Joni Kotaniemi

CUSTOMER SERVICE OF FINNISH E-BUSINESS IN CHINA
A CASE STUDY OF E-VILLE.COM

Degree Programme in International Business
2016

CUSTOMER SERVICE OF FINNISH E-BUSINESS IN CHINA - A CASE STUDY OF E-VILLE-COM

Kotaniemi, Joni
Satakunnan ammattikorkeakoulu, Satakunta University of Applied Sciences
Degree Programme in International Business
April 2016
Supervisor: Blue, Riitta
Number of pages: 37
Appendices: Online survey

_____

The purpose of this thesis was to study customer service of Finnish e-business in China. The main objective for this thesis was to analyze the problem areas of E-Ville's customer service. The second objective was to give suggestions how to improve E-Ville's customer service.

The main reason this thesis was done is related to own personal experiences when working at E-Ville's customer service during a practical training period. A case study about E-Ville was done based on own experiences when working at the company in addition to the information researched within this thesis.

The research part for this thesis was done based in an online survey made online. The responses to this online survey were analyzed and according to the result a few suggestions were given to E-Ville in how to possibly improve their customer service. No new information was invented to the theory part of this thesis and only already existing information was used. This information was gathered by carefully analyzing possible references in order to find out the most reliable information.

According to the survey results and after the analysis overall the customer service of E-Ville was found out to be fair, friendly and reliable. However a few suggestions were given for E-Ville in how to improve their customer service after analyzing the online survey made. This thesis is meant to be helpful for E-Ville suggesting ideas in order to improve their customer service further.

ASIAKASPALVELU SUOMALAISESSA VERKKOKAUPASSA KIINASSA – TAPAUSTUTKIMUS E-VILLE.COM:STA

Kotaniemi, Joni
Satakunnan ammattikorkeakoulu
Kansainvälisen kaupan koulutusohjelma
Huhtikuu 2016
Ohjaaja: Blue, Riitta
Sivumäärä: 37
Liitteitä: Verkkokysely

_____

Tämän tutkimuksen tarkoitus oli tutkia asiakaspalvelua suomalaisessa verkkokaupassa Kiinassa. Opinnäytetyön pääasiallinen tarkoitus oli analysoida ongelma-alueet E-Villen asiakaspalvelussa. Toinen tavoite oli antaa ehdotuksia, kuinka parantaa E-Villen asiakaspalvelua.

Pääasiallinen syy, miksi opinnäytetyö tehtiin on henkilökohtainen työkokemus E-Villen asiakaspalvelusta työharjoittelun aikana. Tapaustutkimus E-Villestä tehtiin perustuen sekä omiin kokemuksiin työajalta E-Villessä, sekä tutkimukseen perustuvaan aineistoon.

Opinnäytetyön tutkimusosa tehtiin perustuen verkkokyselyyn. Verkkokyselyyn vastanneiden henkilöiden vastaukset analysoitiin ja niiden perusteella annettiin E-Villelle muutamia ehdotuksia asiakaspalvelun parantamiseksi. Uutta tietoa ei keksitty opinnäytetyötä tehdessä ja vain olemassaolevaa tietoa käytettiin. Tämä tieto kerättiin varovaisesti analysoimalla mahdolliset lähteet luotettavien lähteiden löytämiseksi.

Verkkokyselyn mukaan ja analysoinnin jälkeen kaiken kaikkiaan E-Villen asiakaspalvelu antaa asiakkailleen reilua, ystävällistä ja luotettavaa palvelua. Kuitenkin muutamia ehdotuksia annettiin E-Villelle asiakaspalvelun parantamiseksi verkkokyselyn analysoinnin jälkeen. Tämän opinnäytetyön tarkoitus on olla avuksi E-Villelle antaen ehdotuksia heidän asiakaspalvelun parantamiseksi entisestään.

CONTENTS

1 INTRODUCTION

During my practical training, I worked in a Finnish E-business company in China, called E-Ville. I had to provide customer service such as dealing with customers' problems and answering their inquiries. I felt that good customer service was a very crucial part of the company because it affects the sales and company's image. I would like to know how to provide better customer service but there are not many studies about customer service in e-business. Therefore, when I am now in Finland to do the thesis, I decided to do a research about customer service in E-business and take E-ville in the case study.

China is a blooming business power in the world. More and more headquarters of foreign e-business companies are established around China to sell inexpensive electronics for foreign customers. Apart from using low price to attract customers, companies should not neglect the power of customer service. Customer service is a service provided by all kinds of companies to support their products or services. (Zeithaml & Bitner 2003, 4) Good customer service will increase customer satisfaction. Satisfied customers will revisit the company again and hence become loyal customers. Therefore, good customer service is also a very important factor for maintaining and increasing income.

For e-business, although the customers are handled through the Internet, the customer service quality is also as important as in traditional business to keep customers satisfied. However, the study of customer service of e-business is not very common yet. Therefore, the purpose of the thesis is to study the current situation and the perspective of customer service (marketing) of e-business in China.

The first objective of this thesis is to evaluate the customer service of the case company based on the SERVQUAL Gap Model. The model was developed by Zeithaml, Berry, & Parasuraman in 1988 and 1985 respectively. The SERVQUAL Gap Model will find out any differences between customer's perception and expectation of the service quality. (Parasuraman et al 1985) The result of this model will find out the

gap so that the company can improve to ensure long-term customer relationship and customer satisfaction.

An online survey is used to gather information as a qualitative research method. The evaluation result will create a big picture of the case company's customer service quality. The information and evaluation result will be used as evidences for the SWOT analysis which will conclude the internal and external situations of customer service provided by the case company. The total result of the evaluation and SWOT analysis will fulfil the second objective, which is to find out the problem areas of E-Ville's customer service and suggest some ways for the case company to improve their customer service. The third objective is to suggest some solutions for E-Ville on how to improve their customer service based on the analysis result. The details of the research questions and research development will be discussed in the main content.

2 PURPOSES AND OBJECTIVES

The purpose of this thesis is to propose a more competitive customer service for E-Ville by evaluating the customer service quality, analyzing the current business situation and finding solutions to improve their customer service.

There are two objectives for this thesis. The first objective is to analyze the problem areas of E-Ville's customer service, such as the service quality gap and its internal and external situation. The second objective is to propose solutions on how to improve E-Ville's customer service so that it can be more competitive.

Research will be conducted in order to answer the following questions:

1. How is the service quality in E-Ville?
2. Does E-Ville provide the customer service just as their customers expect?

3. What are the internal and external situations for E-Ville Company to operate in China concerning the customer service in the supply chain?
4. How can E-Ville solve the problems and develop their competitive advantages in customer service?

3 THEORETICAL BACKGROUND AND ISTRUCTION OF E-VILLE

3.1 Instruction of E-Ville.com

E-ville.com is an online shop found in 2006 in Hong Kong. The owner, Ville Majanen, began the e-business by himself as he bought some electronic items from Hong Kong and successfully sold them with a small profit in a Finnish auction website. After finishing his internship, he started developing his business further as he had gained some customer and supplier relationships from the auction site. He developed his own online store E-Ville and gradually had a working team and some offices in China and Hong Kong. Currently, the company is composed of a 4-person technical development team, 3-person customer service and marketing team, and 6-people sourcing, warehousing and logistics team. (Website of E-ville.com 2013)

Nowadays, E-Ville has been selling thousands of different electronics and related products, such as accessories, cables and wires, cameras, car products, computer accessories, toys, home appliances, lights and lamps, MP3-players, phones, tablets, Mini-PCs, and so on. The company is also selling clothes, shoes, backpacks, bags, briefcases and handbags that target females, males and children customers recently. The products are bought from the suppliers in China on his website, to mainly Finnish and other international customers. From time to time, they encourages customers to buy their products by showing the top sold products, offering discount, products with the best review, introducing new products, free shipping for orders over 10 euros, 30-day money back guarantee, seasonal offers, different possibility of payment methods, membership and list of top customers. (Website of E-ville.com 2013)

His success is caused by his main company values: providing affordable and good quality products as well as friendly, flexible and helpful customer service. E-Ville does not devote much on branding and advertising campaigns because they do not add value to the actual products. Instead, they offer price which is as affordable as possible to customers by purchasing customer's orders from suppliers to remove any middleman fee. Also, E-Ville believes that being the most friendly and fairest shops by providing friendly customer service and handling each customer with flexibility can make their customers happier than many other unfriendly online stores. (Website of E-ville.com 2013)

3.1.1 Customer service

Customer service is the service provided by all types of companies to support their core products or service. It includes taking order from customers, answering customers' inquiries, handling transaction issues and customer complaints, as well as dealing with the maintenance and repair of the physical products. (Zeithaml & Bitner 2003, 4) So customer service is about doing everything to benefit and satisfy the customer's even it will cost the company. (Gerson 1998, 3) Customer service can be done face to face with the customers at a location or through a phone and the Internet. (Zeithaml & Bitner 2003, 4) Therefore, customer service begins once a customer enters a retail shop or the website of an online shop (Spiegel 1999).

