

# Investigation of the factors influencing the level of customer satisfaction of the Club Tax-free members at KappAhl Lappeenranta



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KappAhl Lappeenranta**

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This thesis investigates the factors that influence the level of satisfaction of the Club Tax-free members at KappAhl Lappeenranta. The research was executed for KappAhl Oy, which is a fashion chain that sells clothes for women, men and children. The purpose of the thesis was to discover areas that KappAhl could develop in, in order to increase the level of customer satisfaction of the members of Club Tax-free. The research questions were to discover the current level of satisfaction of the club members and the factors that influence the level of satisfaction.

The research method used in this thesis was a quantitative survey study, which was implemented during January 11th - March 23rd, 2010 for the paying Club Tax-free members at KappAhl Lappeenranta. In total, 61 responses were received.

According to the results, the club members of KappAhl Club Tax-free who visited KappAhl Lappeenranta were satisfied or very satisfied with all aspects of Club Tax-free. The results suggest that KappAhl could further improve the level of satisfaction of the club members by developing for example the following aspects: welcome on arrival and presentation of clothing. The club members also wanted to receive more discounts, club mail and information about the Club Tax-free.

Key words: Customer satisfaction, customer loyalty, customer loyalty programs

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Tämä opinnäytetyö tutkii Club Tax-free jäsenten asiakastyytyväisyyteen vaikuttavia tekijöitä KappAhlin Lappeenrannan myymälässä. Asiakastyytyväisyystutkimuksen toimeksiantajana oli KappAhl Oy, joka on ruotsalainen vaateketju. Opinnäytetyön tarkoituksena oli selvittää alueet, joita kehittämällä KappAhl voisi lisätä Club Tax-freen jäsenten asiakastyytyväisyyttä. Tutkimuskysymyksiksi määriteltiin: mikä on clubin jäsenten tämänhetkinen tyytyväisyystaso ja mitkä tekijät vaikuttavat asiakastyytyväisyyteen.

Opinnäytetyössä käytetty tutkimusmenetelmä oli kvantitatiivinen asiakastyytyväisyystutkimus, joka toteutettiin KappAhlin maksaville Club Tax-freen jäsenille 11.01 - 23.03 2010 Lappeenrannan myymälässä. Kyselyyn vastasi yhteensä 61 henkilöä.

Tulosten perusteella voidaan sanoa, että Lappeenrannan myymälässä asioineet Club Tax-freen jäsenet ovat tyytyväisiä tai erittäin tyytyväisiä kaikkiin Club Tax-freen osa-alueisiin. Tutkimustuloksista kävi ilmi, että kehittämällä seuraavia osa-alueita: tervehtiminen myymälään saapuessa ja vaatteiden esillepano KappAhl voisi nostaa clubin jäsenten asiakastyytyväisyyttä. Clubin jäsenet halusivat myös lisää alennuksia, clubpostituksia ja informaatiota Club Tax-freestä.

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## 1 Introduction

In order to cope with the current competitive market situation, companies need to make sure that they are meeting or exceeding the requirements and wishes of their customers. When these requirements and wishes are met, customers are satisfied. This is why customer satisfaction is one of the operational objectives for many companies. If a company is not aware of the factors that contribute to the level of satisfaction, it is difficult for it to improve in the areas that are most important to their customers. This is why customer satisfaction and the areas and issues that have an effect on it should be measured on a regular basis. Customer satisfaction is also linked to customer loyalty. Since it is more cost-effective for a company to retain its existing customers satisfied, rather than to try to acquire new ones, customer loyalty is the ultimate objective for every company. This is one of the reasons why customer loyalty programs are popular.

### 1.1 Background of the thesis

The idea for this thesis was created when the authors contacted the marketing coordinator of KappAhl Eija Heinonen, and asked if KappAhl had a possible thesis subject. Heinonen said that KappAhl was interested in discovering how the KappAhl Club Tax-free, that had been launched recently, had been received by the club members and how satisfied the members were with the club and in addition how the members would like to develop the club. KappAhl would then use this information to develop the club according to the club members' wishes. KappAhl was also interested in discovering what channels to use for marketing communications and what benefits the club members would like to receive.

### 1.2 Objectives and scope of the study

The scope of this investigation is to discover the current level of satisfaction of the Club Tax-free members and what the factors that affect it are. Based on this information the objective is to discover areas that KappAhl could improve and develop and as a result increase the level of satisfaction.

