilona works two shop-assistants. They cannot be in many places at the same time. For improving all activities and actions mentioned above, it can be

suggested that students are welcomed to do their practical training in Ilona from the different fields of study. Cooperation with Lapland University of Applied Sciences could offer many interesting programs and tasks for both parties, i.e. the client and students. For example, improving the web-page and finding proper working programs for Ilona make it possible for Ilona to invite IT-students for a practical training. For the effective advertisement and design for brochures visual arts students could be useful. The help of the students from Lapland University of Applied Sciences could save human resource costs, and probably could provide new perspectives for the business of the client.

7.2.3 Technology development

"Technology can be used across the board in the development of a customer service and products introducing, including in the research and development stage, in how customer service are developed and products ensembles designed" (Arlin 2015). "These activities related to managing and processing as well as protecting a company's knowledge base. Minimizing information costs, staying current with technological advances, and maintaining technical excellence are sources of value creation" (Mind Tools Ltd. 2015).

In Ilona these activity helps a lot in using Internet services and different programs in ordering, procurement and delivery processes. Using actively the social media for advertising brings about savings in costs, which could be used for example for printed posters and advertisement in newspapers.

7.2.4 Case company infrastructure

Similarly to companies generally, Ilona's infrastructure consists of many company's activities such as management, planning, finance, accounting, legal, government affairs, quality management and facilities management (Weele 2005, 10). All these activities play an important role for all primary activities.

8 CONCLUSIONS AND PROPOSALS FOR IMPROVEMENT

The objective of this work was to obtain information for improving the profitability of Ilona and first find answers to these questions: who the customers are, what they need at the destination and how they spend their time and money during a trip. The results of the survey showed the opinions of customers about products and services in Pyhätunturi. Local entrepreneurs must consider investing in the improvement of activities and possibly consider of better transport connections. With these improvements implemented, tourists could have opportunities to visit other places and camping-villages of Pyhätunturi to check all activities and events there.

Ilona's customers basically consists mostly of 40 - 65 year-old people, out of whom women make the biggest part. A half of the customers are loyal customers, who have their own cabins in Pyhätunturi or they are local residents. The range of products is more suitable for women, but men also can find something to buy there.

The overall customer service rating of Ilona shop was very high based on the responses received, i.e. 74%. The reputation also is very positive according to the respondents. Satisfactory ratings amounted only to 18% and were related to the range of products. To maintain the overall positive high rating, the shop has to make sure that it is a popular place for all visitors, because at the destination it is the only shop with such assortment.

The survey asked customers about the reasons for choosing this destination for holidays. As many as 81% of the respondents mentioned that good quality of slopes and ski tracks were the main factors for their choice. Other two important factors were the location and activities for adults. The answers about the source of information on the destination showed that a considerable majority of customers receive the information from friends and relatives, i.e. 56% in all. From this information, we can make a conclusion that Pyhätunturi Ski Resort has a good reputation.

The results indicate the points for development of customer service. According to the results of this thesis study, tourism services and activities in Pyhätunturi might be developed in the direction of tourists' needs and wishes. The answers indicate that 35 respondents wish to have more shopping opportunities, more program services, and 22 respondents expressed that the quality and variety of slopes and ski tracks must be increased.

Almost a half of tourists, 47%, expected to have more information about local grocery products, traditional Lapland food, and at the same time, they expected also to have a possibility to buy these products and taste them. A better variety of grocery products was mentioned by 31% of respondents. The interest in local and traditional Lapland craft-works was shown by 22% of all respondents. Many foreign tourists, especially Russians, expected to see sports clothes and equipment in Ilona shop. It is recommended that the shop owner takes these facts into account in future.

The results of the survey are quite reliable because we had more than 200 respondents. The client would have wanted to have more Russian respondents participate in the questionnaire survey. However, because of the economic crisis in Russia during this season, there were not as many Russian visitors as before the crisis. In total, the results of the work correspond well to the work objectives.

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APPENDIX 1

QUESTIONNAIRE FORM FOR CUSTOMERS

Appendix

1 (5)



This survey is a part of Travel and Tourism Management project made by co-operation of Lapland's UAS (Tornio FI), Harstad University (NO) and Arkhangelsk NARFU (RU), ordered by shop Ilona.