Good customer service helps to build customer relationship and even increase the sales. According to a report from Forrester Research mentioned by Spiegel (1999), 90% of satisfied customers usually will revisit the shop again and 87 percent will mention about the shop to their family and friends. Therefore, good customer service not only makes the customers happy, but it also affects their behaviours that are beneficial to the company. Good customer service helps company to retain their customers, maintain customer loyalty and make repurchase to happens, which consequence is the greatest profits of the company. (Gerson 1998, 3) Using good customer service to retain customers is an effective way to increase profitability, because it costs 5-6

times more to get a new customer than doing business with an existing customer. (Gerson 1998, 3) Besides, the lifetime (about 10 years) value of a customer due to customer loyalty is worth 10 times more than the value of a transaction. (Gerson 1998, 9)

On the other hand, poor customer service will cost the company a lot, for example, the costs of acquiring new customers, losing unsatisfied customers, decrease in sales revenue, and so on (Gerson 1998, 5-6) Besides, the company will lose a lot of poten- tial customers due to negative word of mouth, because one unsatisfied customer will tell 10 people about their negative experience. (Gerson 1998, 9) However, not all un- satisfied customers will complain. Only 4% of customers complain, and 91% of the rest will just leave because they think complaint is useless. Most of those customers who complain will actually come to do business again and mention their positive ex- perience to about 3-5 people if the complaints are resolved quickly. (Gerson 1998, 8) Therefore, it is very important for company to provide good customer service.

Gerson (1998, 11) has listed out some general causes of poor customer service. They include uncaring staff, poor staff training, negative attitudes towards customers, not matching customers' expectation, lack of customer service philosophy, lack of moti- vation to provide good service and poor handling of complaints. Different company can have other unique reasons. (Gerson 1998, 11) What a company can do in general is to design and develop a customer service system or customer retain programme in order to provide good customer service and retain customer loyalty. (Gerson 1998, 14)

3.1.2 E-business

Rapid increase of Internet users in the world has encouraged the occurrence of e- business. From 2000 to 2008, there has been 305.5% of Internet user growth throughout the world. There are 1.463 billion world Internet users in 2008 with 17.3 % in China, 15.0% USA and 26.3% in Europe. (Xu & Quaddus 2009, 4) This has changed the people's shopping behaviour. In 2009, about half of the 1.5 billion Inter-

net users purchase in online shops and there will be 400 million more online shoppers in 2012 that will generate 1.2 trillion US dollars in B2C market. (Xu & Quaddus 2009, 7)

E-business includes all kinds of electronic transactions in B2B, B2C or C2C business. There are four types of E-business applications: electronic market where buyers and sellers are connected and transaction happens, inter-organizational system that facilitates information sharing among companies, intra-organizational system that facilitates information sharing within a company, and service delivery system that provides customer services. (Xu & Quaddus 2009, 9)

E-business can generate revenue in different ways, such as selling products or services online, commission fee based on volume transaction, subscription fees, advertising fees, affiliate fees, fees according to usage and donations (Xu & Quaddus 2009, 9-10). The business model of E-Ville is earning profit by selling products in their online shop.

E-business has caused both positive and negative impacts. For individuals, they may enjoy the convenience and customised services in their online shopping experiences. They can access different kinds of product or service information and make flexible choices according to their budget. However, they may have to face privacy issues because of Internet security. For organizations, they may come up with more business ideas and reach more customers via the Internet. However, they will also face more competitors and suffer a loss because of Internet failure and security problem. Besides, any negative news about the company will spread easily in the Internet. (Xu & Quaddus 2009, 10-11). Therefore, E-ville needs to be careful to sustain the reliability, accessibility and efficiency of the online operations in order to avoid the negative impacts and provide good customer service.

3.1.3 Business environment in China

China has been an attractive place for foreign business. In 1978, the General Secretary of China, Deng Xiaoping announced the economic reform in China by implementing the Open Door Policy. Four special economic zones were set up in Shenzhen, Zhuhai, Shantou and Xiamen, where free trade and tax incentives were used to encourage foreign investment. (Website of BBC 2012) Low production costs in China have attracted a lot of foreign investments and businesses. In early 1980s, China became one of the fastest growing economies in the word (Website of BBC 2012). Besides, due to the rapid GDP growth (about 10% a year), more than 600 million people came out of poverty in 1981-2004. (Website of The World Bank 2012) In 2001, China has even joined the World Trade Organization (WTO) (Website of BBC 2012). China has become the second largest economy in the world.

Nowadays, China's economic growth is still on-going, although China's growth rate has dropped from 10 percent to 5 percent as it has reached the middle-income level, which is a natural economic development. (Website of US-China Business Council 2012) Purchasing power in China is quite strong as its gross national income per capita is $4940 (ranked 114th in the world), although about 170 million people are still living under the international poverty line. (Website of The World Bank 2012) To ensure a more sustainable economic growth, the Chinese government has announced the 12th Five-Year Plan (2011-2015) to develop service sector, solve the environment and social imbalances, increase energy efficiency, and improve education and healthcare and so on. They will put more effort to improve the life quality instead of the pace of growth (Website of The World Bank 2012).

Production cost in China has increased. Consumer price index, which indicates the price changes of goods and services bought by households during a certain period, has increased from 100.4 in year 2000 to 105.4 in year 2012. The producer price index of industrial products has increased from 102.8 in year 2000 to 106 in year 2012. (BRICS 2012, 54) Other countries may have lower labour costs, but their overall production costs are still higher because of lacking infrastructure, fewer available of raw materials, regulatory tariffs and poor speed in shipping. As China

has started to care about the education to improve the technical skill of work force, China is still a favourable choice for foreign company to set up factories there. (Marsh 2012, 5)

Nevertheless, the foreign companies, which depend on China as their sourcing location, have to face four risks. First, product safety in China has been a main concern in many foreign companies because it can affect the companies' reputation. Some American and European companies have requested their facilities in China and suppliers' manufacturing to be done in the US and the EU standards. (Marsh 2012, 7) Second, foreign companies may find shipment in China unreliable because of lacking provision of time-definite delivery and transparent tracking. (Marsh 2012, 8) Third, the supply chain in China can be interrupted by natural disaster such as floods and earthquakes. However, only 28% of Asian suppliers of EU companies are fully prepared for the risk of supply chain disruption. (Marsh 2012, 9) Forth, Chinese employees nowadays are not just motivated by salaries, but also career development opportunities, balance of work and life, relationship with supervisor or manager, and meaningful work. The companies will have to offer work trainings to their existing employees in order to keep their 'talents'. (Marsh 2012, 17)

3.1.4 Ease of doing business in China

The World Bank Group has launched the Doing Business Project to rank 185 economies and cities on the ease of doing business since 2002. Areas of comparison include 'starting a business, dealing with construction permits, getting electricity, registering property, getting credit, protecting investors, paying taxes, trading across borders, enforcing contracts and resolving insolvency'. (Website of Doing Business 2013) According to the Doing Business report in 2013, the ranking of China (excluding Hong Kong which was rank 2) was 91 out of 185 countries. The position is higher than many surrounding East Asian and Southeast Asian countries except Singapore (rank 1), Korea (rank 8), Malaysia (rank 12), Japan (rank 24) and Mongolia (rank 76). Therefore, it is easy to start a business in China comparing with other countries in Asia. The following will discuss the strong and weak areas of doing business in China comparing with the average condition in East Asia and

Pacific region according to the report, in order to explain why China is chosen by entrepreneurs to do business.

The overall ranking of China is around the world average. China has 2 strong areas in facilitating business doing. The first strong area is the ease of enforcing contracts (rank 19). Comparing with the average condition in East Asia & Pacific in Figure 1, although the number of procedures needed to enforce contract is the same, the total costs including attorney cost, court cost and enforcement cost, are much lower. Beside, the time spent on doing the procedures is much shorter.