### 1.3 Outline of the thesis

The outlining of the thesis was discussed together with Heinonen and it was decided that the research would be outlined to include the paying KappAhl Club Tax-free members of KappAhl Lappeenranta shop. This decision was made because the percentage volume of Russian customers had been the highest in KappAhl's Lappeenranta shop. In addition the Lappeenranta shop had also recruited the highest number of new club members.

#### 1.4 Research questions

In order to achieve the objectives that were set for this investigation the answers to the following research questions need to be discovered.

The research questions are:

- What is the current level of satisfaction of the members of KappAhl Club Tax-free?
- What are the factors that affect the level of satisfaction?

#### 1.5 Research method

The empirical part of the investigation will be implemented as a quantitative survey-study for KappAhl Lappeenranta shop's KappAhl Club Tax-free members. The survey will be distributed at the checkout counters to the paying club members. The club members will be identified by their Club Tax-free cards. Originally it was intended that the survey would be distributed during January 2010 but since the launch of the investigation was delayed and the collection of responses was slower than expected, the actual duration of the collection of responses was January 11th - March 23<sup>rd</sup>, 2010.

#### 1.6 Structure of the thesis

This thesis has been divided into five sections. The first section is the introduction. This section contains the scope of the study, choice of the research context, the purpose of the study and the structure of the study. In addition an overview of the case company is included in this section. The second section is the theoretical background of the research. In this section the following topics are described: customer satisfaction, customer loyalty and customer loyalty programs. The third section is the research approach, method, reliability and validity of the thesis. The fourth section is the empirical study of the investigation. This includes the description and analysis of the investigation. The fifth and last section is the results and conclusions section. In this section the findings of the investigation will be presented and discussed.

## 2 KappAhl

KappAhl is a Swedish fashion chain that sells a varied range of clothes for women, men and children. At the end of 2009 KappAhl employed approximately 4300 people. The CEO of KappAhl is Christian W. Jansson. KappAhl's head office, design, purchasing and marketing departments, stock management, and distribution centre are located in Mölndal, Sweden. In the 12-month period that ended on 31 August 2009, KappAhl's net sales were approximately SEK 5

billion and the operating profit was SEK 525 million. KappAhl is listed on the OMX Nordic Exchange in Stockholm. (KappAhl)

KappAhl was founded in 1953, when Per-Olof Ahl opened a shop selling coats in a basement on the outskirts of Gothenburg. By 1954 the turnover of the shop exceeded 4.5 million Swedish kronor (SEK). In 1963 KappAhl had 25 shops and their total turnover was SEK 50 million. By the end of the 1960's the number of shops had increased to 50. The beginning of the 1970's was a difficult time for KappAhl and the whole Swedish clothing industry. KappAhl however managed to overcome the difficulties. During the beginning of the 1970's KappAhl also expanded its product offering to include children's wear. The decade ended with a devaluation of the Swedish krona, which reduced domestic consumption. KappAhl however achieved its best profit heretofore at SEK 12 million. (KappAhl)

In the 1980's the fashion industry was in crisis due to strikes and lockouts that affected the whole country. KappAhl still was able to increase the number of shops and sales. In addition the company made the decision to start selling clothes for the fuller figure, which attracted attention. In 1985 KappAhl opened its first shop outside Sweden, in Switzerland. A few years later the company expanded to Norway and Finland. In 1988 Per-Olof Ahl gave the responsibility of the company to his son, Pieter. In the beginning of 1990's KappAhl was sold to the Swedish Cooperative Union (KF). By 1993 the sales of the company had increased to SEK 2 billion and the company now had 131 shops in Sweden, Norway and Finland. Operations in Switzerland had been terminated. In 1997 KappAhl acquired all the shops in the Danish Mac-Coy chain and in 1999 KappAhl opened two shops in Poland. (KappAhl)

During 2000-2002 KappAhl opened eight shops in Poland and one in the Czech Republic but in 2002 a new executive management team decided to postpone any further international expansion. The focus of the company was centralized on the Scandinavian market and operations in the Czech Republic and Denmark were ended. In 2004 KappAhl was acquired by Nordic Capital and Accent Equity Partners. In February 2006 KappAhl was listed on the Stockholm Stock Exchange, OMX. (KappAhl)