The purpose of the survey is to find out the opinions of services for tourists in Pyhä-Luosto. The survey results will be used to Pyhä-Luosto service and product range improvement.

Among all respondents who gave contact information a lottery for shop "ILONA" wool socks and mittens will be organised.

The answering will take only 5 - 10 minutes.

Thank You!

Best regards from:

Riitta Pesonen, Pienoistavaratalo ILONA

Zanna Lavrucenoka, Lapland UAS

Liudmila Heikka, Lapland UAS

1. What is the purpose of your trip?

- Holidays
- Work

- Something else, what?

Appendix
2 (5)

2. How often do you visit Pyhä-Luosto?

- Every day
- Every week
- Every month
- Couple times a year
- Only in winter season
- Occasionally
- First time
- Other, what?

3. Where have you received the information about Pyhä-Luosto?

- Web-page of Pyhä-Luosto Tourism
- Pyhä-Luosto magazine
- Web-page of "Pienoistavaratalo ILONA"
- Radio
- TV
- Friend and relatives
- Local newspapers, what?
- Other web-page, what?
- Other, what?

4. What for do you spend most of time during your trip?

- Sport activities on your own (for example: downhill skiing, skiing)
- Shopping
- Restaurants
- Culture programs
- Spa
- Events
- Activities with family
- Activities with friends
- Other, what?

5. What for do you spend most of money during your trip?

- Accommodation
- Restaurants and bars
- Shopping

- Entertainments
- Program services
- Other, what?

6. What influences your holiday destination choice?

- Activities for children
- Activities for youngster
- Activities for adults
- The slopes and ski tracks
- Shopping opportunities
- Restaurants and bars
- Options of accommodations
- Resort`s reputation
- The attractiveness of web-pages
- Price level
- Location
- Transport connections
- Other, what?

7. What kind of services would you like to have increased in Pyhä-Luosto?

- Activities for children
- Activities for youngster
- Activities for adults
- Wider slopes and ski tracks
- Wider shopping opportunities
- Wider selection of restaurants and bars
- Wider selections of accommodations
- Events
- Other, what?

8. What kind of products do you wish to be available in the Pyhä-Luosto?

- Clothes and shoes
- Grocery products
- Local grocery products
- Souvenirs
- Local hand-made products
- Hobby equipment's
- Cosmetic

- Other, what?

9. How much money do you spend in average for shopping?

- Less than 50€
- 50 - 100€
- 100 - 300€
- 300 - 500€
- 500 - 1000€
- over 1000€

10. Have you visited or are you going to visit the shop "Pienoistavaratalo ILONA"?

- Yes
- No
- I don't know

11. How did you like the assortment of "Pienoistavaratalo ILONA"?

- Excellent
- Good
- Satisfactory

12. How did you like the service in "Pienoistavaratalo ILONA"?

- Excellent
- Good
- Satisfactory

13. What kind of products or services do you wish to be available in "Pienoistavaratalo ILONA"?

200 characters

14. I am...

- Local inhabitant (50 kilometers radius of Pyhä-Luosto)
- Cabin owner
- Cabin leaseholder
- Staying in hotel
- Staying in holiday apartment
- Staying in camping area

- Other, what?

15. Contact information (will be used only for lottery)

Name
Phone number
E-mail
Address
Post code
Country

16. Age

- less than 18
- 18 - 30
- 30 - 45
- 45 - 60
- over 60

17. Gender

- Female
- Male
- Don't want to say

APPENDIX 2

EMAIL INTERVIEWEE QUESTIONS

1. How many suppliers of different products you have in your shop?
2. Do you bring the products to your shop yourself or the suppliers deliver them to you? Do you have suppliers or couriers? How many?
3. What is the delivery time to your store?
4. If demand increases, is it possible to bring the products within a day?
5. How large warehouse there is in a store? Do you have the warehouses in other places and what kind?
6. Are you interested in the establishment of on-line shop?
7. Do you have in the surrounding area good IT specialist?
8. Do you have a possibility to keep the car shop? (For example, selling products direct from the car in different places)
9. Do you participate in exhibition sales? (if yes, how often and where?)
10. Do you have a cooperation with local handicraft manufacturers and does it working well?