Indicator	China	East Asia & Pacific
Time (days)	406	522
Cost (% of claim)	11.1	48.6
Procedures (number)	37	37

Table 1 Comparing the ease of 'Enforcing contracts' between China and East Asia & Pacific region (Website of Doing Business 2013)

The second one is the ease of 'registering property' (rank 44). Comparing with East Asian and Pacific region in Figure 2, the number of procedure is similar but the time required to finish those procedures in China is about 3 times shorter. In China, the costs including the deed tax, stamp duty, registration fee and transaction handling fee is lower.

Indicator	China	East Asia & Pacific
Time (days)	29	80
Cost (% of claim)	3.6	4.1
Procedures (number)	4	5

Table 2 Comparing the ease of 'Registering property' between China and East Asia & Pacific region (Website of Doing Business 2013)

China has 3 relatively weak areas concerning the ease of doing business. The first one is about dealing with construction permit (rank 181). As shown in Figure 3, The

procedures required and the total cost in China are respectively 2 times and 4.3 times more than East Asia and Pacific region in average. It takes very long time in China to finish the procedures. Some of the procedures require one or more than one months, such as obtaining environment evaluation, construction project planning permit, inspection of completed construction and getting connection to water and sewage services.

Indicator	China	East Asia & Pacific
Time (days)	270	148
Cost (% of claim)	375.3	86.9
Procedures (number)	28	17

Table 3 Comparing the ease of 'Dealing with construction permit' between China and East Asia & Pacific region (Website of Doing Business 2013)

The second weak area is 'starting a business'. Figure 4 shows that although it takes less time and cost in finishing the procedures in China, it is more complicated and the capital required is very high to start a business comparing with East Asia and Pacific region in average.

Indicator	China	East Asia & Pacific
Time (days)	33	36
Cost (% of claim)	2.1	22.4
Procedures (number)	13	7
Paid-in Min. Capital (% of income per capita)	85.7	13.4

Table 4 Comparing the ease of 'Starting a business' between China and East Asia & Pacific (Website of Doing Business 2013)

The third weak area is 'paying taxes'. Entrepreneurs do not need to pay taxes many times in China, but it takes more time, even though some taxes can be paid by online filling. Figure 5 also shows that although the profit tax rate is not high, but the government will charge many other types of taxes from a company, for example, urban maintenance tax, education surcharge, real estate tax, stamp duty, business tax, land use tax and value added tax. Therefore, more than half of the profit will be paid to the tax authority.

Indicator	China	East Asia & Pacific
Payments (number per year)	7	25
Time (hour per year)	338	209
Profit tax (%)	6.2	16.7
Labour tax and contributions (%)	49.6	10.9
Other taxes (%)	7.9	6.9
Total tax rate (% profit)	63.7	34.5

Table 5 Comparing the ease of 'Paying taxes' between China and East Asia & Pacific (Website of Doing Business 2013)

It seems that there are not many outstanding areas concerning doing business in China comparing with other Asian countries. It is complicated to start a business and takes too much time to get construction permits and electricity. Besides, the total tax rate is too high. When comparing China and Finland in figure 6, all the topic rankings of Finland (rank 11) are much better than those in China.

Topic rankings	China	Finland
Starting a business	151	49
Dealing with construction permits	181	34
Getting electricity	114	21
Registering property	44	24
Getting credit	70	40
Protecting investors	100	70
Paying taxes	122	23
Trading across borders	68	6
Enforcing contracts	19	9
Resolving insolvency	82	5

Table 6 Comparing the ease of doing business between China and Finland (Website of Doing Business 2013)

However, whether a Finnish company decide to start a business or not do not just depend on the areas mentioned in the report. As mentioned in part 2.1.4, there are many favourable factors in China such as free trade and tax incentives in special economic zones, large market, lots of labour and low production costs, which may outweigh the unfavourable factors for many companies. (Website of BBC 2012; Marsh 2012, 5)

3.1.5 Concept

Figure 1 Theoretical framework
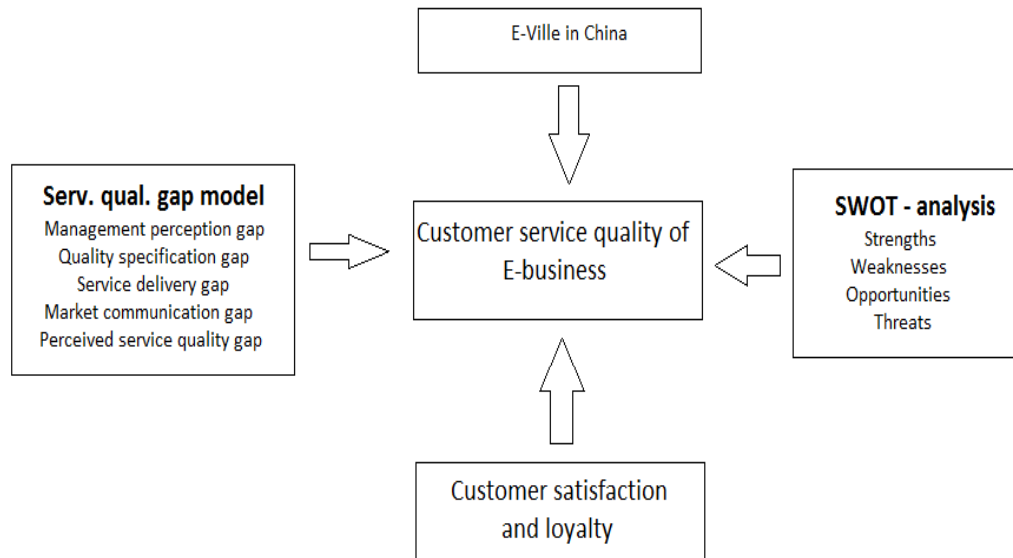
Figure 1 show the main terms and models used in the thesis and how they are related to each other.

3.2 Evaluation methods for customer service

3.2.1 7 Dimensions of customer service quality

Customers judge service quality in a dimensional way of many factors. For example, quality of food is judged by the taste, smell, freshness and colour. In 1988, Zeithaml, Berry, & Parasuraman created the multidimensional SERVQUAL scale which measures service quality in customer's perception and expectation. The SERVQUAL scale originally have 10 dimensions, including tangibles, reliability, responsiveness, communication, credibility, security, competence, courtesy, understanding of cus-

tomers, access. The dimensions was concluded based on the interview of 12 focus customer groups conducted for a study about the SERVQUAL Gap Model in 1985. (Parasuraman et al 1985; Parasuraman et al 1988)

Parasuraman et al (1988) tested the validity of the 10 dimensions. For designing a SERVQUAL survey to measure service quality, the original paper suggested having 10 items for each dimensions, and 97 items were used in total. Each item has 2 statements (one is about customer's expectation and the other is about perception) where respondents have to rate from the 7-point scale (1 = strongly agree and 7 = strongly disagree). 200 respondents had done the survey. The study has 2 stages. First, the respondents had to rate the service quality level of their expected service of a company of a service category, and then they rated the service quality level according to their perception of the company they visited within the past 3 months. Second, 200 respondents from each of the 4 service firms including "a bank, an appliance repair and maintenance service company, a credit-card company and a long-distance telephone company", were asked to use and evaluate the service quality. (Parasuraman et al 1988) The research found that reliability and assurance dimensions are the most important but empathy is the least important in all the 4 companies. Also, some dimensions are important in specific company, for example, tangible dimension is important in bank, but responsiveness dimension is more important in the others. (Parasuraman et al 1988)

The result also found that some of the dimensions have low correlation or overlap to other dimensions. Therefore, the SERQUAL scale was simplified to reliability, responsiveness, assurance, empathy and tangibles as the five dimensions to judge the services in general, such as banking, phone service, and so on. (Lee & Lin 2005, 163; Zeithaml & Bitner 2003, 136; Parasuraman et al 1988) Assurance and empathy dimensions have included the the original "communication, credibility, security, competence, courtesy, understanding the customers and access" dimensions. (Parasuraman et al 1988)

Reliability is about whether the service is delivered exactly the same as how it was promised. For example, a plane arrives at the destination as scheduled, and a

company can provide the correct information according to their customer's request. Reliability is the most important dimension because a company could fail the customers if they are not able to provide their core service. (Zeithaml & Bitner 2003, 97)