The vision of KappAhl "is to be the leading and most profitable fashion chain in the Nordic area for the customer group aged 30-50. This is the vision that drives KappAhl forward. It says where we are heading and what we are striving for together. All our day-to-day activities are to lead ultimately towards the vision." "Each initiative, each change, each decision." (KappAhl)

KappAhl's mission is "Value-for-money fashion with wide appeal. It is the company's task to give people the opportunity to be well dressed. When customers have shopped at KappAhl they should feel fashionably dressed and that they have spent their money wisely." (KappAhl)

“KappAhl’s strategy is aimed at earnings growth and improved profitability.

The strategy consists of expanding the store network, continually upgrading stores, increasing sales in existing stores, using economies of scale in the business model.” (KappAhl)

KappAhl’s women’s clothes are sold under the KappAhl, Soft, Creem, Number One, Body Zone and XLNT brands; the clothes for children are sold under the KappAhl, Lab Industries, KAXS and Bodyzone brands; and men’s clothes are sold under U.S. POLO ASSN, Madison Avenue, Redwood and Bodyzone brands. The shares of KappAhl’s net sales are: Woman 58% Child 28% Man 14%. (Alacra Store)

The target customer group of KappAhl is women aged 30 to 50 who buy for all members of the family. KappAhl has approximately 300 shops in Sweden, Norway, Finland, Poland and the Czech Republic. The company’s largest market is Sweden. The total value of KappAhl’s market at the beginning of 2009 was SEK 194 billion. (Alacra Store; KappAhl)

The first five KappAhl shops in Finland were opened on March 15<sup>th</sup>, 1990. The shops were located in Helsinki, Tampere, Kuopio, Espoo and Turku. In March 2009, KappAhl operated 55 shops in Finland. In the financial year 2008/2009 the sales for Finland totalled SEK 665 million. KappAhl’s competitors in Finland include Seppälä, Aleksi 13, Dressman, Lindex and Hennes & Mauritz. In addition all companies that operate in the clothing retail industry are KappAhl’s competitors. (KappAhl Annual report; Lahtinen 2010)

### 3 KappAhl Club in Finland

KappAhl Club is a customer loyalty program for the regular customers of KappAhl. KappAhl Club was established in January 2006. (Heinonen 2010)

Even though the KappAhl Club was not established until 2006, KappAhl has gathered information about its customers into a loyal customer database, since the beginning of the 1990’s. During the 1990’s KappAhl’s customers were asked in shops if they would like to join a mailing list. The mailing list only had the names and addresses of the customers. By joining the list customers received invitations to special customer events in shops. In total the mailing list had approximately 100,000 members. (Heinonen 2010)

In 2002, KappAhl began an electronic mailing list called eVip. Customers were able to join eVip by registering at KappAhl’s website. Members of the club received a monthly discount coupon that they could print out from KappAhl’s website and redeem at KappAhl stores. eVip had approximately 40,000 members. The KappAhl Club was officially launched in January 2006 but in November 2005 members of KappAhl’s mailing list and eVip received notifications that they would become members of the KappAhl Club. At that time all members of KappAhl’s

mailing list and eVip were sent their new KappAhl Club membership cards and a voucher worth 10 euros. At the same time KappAhl's mailing list and eVip were terminated. The contact information that had been gathered about the members was transferred into a new customer database. (Heinonen 2010)

Customers can join the KappAhl Club by filling in a registration form at KappAhl's website or at a KappAhl store. Joining the club is free. Members of the club receive special offers, discounts and other benefits such as trend information, style tips and opportunities to enter various competitions. In addition club members are offered special offers from affiliates. The different communication channels KappAhl uses to contact their club members are e-mail, SMS and regular post. (Heinonen 2010)

KappAhl defines a loyal customer based on the customer's buying behaviour. Loyal customers are important to KappAhl and an increasing amount of marketing communications and customer service is directed at them. When new KappAhl stores are opened the staff has a training that focuses specifically on KappAhl Club and how important it is to KappAhl. The importance of the Club is also emphasized during trainings for the staff of existing stores. The percentage of club sales out of total sales is also monitored for each store, and if for some reason the percentage is low, the reasons behind this are investigated. (Heinonen 2010)

All information about the club members is stored in a database that is located at the head office of KappAhl in Mölndal. In Finland the employees of the head office have access to the customer database. The updating and managing of the database regarding the club members of KappAhl club in Finland has been outsourced to an advertising agency. The advertising agency also takes care of the customer service of the club members. (Heinonen 2010)

When customers join the KappAhl Club they are asked to fill out a registration form in which they are asked the following information: name, address, e-mail address, cell phone number, gender and children's years of birth. This information is stored in the database. After joining the club, the club member receives his or her club card by mail. The club card is used to monitor the sum and frequency of the club member's purchases. This information is also stored in the customer database. (Heinonen 2010)

The purchases of club members are monitored at a personal level both weekly and monthly. The information in the database is analyzed and club mailings to club members are sent according to the analysis. Club mailings include e-mails, SMS messages and printed club mail which is sent to the club member's home address. Depending on the content and the size of the mailings, the mailing is sent to either the club members with the highest amount of purchasing events or club members who belong to a certain customer segment. SMS offers and e-mails however are sent to all club members who have provided their cell phone number

and/or e-mail address. This is however going to change in the near future, as KappAhl is planning to further segment its marketing communications. (Heinonen 2010)

KappAhl also uses the database to compare the average customer with the average club member. KappAhl compares for example the average sum of a single purchase. According to Heinonen, the average sum of a single purchase of an average customer is lower than the same of an average club member. In addition KappAhl monitors how much of the total sales come from club member purchases. (Heinonen 2010)

#### 4 KappAhl Club Tax-free

KappAhl Club Tax-free is a customer loyalty program for the Russian customers of KappAhl who travel to Finland on a regular basis. The idea for KappAhl Club Tax-free originated when special attention was paid to the buying behaviour of Russian customers. The number of Russians travelling to Finland was increasing and KappAhl noticed that this customer group had potential that had not been utilized. It was also noticed that especially in KappAhl's Lappeenranta, Imatra and Helsinki stores the percentage of total sales that was generated from the purchases made by Russian customers was high when considering the size of the customer group. In addition, the average value of purchases made by Russian customers was significantly higher than the average value of purchases made by an average Finnish customer. The difference is partly explained by the fact that, in order to receive the tax-free refund which Russian customers are entitled to, the sum of purchases has to exceed €40. (Global Refund; Heinonen 2010)

KappAhl Club Tax-free was launched in April 2009. Club members were recruited at all KappAhl stores in Finland. The recruitment happened at checkout counters where all Russian customers were asked if they would like to join the club. A customer can join the club by filling out a registration form (see Appendix 1), that asks for the customer's name, address, year of birth, e-mail address and cell phone number. In addition the customer is asked how he or she would like to receive club mail: either by e-mail or SMS. After filling out the registration form the customer receives his or her KappAhl Club Tax-free card. The number of club members is not exactly known, as the registration forms are typed into the database by only one person, so the actual number of club members is higher than the number of club members who are registered in the customer database. (Heinonen 2010)

Before launching the Club Tax-free, KappAhl implemented a survey for the Russian customers of the Lappeenranta store, in June 2008. The survey included for example questions about the frequency of visiting Finland, interest in becoming a club member of KappAhl, and the preferred media for receiving information about the club and club offers. The survey was answered by a total of 103 respondents. The results revealed that 83 respondents travelled to

Finland at least once per month and 92 of the 103 respondents were interested in becoming a club member. In total 53 of the 92 respondents answered that they would like to receive information about the club via e-mail. Based on the results of the survey the decision to launch Club Tax-free was made. In addition it was decided that offers and other club mail would be sent to the club members primarily by e-mail. (Heinonen 2010)

The benefits of the club currently include a continuous benefit that entitles the customer to a percentage discount when the sum of his or her normal priced purchases exceeds €100. The discount percentage increases when the volume of purchases exceeds certain levels. The discount levels can be seen from Table 1.

| Total sum of normal priced purchases | Discount percentage |
|--------------------------------------|---------------------|
| €100-149                             | 5 %                 |
| €150-200                             | 15 %                |
| €200+                                | 20 %                |

Table 1: Discount percentages of Club Tax-free members

In addition to the continuous benefit, club members receive special offers and discount coupons via e-mail and SMS. An example of an e-mail offer that has been sent to club members can be seen from Appendix 2. In order to claim the benefits, the club member needs to show his or her club card at the checkout counter. (Heinonen 2010)