Responsiveness relates to responding and helping customers immediately. It is evaluated when the customers ask for help as well as giving requests and complaints. Company needs to response as soon as possible in customer's point of view. To do this, the company need to have enough responsive people in all contact positions. (Zeithaml & Bitner 2003, 97)

Assurance is about the company and their employees' knowledge and ability helping to build up trust and confidence to their customers. It is important to the service which involves risks or uncertainty, for example, banking and insurance. To build customer's confidence, company can show tangible evidence such as certificates and awards. (Zeithaml & Bitner 2003, 97)

Empathy is about caring and giving attention to an individual. It is related when providing customized service. Customers have unique needs which are taken care of by the company. Small companies usually can do this better because they can know every customer's preferences and requirement. (Zeithaml & Bitner 2003, 98)

Tangibles are the physical facilities or equipments that are used to provide service. Image of the tangible facilities such as appearance and cleanliness of restaurants and stores will affect customer's judgement on service quality. (Zeithaml & Bitner 2003, 98)

For the SERQUAL survey, Zeithaml & Bitner (2003) suggested to make about 4-5 items for each dimension, so there are 21 perception items in total. Each item can be rated from 1 (strongly disagree) to 7 (strongly agree). (Zeithaml & Bitner 2003, 136) The authors also suggested 4 ways to measure customer's expectation. The first

method is to use the same items as the perception survey and compare the score. The second method is called 'Referent Expectations Formats' which asks the respondents to compare the performance of the selected company with a world class company by rating from 1 (low) to 7 (high). The third method is to use combined statements about expectation and perception, which the respondents compare the actual service quality with their desired service level by rating within the range of 1-3 (lower than my desired service level), 4-6 (same as my desired service level) or 7-9 (higher than my desired service level). The forth method is to ask the respondents to compare their minimum and desired service level of a company's service performance. (Zeithaml & Bitner 2003, 136; Zeithaml et al 1988)

However, not all the five dimensions are applicable to judge certain services. Online shopping involves many processes, such as navigating and searching for products, online transactions and interaction with customers (Lee & Lin 2005, 162-163). The processes are different from physical and traditional shopping, since the customers interact through the Internet instead of directly with a service provider. Therefore, different dimensions should be used. (Lee & Lin 2005, 163) From Lee & Lin's study (2005, 164), five e-service quality dimensions were identified – website design, reliability, responsiveness, trust and personalization. They are assumed to have positive impact on the overall service quality, customer satisfaction, and thus customers' purchase intentions.

In Lee & Lin's definition (Lee & Lin 2005, 163-165), the 5 dimensions are:

Website designs quality – whether the user interface on the website is user-friendly or not. It has crucial impact on the customer's satisfaction and loyalty, and their judgement on service quality

Reliability – function of the website whether it can correctly and immediately deliver customer's order and keep customer's information secure, which is especially important for information technology -based service such as e-banking, because customer expects perfect security and no mistake

Responsiveness – the navigation speed as well as the ability to respond customers' inquires quickly.

Trust – customer's willingness to purchase online based on their positive expectations and attitudes of the online stores

Personalization – individual attention such as giving thank you notes, a space for customers to leave their feedback and giving specific answers towards customers' questions.

Lee & Lin wanted to know the significant of those dimensions to purchase intention, so they constructed a research. They listed out a few items for each dimension and each item can be rated from 1 (strongly disagree) to 7 (strongly agree). 305 questionnaires are filled by undergraduate students who were studying e-commerce in Taiwan in spring 2003. College students were chosen because other studies found that 40% of Internet users are college students. Also, young and educated people are usually the online shoppers. Those students were asked to visit some online bookstores to buy certain books and fill out the transaction form on the website. (Lee & Lin 2005, 166-167)

According to their finding, the order of significant from the most important to least important is trust, reliability, responsiveness, website design and personalization. They suggest that online stores should act honestly, care about customers' interest, deliver products as promised, provide accurate information, care about security of online transaction, prompt delivery, create a user-friendly interface on their website, and do not share customer's personal information to the third party. All the five dimensions are significantly related to purchase intentions. (Lee & Lin 2005, 171)

Janda et al (2002) also conducted a research about service quality of online shops. Their purposes include identifying relevant dimensions for e-service quality, developing a scale to measure those dimensions and testing the scale whether it can predict the customer's behaviour theoretically, such as customer's satisfaction, word-of-mouth, future purchase intention and making complaint. (Janda et al 2002, 413) The five dimensions they used are:

Performance – transaction efficiency and delivery fulfilment

Access – multiple language support and possibility to transact in different currencies in the website; similar to personalization dimension

Security – protecting customers' financial information or personal information

Sensation – possibility for customers to interact with the products and other individuals during the shopping experience on the website; similar to responsiveness dimension

Information – customer's ability to access relevant, sufficient and reliable information about products)

Janda et al (2002) created 22 items concerning the dimensions. 450 interviewees of different ages rated the items by selecting from the 7-point scale (1 = Not likely at all and 7 = Highly likely) according to their previous online shopping experience within 6 months. (Janda et al 2002, 417-419)

Their research result shows that performance dimension is the most important as online shoppers expect the shop will deliver the correct products on time. The second important is information dimension as online shoppers also like the user interface of the website to be informative. The third important is security because online shoppers hope that their financial and personal information is kept confidential. On the other hand, the assess dimension is not very important for online shoppers. It means that online shoppers care less about the variety of products offered by an online shop because they believe that they can easily access to other online shops which also offer similar products. (Janda et al 2002, 425) Sensation dimension is marginally significant to customer's complaining behaviour. However, the researchers believe that advanced technology in the future will make this dimension more important.

Both Lee & Lin and Janda et al 's research mentioned above interviewed about 300-450 people and used statistical calculation methods (such as correlation, means, standard deviations, comparative fix index and so on) to find the significant of the result.

Zeithaml & Bitner (2003, 98-99) introduced 7 dimensions to evaluate e-service quality:

Efficiency – how easy and fast for online shoppers to access the company website

Fulfilment – to what extend the company has fulfilled what they have promised in the company website, such as order delivery and product availability

Reliability – whether the website functions well without technical problem

Privacy – to what extend the website can protect online customers' information

Responsiveness – whether the customer service of the company response to customers' inquiries about product issues through the website

Compensation – how customers are compensated for the product issues

Contact – to what extend the online customers can access help from phones or website

In Zeithaml & Bitner (2003)'s book, there is no research done concerning those 7 dimensions. However, most of the dimensions are related to the ones created by the previous research. The following table describes each dimension according to the different author to ease the comparison between the differences:

Authors	Zeithaml & Bitner (2003)	Lee & Lin (2005)	Janda et al (2002)
E-service quality dimensions	Efficiency	Website design, personalization	**Performance**, access
	Fulfilment	-	Performance, sensation
	Reliability	**Reliability, trust**	**Information,** Performance
	Privacy	**Reliability**	**Security**
	Responsiveness	**Responsiveness**	Sensation
	Compensation	-	-
	Contact	-	Sensation

Table 7 Matching the e-service quality dimensions suggested by 3 parties (Dimensions in bold font are important (top 3) according to their research)

Zeithaml & Bitner's dimensions have covered other authors' dimensions, but compensation dimension is not mentioned by the others. Therefore, it would be a good opportunity to try these 7 dimensions to measure e-service quality. In addition, Lee & Lin and Janda et al both found that reliability/information and privacy/security are important for online shoppers. For research method, Lee & Lin and Janda et al only asked respondent's perceived service. They did not compare any differences between the respondents' perceived service quality and expected service quality as designed by Zeithaml et al's original model. Their research method has reduced the complexity of the original model, but they are still able to reach their purpose of finding the importance of e-service quality dimensions for online shoppers.

3.2.2 SERVQUAL gap model

In 1985, Parasuraman et al created the SERVQUAL Gap Model because there was no research yet in the 80s about evaluation of service quality as service is intangible, heterogeneous from different producers, inseparable with production, and thus difficult to evaluate. (Parasuraman et al 1985) The Model is a structured and integrated way to evaluate service quality.

Parasuraman et al (1985) concluded from previous studies that customers evaluate service quality by comparing their expectation and service performance including the outcome and process, but it is not good enough. Therefore, the authors conducted an exploratory qualitative study to deepen the concept of service quality by conducting interviews with 12 focus group of customers and four service companies (retail banking, credit card company, securities brokerage and repair & maintenance company). The authors wished to find the answer about the companies and customers' perception about key attributes of service quality, the companies' problems or works in providing high quality service, any differences between the customer's and service

marketers' perceptions and possibility to create a general model to explain service quality in customer's point of view. (Parasuraman et al 1985)

From the interview result, Parasuraman et al (1985) concluded 4 provider gaps and 1 consumer gap according to the interview with the firms and customers. These 5 gaps lead to unsatisfying customer service and are caused by inconsistent quality management. (Renganathan 2011, 161) In order to provide a satisfying customer service and build a long-term customer relationship, an organization needs to close the customer gap (the gap between the customer expectation and perception). (Zeithaml & Bitner 2003, 531) The following is the description of the gaps:
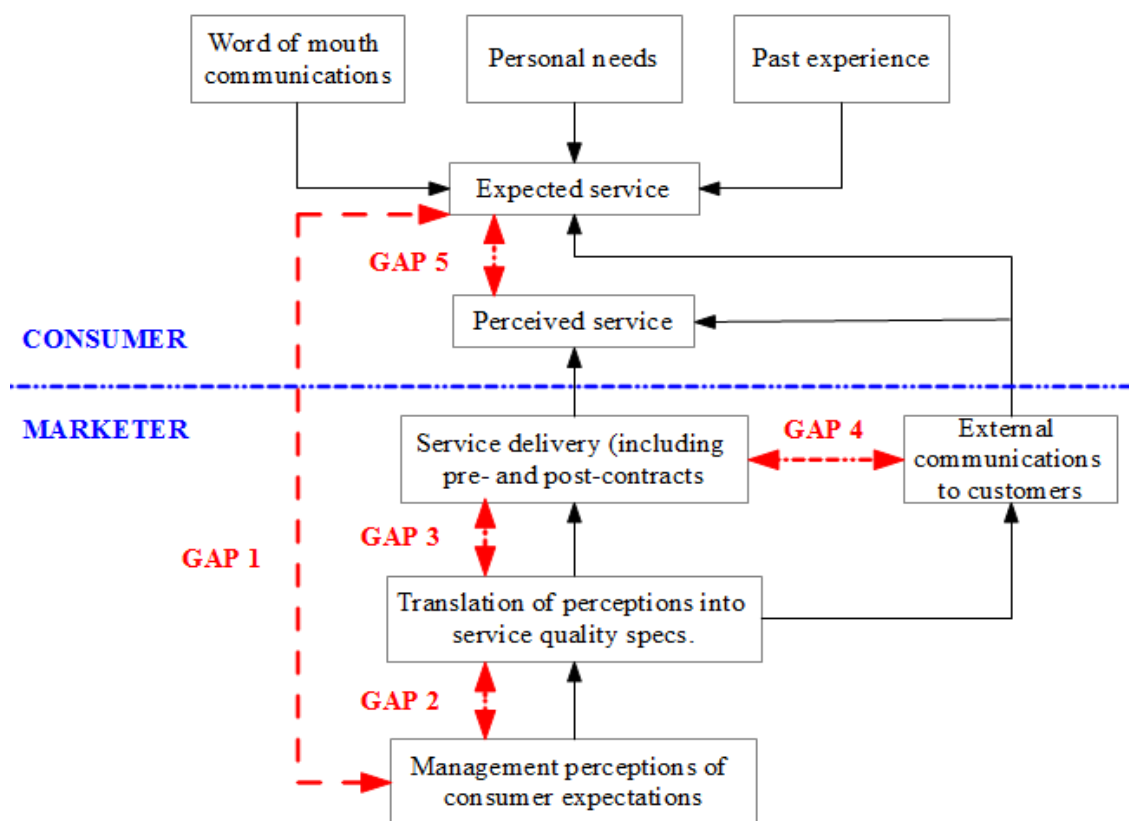

Figure 2 SERVQUAL Gap Model (Parasuraman et al 1985)

Management perception gap (provider gap 1)

This gap appears when a company's understanding on customer's expectation is different from customers' expectation on service. It is caused by insufficient marketing research, customer relationship or communication with the customers, so the compa-

ny does not have accurate information about customer's expectation on their service. (Zeithaml & Bitner 2003, 532-533)

Quality specification gap (provider gap 2)

This gap appears when the customers do not have the right service quality standard because of the difference between the company's understanding on customer expectation and customer-driven service standards. The service is poorly designed and not in customer-defined standard because customer's expectation is not correctly translated into service specification. (Zeithaml & Bitner 2003, 534-535; Renganathan 2011, 161)

Service delivery gap (provider gap 3)

This gap appears when the service is not delivered to the appropriate standard because of the difference between the service quality specification and the actual service performance. This is caused by insufficient human resources, not matching demand and supply, customers not providing all necessary information or following instructions and conflict with service intermediaries about common goal and quality control. (Zeithaml & Bitner 2003, 536-537; Renganathan 2011, 162)

Market communication gap (provider gap 4)

This gap happens when the delivered service is different from the promised service given by the company's market communication activities, from which customer's expectation on the service standard is developed. This is caused by insufficient integrated service marketing communication, good management of customer expectation, over-promising and insufficient communication among sales, operation and marketing departments within the company. (Zeithaml & Bitner 2003, 537-538; Renganathan 2011, 162)

Perceived service quality gap (customer gap 5)

This is the customer gap which is the difference between customer expectation and perceptions. Customer expectation comes from the promised service in advertising and the customers' needs. The customer perception comes from the evaluation of the actual service experiences. (Zeithaml & Bitner 2003, 532) This gap is caused by the 4 provider gaps mentioned above.

The concept above helps constructing the theoretical framework of this thesis. E-Ville opens an e-business in China to sell electronics and other items. In order to create customer satisfaction and maintain customer loyalty, E-Ville has to provide good customer service, which quality is evaluated by the SERVQUAL Gap Model. This method is used to find out the gap of customer's perception and expectation of E-Ville's service quality. The result of this method will help E-Ville to know which part of the service they should improve so they can meet customer's expectation.

4 IMPLEMENTATION OF THESIS PROCESS

4.1 Research method

Qualitative research method is used in this thesis. It involves collecting evidences, which come from personal experiences and interpretation, to illustrate and explain what happens.(Gillham 2010, 10) so people can understand the meaning of those evidences and link it to similar case. Qualitative method enables researchers to have rich explanation and description of social phenomena because the characteristic of this method is descriptive and inferential (Gillham 2010, 10), so people can look into compelled issue, what is not commonly known, what happen from other people's perspectives. (Gillham 2010, 11)

The main method of qualitative research method is case study, which also include other sub-methods like focused interviews, group discussions, observations, work sample and analysing document and record. (Gillham 2010, 13) Therefore, since data

of the same issue can be collected by different methods, case study is also a multi-method approach. (Gillham 2010, 13) Case study is about investigating an individual, a group of people, an institution, a community to collect evidences for answering research questions. (Gillham 2010, 1)

4.2 Research implementation

This thesis is about customer service quality of a Finnish company in China. It will be based on a case study of an online electronic store E-Ville. The qualitative research of this thesis will involve collecting information from an online survey. The customer service quality of E-Ville is evaluated by the SERVQUAL Gap Model.

The online survey was made for the customer service of E-Ville in order to gather information and do the SWOT analysis to give suggestions for E-Ville on how to improve their customer service based on the responses. The online survey was available for a month and during this time there were overall 5 responses to the survey. The purpose was to gather as many responses as possible during this time period.

For the SERVQUAL Gap Model, the customer service staff in E-Ville will be asked to fill in an online survey. An online survey is created as a tool where the staff at E-Ville can answer questions concerning their customer service. Survey is divided into 2 parts. In the first part, the customer service staff will be given a list of statements concerning the provider gaps created with reference to Zeithaml & Bitner (2003, 533-538, 358, 319.

The customer service staff of E-Ville will rank the statements from 1= totally disagree, 2=disagree, 3=average, 4=agree and 5= totally agree. The average point of the sub-session of the provider gap, each provider gap, and all the provider gaps will be calculated. The provider gaps are small if the point is closed to 5, which also means the perceived gap is small - service quality provided is closed to customer's expectation.

The second part of the survey is asking E-Ville's customer service staff some open-ended questions in order to gather more detailed information to explain E-Ville's customer service.