Currently the members of KappAhl Club Tax-free are not segmented into smaller customer groups according to value or frequency of purchases. This is because the volume of the club members is small. However, KappAhl stores information about the club members on a personal level into a customer database that is located in Sweden. If and when the volume of club members reaches a certain level, they will be segmented into different groups, and mailings will be sent accordingly. Currently the club members are not segmented because according to KappAhl it is not yet profitable. (Heinonen 2010)

## 5 Customer satisfaction

According to Oliver (Grigoroudis & Siskos 2010, 4) “customer satisfaction is the consumer’s fulfilment response. It is a judgement that a product or service feature, or the product or service itself, provided (or is providing) a pleasurable level of consumption-related fulfilment, including levels of under- or over fulfilment.” According to Hill, Roche & Allen: (2007, 32) “customer satisfaction or dissatisfaction, is the feeling a customer has about the extent to which their experiences with an organization have met their needs.” Although there are mul-

multiple approaches to defining customer satisfaction, the most popular definitions are based on the fulfilment of customer expectations. (Grigoroudis & Siskos 2010, 4)

Customer satisfaction is one of the key operational objectives for many organizations. Therefore companies invest heavily to improve the performance of areas that contribute to customer satisfaction, such as quality and customer service. If the results of these investments are not measured, it is impossible to know if these investments have actually improved customer satisfaction. Customer satisfaction measurement also provides a sense of achievement or accomplishment for employees involved in the customer service process. Customer satisfaction is a leading indicator that foresees future customer behaviour. It is necessary for a successful business. Customer satisfaction is also the main cause of loyalty, however satisfaction is not enough; according to Hill et al. and Jones & Sasser customers have to be highly satisfied in order to be loyal. (Grigoroudis & Siskos 2010, 4; Hill et al. 2007, 1, 4-5; Jones & Sasser 1995)

According to Griffin and Jones & Sasser some research suggests that even a high level of customer satisfaction does not convert into repeat purchases and increased sales. For example according to the Harvard Business Review between 65 and 85 percent of customers who chose a new supplier said that they were satisfied or highly satisfied with their former supplier. Most managers think that customer satisfaction scores and customer buying behaviour have a positive correlation. They believe that when the customer satisfaction score of a customer increases the customer's share of spending and rate of referral increases also and that they are furthermore willing to pay a higher price. However Griffins and Jones & Sasser's findings suggest that this correlation is unreliable. This is mainly because current customer satisfaction measurement systems are not a reliable predictor of repeat purchases. Customer satisfaction is a critical but not a sufficient condition for a customer relationship to be strong. According to Storbacka & Lehtinen customer satisfaction models function inadequately in industries that have strong competition, (Griffin 2002, 2-4; Jones & Sasser 1995; Smith & Wheeler 2002, 28; Storbacka Lehtinen 2001, 77)

### 5.1 Service gaps and dissatisfaction

According to Hill & Alexander (2006, 5-6) dissatisfaction is the reason for losing customers, but there are many reasons that can cause dissatisfaction. The general reason for dissatisfaction is the gap between expectations and experience but the fundamental reason behind customer dissatisfaction can be found in one of the five "satisfaction gaps" which are the promotional gap, the understanding gap, the procedural gap, the behavioural gap and the perception gap. The theory of service gaps studies the differences between expectations and experience. (Grigoroudis & Siskos 2010, 5)

The promotional gap often occurs when a company creates certain expectations for its products or services through marketing into the minds of customers that will be difficult to fulfil. The understanding gap means that the managers of a company do not know what their customers need and want. If it is unknown what the customers value then it is very unlikely that the company will be able to focus on the issues that are the most important to customers. When a company knows what its customers are expecting but is still unable to transfer these expectations into proper operating systems and procedures it is called the procedural gap. The behavioural gap means when a company does have clear operating systems that match the customer's needs but it still does not achieve a high level of customer satisfaction, due to insufficient training to follow the procedures of its personnel. The final gap is called the perception gap which means that the customer's impression of the performance of a company may be different from reality. (Hill & Alexander 2006, 6-7; Grigoroudis & Siskos 2010, 5)

Any of these above mentioned five gaps can be the cause of customer dissatisfaction. These gaps typically arise because a company and its customers have different perceptions between what the company thought it was offering and what the customer believes he or she has received. Only constant measurement of customer satisfaction will make it possible to recognize and close the gaps. (Hill & Alexander 2006, 8)

The service gaps or satisfaction gaps theory is not the only standard comparison that has been used to define customer satisfaction. According to Spreng and Olshavky customer desires should be used when comparing the performance of a product or service, instead of customer expectations. According to Woodruff et al. comparison should be based on performance standards instead of customer expectations. (Grigoroudis & Siskos 2010, 6)

## 5.2 Benefits of customer satisfaction

The ultimate objective for private sector companies is to deliver profits to shareholders but this objective is achieved by delivering results to customers. This is based on the fundamental psychological principle that people will want more experiences that are pleasurable and avoid experiences that are unpleasant. This explains why it is more profitable to retain old customers, than to try to acquire new ones. Customer satisfaction benefits private sector companies in multiple ways that include higher employee satisfaction, sales and profit, and shareholder value. (Hill & Alexander 2006, 19-21)

Another benefit of customer satisfaction is that when customers are satisfied they are less likely to talk about the company they are satisfied with in a negative way. According to Chakrapani, when a customer has a minor service problem, transaction is worth less than \$100, they will tell about it to 9-10 people. According to Hill & Alexander unhappy customers will

probably tell about their experiences to several others. Hill & Alexander also mention that it may require repeated positive encounters to create loyalty but two negative encounters can banish the customer permanently. (Chakrapani 1998, 13; Hill & Alexander 2006, 21)

An additional benefit of customer satisfaction is that it is linked with employee satisfaction. This link between customer satisfaction and employee satisfaction has been recognized widely. Typically employee satisfaction produces higher levels of customer satisfaction because satisfied employees are more motivated to serve customers better. However higher customer satisfaction also produces higher employee satisfaction because employees tend to prefer to work in companies that have low levels of problems and complaints due to high customer satisfaction levels. Satisfied employees are likely to stay longer and in doing so keep valuable expertise and customer relationships within the organization. High staff turnover has a negative effect on customer satisfaction. However, according to the research of Chun and Davies, happy workers do not necessarily result as happy customers. According to them, satisfied customers are important to a business and satisfying employees is a worthwhile objective for many reasons. They continue that customer satisfaction and employee satisfaction can be linked by engaging employees by giving them reasons and ways to please customers and then acknowledging this behaviour. (Chun & Davies 2009; Hill et al. 2007, 20)

### 5.3 Measuring customer satisfaction

Customer satisfaction measurement is an important tool that companies can use to prevent losing customers. It is essential to measure customer satisfaction because an average business loses between 10 and 30 per cent of its customers annually without even knowing the reasons why. The purpose of customer satisfaction is to provide managers with the right information, so that they are able to make the right decisions to maximize customer satisfaction and as a result improve customer retention. Monitoring customer satisfaction is however useless if management is not committed to the process and willing to act on the results. (Cook 2008, 95; Hill & Alexander 2006, 5, 9)

Instead of concentrating on gaining as many new customers as possible companies should take good care of their existing customers. Unfortunately, many companies do the opposite and as a consequence lose more money. (Hill & Alexander 2006, 5)

Customer satisfaction measurement is also important because it can be said that organizations are defined by what they measure. "What a business measures shapes employee thinking, communicates company values and channels organizational learning." (Hill et al. 2007, 35) Issues that are not measured are on the contrary not taken seriously by the employees because it is impossible to base performance management and rewards on them. In addition

whenever something is measured, it is performed, completed and generally improved upon. (Gerson, 1993, 6; Hill et al. 2007, 35)

#### 5.4 Reasons for measuring customer satisfaction

According to Hill et al. (2007, 3) there are four different reasons why effective customer satisfaction monitoring provides essential information for organizations to optimize their benefits from their customer relationships.