The results from the two evaluation models will be summarized in order to generate the SWOT analysis of E-Ville's customer service. The clear weaknesses and service quality gaps are gathered from the survey and suggestions are given on how to improve the customer service. SWOT analysis is a systematic and clear way to analysis the internal situation (strength and weakness) and external situation (opportunities and threats). Therefore, SWOT analysis is able to give E-Ville an all-round and comprehensive analysis of their service quality. According to the analysis result, some suggestions can be given for E-Ville to solve their constraints and maximize their competitive advantages relating to their internal situation in order to improve their customer service. External situation cannot be changed by E-Ville but this study will also suggest some ways to minimize the bad effects from the external situation.

5 DISCUSSION OF THE RESEARCH RESULTS

There were a total of five anonymous responses to the online survey made. Three responded to the first part of the online survey where they were asked to give a grade from one to five reviewing the statements given to be graded accordingly. For the second part with several open ended questions there were two answers. While it would have been good to have at least one or two more responses for the open ended part, the overall amount of answers for both surveys done was satisfying considering the small size of E-Ville's customer service department.

The way E-Ville provides most of its customer service is via Email's answering customers' questions to all questions the customers may have for example with problems using the products bought from the website, questions about delayed deliveries or products out of stock. Other methods are through E-Ville's Facebook website where customers may post comments for example concerning products, delivery times and offer ideas for new products to be added on E-Ville's website.

According to the online survey done the main advantage for E-Ville is that it can provide customer service in Finnish in spite of its location in China. There are a few other online shops available which are located in China and offer customer service in Finnish. This is a big advantage for E-Ville as it creates a more trustworthy image for the Finnish customers to be able to get customer service and product information in Finnish.

E-Ville's website has good info about the history of E-Ville which a customer may read and make them feel good about purchasing a product from E-Ville. E-Ville also provides a Facebook website where customers can read product updates and general news about the company in Finnish and from time to time see pictures of the staff members making a friendlier image of the company reflecting trust amongst the customers.

A major advantage for E-Ville is to provide a guarantee for their products. This ultimately increases the trust within the customers especially because the company is Finnish and most of the customers are Finnish. This is an advantage as most of the online stores located in China can have issues with guarantees and often there are no guarantees for items at all. Most of E-Ville's products have at least a guarantee of 3-6 months.

One of the advantages and disadvantages the same time is the location of E-Ville. E-Ville is located in China which means the newest products made in China and latest technology is easier to be accessed. Quality products can be separated from the bad ones more easily because of the fact the products can be tested out beforehand they are purchased from the wholesales and sent to their customers.

The location is the biggest disadvantage for E-Ville at the same time. The delivery of goods can take time, in the worst cases over a month to reach to their customers. This is the major problem for E-Ville as the customers can be upset about a delayed delivery.

In some rare cases the postman fails to deliver the goods to the customers and the goods are lost. Without a proper tracking system of the goods it is impossible to tell where the products are if they are lost on the delivery process. The refunding of the item might take a considerable amount of time if there is no clear clarification whether or not the customer gets the delivered item.

Sometimes the products arrive to the customers broken during the delivery process. The reason can be that the product was not properly packed in the first place or was handled harshly during the delivery process.

Another disadvantage for a store situated in China is that sometimes the delivered products end up to the customs in Finland. Even though it is made easy nowadays to declare the goods from customs as the customers can fill the necessary forms needed online it can still effect on towards negative feedback received by E-Ville's customer service.

6 SWOT ANALYSIS OF E-VILLE TO OPERATE IN CHINA CONCERNING THE CUSTOMER PROCESS IN SUPPLY CHAIN

6.1 Internal situation

Here are the strengths, weaknesses, opportunities and threats found according to the online survey made. A SWOT analysis is created according to the research results.
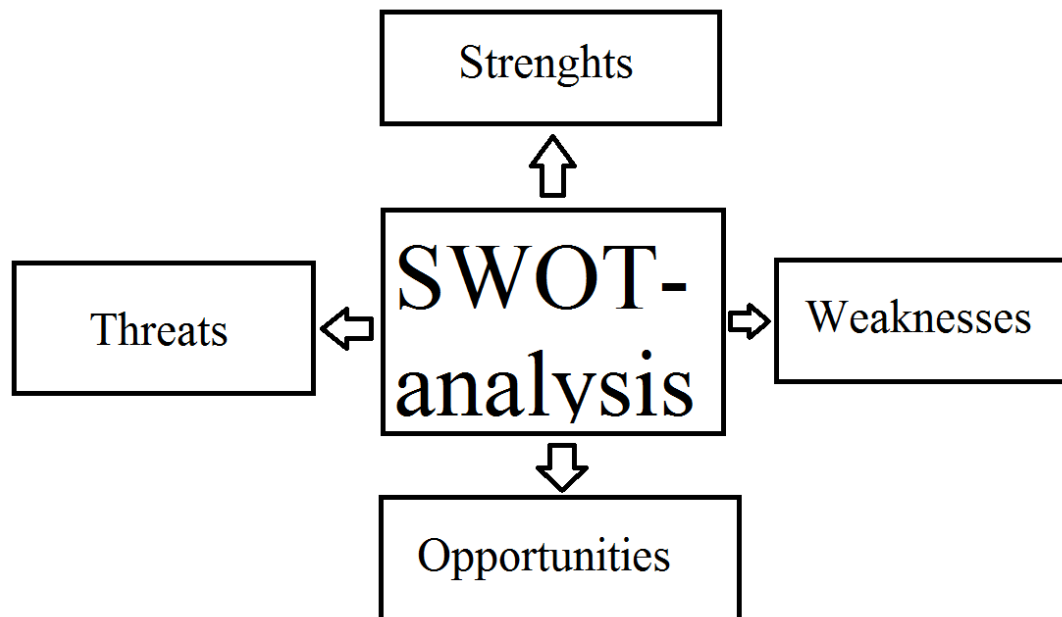
Figure 8: SWOT –analysis (strengths, weaknesses, opportunities, threats)

6.1.1 Strengths

The customer service finds it easy to be in contact with the top managers of the com-
pany. This means that if there are cases that require the managers' attention it does
not take a lot of time to get back to the customer waiting for an answer. This is why
the customer service and the management work under the same office so they are
within reach. Also everyone agreed that there is sufficient interaction between the
customer service and the management.

The second strength is that the company cares more about their customers than the
transactions they have made. If the customers contact E-Ville about a problem the
customer service does contact them without hesitation after the product has been re-
ceived. It is highly important and gives the company a good image if the customers
are being taken care of even after the transaction and items have been received.

Everyone agreed that the customer service is providing fair and friendly service. Eve-
ry customer is treated and taken care of as an individual. Also the management of the
service process is done in a way based on the customers' expectations and needs.

A highly important strength is that there are enough people working at the customer service. If only one person would take care of the whole customer service this would mean the decrease in the service quality of the customer service and too much of a work load. There are enough people working at the customer service according to the survey's results for a faster and more efficient service provided to the customers.

The role of the customer service is clearly defined. Everyone knows what their responsibilities are. This also affects to a more efficient service. All of the answerers agreed that there is enough advertisement not only with price changes but advertisements on social media, websites and email special offers. Also everyone agreed that the external marketing communications such as advertisement, sales promotion and public relations are able to make consistent promises on what E-Ville is offering. In addition the customers' expectations are fully managed in all types of marketing communications.

Everything that is being offered or promised to the customers' the company can provide it. Everyone also agreed that there is no overpromising in E-Ville's advertisements. Nothing is being offered that E-Ville cannot give to their customers. Everything E-Ville is advertisement they can also provide to their customers.

The survey answerers agreed that the products are more often delivered to the right address than not. It is a valuable strength as the products are delivered from China and if the products are sent to a wrong address it makes lots of work load finding out where the item is and informing the customer about the situation. Even during seasonal periods such as Christmas the goods are delivered according to the company's policy.

The final strength according to the survey is that there are no different policies between the departments. Every policy concerning the staff and customer service is the same between the departments. There are no difference in how do the staff working

at the customer service handles different cases for example replying to the customers e-mails or how do they handle defects in products.

6.1.2 Weaknesses

One of the weaknesses according in the online survey is the lack of marketing research focusing on the service quality. For example a customer was searching for a product in the E-Ville's website but it was not found and therefore the customer searched another website. E-Ville in this case did not do enough marketing research to be able to provide the customer with this product before other companies. Another weakness found in the survey is that the results of the marketing research are not so well used to improve the customer service. The target market might not be so well known meaning the awareness to who their customers are.

Another weakness is that there are not enough inventories during the peak demand such as Christmas. The customers may find out that a product is out of stock and the customer service needs to inform them. Customers may leave the website disappointed and look at a similar product on another websites and stores.

The last weakness that occurs according to the research is about the delivery of the goods. The products may arrive to the customers broken as they were damaged during the delivery by the postman. This leads to sending the products back to the office for check-up and replacing it with a undamaged one or refunding the item.

6.2 External Situation

6.2.1 Opportunities

In order to fulfil customers' needs and offer the latest trends to be avalaible for purchase at the store market research is highly important. As E-Ville focuses mostly on electronics keeping up to date technology for example with mobile phone is highly important and it creates a more trendy feeling about the company for customers if the collection in the website is changing from older products to newer ones.

The company should follow news about technology around the globe. E-Ville is situated in China which is usually the number one place where new technologies are uprising which is one of E-Ville´s competitive advantages. As mentioned at the theory part E-Ville cannot influence on global trends themselves but following what is happening around and doing constant marketing research is invaluable asset for the company.

6.2.2 Threats

One of E-Ville's threats can be the customer's opinion about Chinese products. The trend might change that people prefer to buy products from local factories or within the European Union. If the products arrive often broken and it takes a considerable amount of time for products to arrive, sometimes a month, people prefer to buy similar products from the local stores even though it might be more expensive.

As China is filled with variety of different products, sometimes the website might become flooded with new items. This is a threat as such to customer service as the staff might not necessary know how to assist their customers asking about problems with their products. For example the manual might be in Chinese as a whole and therefore the customers have to wait to get an answer for a period of time until the customer service has enough knowledge about the different products.

One of the survey responses described the lack of communication between the warehouses of the company. This can effect on the efficiency of customer service if the communication is not working properly and the information between the warehouses is lacking. For example a customer is waiting a reply for a defect product. The warehouses are emailing to each other about the specific product but because of a lack of communication it might take a considerably amount of time until the customer gets a reply leading to negative feedback.

7 RECOMMENDATIONS FOR E-VILLE

7.1 Tackle the constraints and threats

In order to keep the customers satisfied it is important to provide good service even after the purchase is done and the product has been sent. Every customer is equal and no customer should be treated better or worse than the other one. In order to keep customers to E-Ville from going to buy similar products from similar stores in their local markets it is important for the customer service to have fast and efficient replies to their customers in the first place.

Even though the product delivery times can take a few weeks to reach their customers E-Ville has to think why is it still worth it to purchase their products rather than the ones offered in the local stores. E-Ville has always kept their prices in considerable amounts compared to the local stores in Finland which attracts customers to buy their products all the way from China.

A regular product research is important to offer quality products to the customers. The customer service should always have the proper knowledge about the goods offered. This is one of the threats which can be solved by dividing each type of goods for one individual working at customer service in order to have efficient service. For example one person solely answers customer's replies over mobile phones as the other one answer for products for cars such as diagnostic scanners. This can tackle the constraint of spending time to study and research every single product which customers have problems with.

One of the problems is that the manuals might be in Chinese and there might be mismatched information in the products box about its specifications such as the amount of pixels for cameras. The person who goes to the wholesale markets and buys the products in the first place should check the products manuals and the box on top of it not to give false information to their customers. According to the survey one of the problems is as stated above is incomplete product information. The customer

service cannot answer to customers' enquiries about the products without the knowledge about what they are selling. This can be tackled already when the products are purchased from the wholesale markets in the first place as stated above for example to get the manuals translated when the items are bought from the wholesale.

In order to tackle the constraint of lack of communication between the warehouses it is important to have a variety of channels to communicate. Not only the warehouses should work closely together, a variety of communication channels should be used. The warehouses should not only share information via emails, it might be better to use a Skype conversation or online meetings for a more efficient way of communication. The employees should divide different products, enquiries and such to specific persons in order to know who answers to what. This leads to quicker answers and efficient communication between the warehouses as the employees know exactly which person can answer to a specific question.

7.2 Make use of their competitive advantages and opportunities

Like stated in the surveys answers the biggest advantage and disadvantage for E-Ville the same time is the fact the company is located in China. As the company is located in China but can offer customer service in Finnish creates a trustworthy image for their clients. Most of the products nowadays are made in China and the fact that a Finnish company is situated where the products are made makes it easier to divide quality products from the huge variety of goods China has to offer.

As E-Ville is located in China it can easily offer the latest technology which is usually made in China and update their website with new items frequently. It might be more difficult for Finnish companies in Finland to get the latest technologies first hand than the ones located in China. E-Ville can easily expand their variety of goods available for their customers from China.

8 CONCLUSION AND DISCUSSION

A relationship is something we always need to work on and esteem if it's at home, with our family and friends. The same goes with customers. To believe that like in any other relationship, we must esteem our relations with our customers. Understanding and knowing the customers is a part of a proper management. Being individual is very important as well and making an effort to fit yourself to the customer needs.

Focusing on conservation customers rather than recruiting new ones is very important since it is very hard to bring back an unsatisfied customer who abandoned the company.

Always think 10 steps ahead. How can to spoil the customers? How to make the customers happy and satisfied? How to make sure the customer knows to be taken care of?

An excellent service and professionalism are an integral part of customer retention. Patience is also very important and giving the customer a sense that the only thing to care about is giving him/her all the service and attention that's needed.

A customer has to be satisfied even if he/she is not right since an unsatisfied customer will not recommend the company.

The online survey was a good way to analyze the customer service of E-Ville. To understand what the difficulties for the customer service are it is important to analyze the result of the survey done. SWOT analysis is a comprehensive tool in order to analyze the ups and downs of the customer service of E-Ville and to give suggestions on how to improve it.

REFERENCES

Brics. 2012. Joint Statistical Publication. Referred 6.12.2012.
http://www.bricsindia.in/publication/chapter6.pdf

Emerald Insight Staff. 2003. Service Quality. Bradford: Emerald Group Publishing Ltd. Referred 1.4.2012.
http://site.ebrary.com.lillukka.samk.fi/lib/samk/docDetail.action?docID=10149873&p00=service+quality+gap+model

Gillham, B. 2010. Case Study Research Methods. GBR: Continuum International Publishing. Referred 14.1.2013.
http://site.ebrary.com.lillukka.samk.fi/lib/samk/docDetail.action?docID=10404926

Janda, S., Trocchia, P.J. & Gwinner, K.P. 2002. Consumer perceptions of Internet retail service quality. In: Dr. Ko, de R. 2002. Research in e-Service. GBR: Emerald Group Publishing Ltd. Referred 14.3.2013.
http://site.ebrary.com.lillukka.samk.fi/lib/samk/docDetail.action?docID=10052791

Lee, G.G. & Lin, H.F. 2005. Customer perceptions of e-service quality in online shopping. In: Fernie, J. 2005. Online Shopping. GBR: Emerald Group Publishing Ltd.
http://site.ebrary.com.lillukka.samk.fi/lib/samk/docDetail.action?docID=10085619

Marsh 2012. Understanding China's Business Risk Environment. Risk Alert. Vol. V, Issue 3. Referred 6.12.2012.
http://www.rimas.org.sg/files/Understanding%20China%27s%20Business%20Risk%20Environment.pdf

Parasuraman, A., Zeithaml, V. A., & Berry, L. L..1988. A Multiple-Item Scale for Measuring Customer Perceptions of Service Quality. Journal of Retailing, Spring 1988, Vol. 64 Issue 1, p5-6. 2p. Referred 10.5.2013.
http://search.proquest.com.lillukka.samk.fi/docview/228609374/13CDA8BD94072DD2248/4?accountid=13708

Parasuraman, A., Zeithaml, V.A., & Berry, L.L..1985. A Conceptual Model of Service Quality and Its Implications for Future Research. Journal of Marketing, Fall 1985; Vol. 49, p41-50. Referred 10.5.2013.
http://search.proquest.com.lillukka.samk.fi/docview/209267557/fulltextPDF/13CE4380472112D2EE5/8?accountid=13708

Renganathan, R. 2011. Service Quality in Hospitality Services: Gap Model and Factor Analaysis. European Journal of Social Sciences. Vol. 26 No. 2 (2011), pp. 159-

175. EuroJournals Publishing, Inc.
http://www.europeanjournalofsocialsciences.com/ISSUES/EJSS_26_2_03.pdf

Spiegel, R. 1999. Study: Top-Customer Service Drives E-Commerce Sales. E-commerces times. Referred 6.9.2012. http://www.ecommercetimes.com

Website of BBC. Referred 8.12.2012. http://news.bbc.co.uk/

Website of Doing Business. Referred 3.3.2013. http://www.doingbusiness.org/

Website of E-ville.com. Referred 20.11.2012. http://www.e-ville.com/en/

Webiste of The World Bank. Referred 8.12.2012.
http://www.worldbank.org/en/country/china

Website of US-China Business Council. Referred 8.12.2012.
https://www.chinabusinessreview.com/

Xu, J & Mohammed, Q. 2009. Intelligent Information System – Vol. 2 E-business In The 21st Century: Realities, Challenges and Outlook. SGP: World Scientific Publishing Co.
http://site.ebrary.com.lillukka.samk.fi/lib/samk/docDetail.action?docID=10422509

Zeithaml, V.A. & Bitner, M.J. 2003. Services Marketing: Integrating Customer Focus Across the Firm. 3Rd Edition. NY: McGraw-Hill.

Online survey

	Strongly disagree	Disagree	Neutral	Agree	Strongly agree	Standard deviation	Responses	Weighted average
There is sufficient marketing research focusing on service quality	0	1	**2**	0	0			
						0.8	3	2.67 / 5
	(0%)	(33%)	**(67%)**	(0%)	(0%)			
The result of the marketing research is sufficiently used to improve customer service	**1**	1	1	0	0			
						0.49	3	2 / 5
	(33%)	(33%)	(33%)	(0%)	(0%)			
There is sufficient interaction between the management people and customers	0	0	**1**	1	1			
						0.49	3	4 / 5
	(0%)	(0%)	**(33%)**	(33%)	(33%)			
There is enough communication between the managers and employers	0	**1**	0	1	1			
						0.49	3	3.67 / 5
	(0%)	**(33%)**	(0%)	(33%)	(33%)			
It is easy for the customer service contact person to contact with the top managers	0	0	0	**2**	1			
						0.8	3	4.33 / 5
	(0%)	(0%)	(0%)	**(67%)**	(33%)			
The company focus more on customer relationship than transaction	0	0	0	**3**	0			
						1.2	3	4 / 5
	(0%)	(0%)	(0%)	**(100%)**	(0%)			
The company focus more on current customers than new customers	0	**1**	0	1	1			
						0.49	3	3.67 / 5
	(0%)	**(33%)**	(0%)	(33%)	(33%)			

The service process is clearly defined	0	**1**	1	1	0	0.49	3	3 / 5
	(0%)	**(33%)**	(33%)	(33%)	(0%)			
The customer service process connects to the service positioning (ie. providing friendly and fair service)	0	0	0	**3**	0			
						1.2	3	4 / 5
	(0%)	(0%)	(0%)	**(100%)**	(0%)			
There is customer-defined service standard based on customer's expectation and priorities	0	0	**2**	1	0			
						0.8	3	3.33 / 5
	(0%)	(0%)	**(67%)**	(33%)	(0%)			
The service process is managed so everyone in the company works based on customer's expectations and needs	0	0	0	**3**	0	1.2	3	4 / 5
	(0%)	(0%)	(0%)	**(100%)**	(0%)			
There are enough people to perform the customer service	0	0	0	**2**	1			
						0.8	3	4.33 / 5
	(0%)	(0%)	(0%)	**(67%)**	(33%)			
New staff is immediately recruited when there are not enough people	0	0	**1**	1	1			
						0.49	3	4 / 5
	(0%)	(0%)	**(33%)**	(33%)	(33%)			
The role of the customer service staff is clearly defined	0	0	0	**3**	0	1.2	3	4 / 5
	(0%)	(0%)	(0%)	**(100%)**	(0%)			
The technology provided by the company enables the customer service staff to perform without any problem	1	0	0	**2**	0			
						0.8	3	3 / 5
	(33%)	(0%)	(0%)	**(67%)**	(0%)			
There is evaluation and compensation system for the customer service staff	1	0	0	**2**	0			
						0.8	3	3 / 5
	(33%)	(0%)	(0%)	**(67%)**	(0%)			
There is empowerment, control and teamwork in the customer service department	0	0	0	**2**	1			
						0.8	3	4.33 / 5

Statement	1	2	3	4	5			
	(0%)	(0%)	(0%)	**(67%)**	(33%)			
The online store has enough inventories during peak demand	0	**2**	1	0	0			
						0.8	3	2.33 / 5
	(0%)	**(67%)**	(33%)	(0%)	(0%)			
Apart from price change, the online store also uses other marketing strategy such as advertising, promotion and service offerings to manage demand	0	0	0	**2**	1	0.8	3	4.33 / 5
	(0%)	(0%)	(0%)	**(67%)**	(33%)			
Customer service always provide all the necessary and actuate information to the company, so the products are delivered without any problems	0	**1**	0	1	1	0.49	3	3.67 / 5
	(0%)	**(33%)**	(0%)	(33%)	(33%)			

What are included in E-Ville's customer service?

All the inquiries that customers have towards e-ville (e.g. shipping, products, warranty, returns, customs...)

Answering via email to all questions customers may have, selling via emails, contacting customers when there is some problem with order (e.g. product out of stock)

In the E-Ville's understanding, what is customer's expectation to E-Ville as a whole? And what are customers expected service standard?

It is important to provide good service as a whole, so therefore it is not enough to just deliver goods for customer. Customer expectation towards expected services starts already before making the purchase, so e-channel (from what channel customer enters the store), to navigation and communication on page (e.g. customer finds product he /she is looking forward, communication on products are clear so customer knows what he /she is buying, terms are communicated clearly), payment (customer is able to pay his/her goods), to fulfillment so when customer receives the package. If anything goes wrong in the process, most likely customer feels that he/she didn't receive the service he/she was expecting and contacts cus-

tomer service or bounce from the page, depending on in what part of the process customer is in.

Products delivered from China, 30 days money back guarantee

What does E-Ville promise to give in customer service?

We provide fair, fast and Finnish customer service to our customers.

e-villes main goal is to be the fairest online store

How does E-Ville evaluate the customer service? Is there any reward system?

There is a customer satisfaction survey which is send to all the customers after certain period time after purchase, it also has questions considering customer service.

The amount of emails is observed **How often do you encounter difficult customers? What do they usually ask for? How do you handle them? Do you get enough support from E-Ville when you handle difficult customers?**

This depends on what kind of perspective CS is looking inquiries, there might be challenging cases, but customers itself should be seen as our customer with potential to make a new purchase. We have guidelines in cases for difficult cases but in most of the cases playing fair solves the case. Rescue cases might involve more e-mailing than when handling 'normal' CS inquiry,

1 per day. Product does not work or the delivery is late. We offer new product, try to fix it and send replacement or give refund. If package is lost, we send new one. If delivery is late, we apologize.

What are the difficulties of E-Ville's customer service?

I would say that the biggest challenge foe e-ville's customer service is time zone, as CS team is working from China it has effect on our replies.

Communication between warehouses in Finland and China. Incomplete product information.

What are the competitive advantages of E-Ville's customer service?

The fact that we're working from China and provide service in Finnish. We aim for fairness and we are willing to develop our operations to provide better service for our customers.

Finnish language, customer money-system

How often do you encounter difficult customers? What do they usually ask for? How do you handle them? Do you get enough support from E-Ville when you handle difficult customers?

This depends on what kind of perspective CS is looking inquiries, there might be challenging cases, but customers itself should be seen as our customer with potential to make a new purchase. We have guidelines in cases for difficult cases but in most of the cases playing fair solves the case. Rescue cases might involve more e-mailing than when handling 'normal' CS inquiry,

1 per day. Product does not work or the delivery is late. We offer new product, try to fix it and send replacement or give refund. If package is lost, we send new one. If delivery is late, we apologize.

What are the difficulties of E-Ville's customer service?

I would say that the biggest challenge foe e-ville's customer service is time zone, as CS team is working from China it has effect on our replies.

Communication between warehouses in Finland and China. Incomplete product information.

What are the competitive advantages of E-Ville's customer service?

The fact that we're working from China and provide service in Finnish. We aim for fairness and we are willing to develop our operations to provide better service for our customers.

Finnish language, customer money-system