The attitudes that a customer has about an organization determine how they are going to behave towards it in the future. Therefore measuring customer satisfaction is a leading indicator of future customer behaviours. The future customer behaviour in turn determines company profitability. Customer satisfaction measurement focuses on measuring customers' attitudes about how satisfied they are with the organization. Customer's attitudes provide the most useful data for managing organizational performance as leading indicators. Customers' loyalty behaviours are also very important to companies but they have already happened. By the time an organization discovers that the customer has chosen a competing product or service, the opportunities have been missed. Measuring customer behaviour is important but it reflects only what has already happened in the past and it does not reveal how to improve on that. The main purpose of customer satisfaction measurement is to provide information on how to improve in the future. (Hill et al. 2007, 3-4)

It is crucial that managers understand the difference and relationship between customers' attitudes and behaviours. It can be said that satisfied customers will be more loyal than dissatisfied customers, so as a result customer satisfaction must be important. However it can also be said that customer satisfaction cannot be important because some satisfied customers defect. In reality there are different levels of customer satisfaction. In most markets it is not enough that suppliers do not dissatisfy customers. In order to maximize the benefits of customer satisfaction they need to do much more. To retain their customers, suppliers need to deliver such good results that rational people will determine that it would be difficult to obtain better results from somewhere else. (Hill et al. 2007, 4-5)

It is true that 'merely satisfied' customers do defect but customer satisfaction is the main reason of customer loyalty. Satisfied customers defect because they are not satisfied enough. To ensure loyalty organizations need to make sure that their customers are highly satisfied, not 'merely satisfied'. Customer satisfaction has a direct effect on profits since dissatisfied customers are more likely to complain, ask for help and cause other problems that consume organizational resources when they are taken care of. However according to Arantola signs of loyal customers are giving customer feedback and complaining. The complaints are made because the customer wishes that the company will improve its operations and as a result the

customer can rationalize to them self why he or she will remain a customer of this company. A dissatisfied customer who does not want to remain a customer of the company would not take the time to make a complaint except if he or she wishes to receive monetary compensation. (Arantola 2003, 40; Cook 2008, 98; Hill et al. 2007, 6; Jones & Sasser 1995)

In order to maintain the level of customer satisfaction needed to keep customers loyal companies should continuously improve their products and services. In addition, they should focus on what is most important to customers. It is waste of time and resources to focus on the areas that are not important to customers. The essence of customer satisfaction measurement is “identifying the extent to which an organization is doing best what matters most to customers” (Hill et al. 2007, 7) and discovering out the best opportunities to improve their performance. This is why a good customer satisfaction survey is based on the most important requirements of customers. Ylikoski refers to these requirements as the ‘critical factors’. When the customer satisfaction survey is constructed this way, it provides specific information about where the organization is not meeting the customers’ expectations and where the organization would obtain best returns from investing in actions or changes to improve customer satisfaction. Many organizations design customer surveys by holding a meeting in which a few managers suggest a list of appropriate topics for the questionnaire. This approach is problematic because often the questionnaire is too long, as managers tend to include many topics on which customer feedback would be interesting. Another problem is that in this approach the questionnaire is about issues that are important to the company’s management, not necessarily to its customers. (Cook 2008 97-98; Hill et al. 2007, 6-7, 43-44; Ylikoski 1999, 158)

According to Ylikoski (1999, 156) customer satisfaction surveys are used to increase customer satisfaction and follow how the implemented procedures affect it. Customer satisfaction surveys have four main objectives: to discover the main factors that influence customer satisfaction, measure the current level of satisfaction, produce suggestions for procedures and monitor the development of customer satisfaction.

## 6 Customer loyalty

Since it costs less and creates more profits for a company to retain its existing customers than to try to acquire new ones, customer retention has grown to be a significant objective for many organizations. Repeat customers are the source of profit and profit is what allows a business to grow. Customer satisfaction is the base for customer loyalty. Customer loyalty is a requirement for the development of a long-term customer relationship. A long-term customer relationship does not build up without target-oriented actions towards the development of the customer relationship. Even the most effective advertisement campaigns cannot solely create customer loyalty. Customer loyalty is guaranteed if a company meets or exceeds the

needs of a customer better than any competitor does and offers good customer service. (Hill & Alexander 2006, 13-14; Lawfer 2004, 13; Ylikoski 1999, 173)

Customer loyalty can be defined solely according to the buying behaviour or the mental state that corresponds with the attitude of the customer, or combination of the two. Customer loyalty is often viewed based on only the buying behaviour of customers but loyalty involves more than making a purchase or repeat purchases. Loyalty means a positive level of commitment that a customer has towards a supplier and it is the degree of positive commitment that differentiates truly loyal customers. When a customer is loyal his or her purchasing behaviour is non-random. This means that the loyal customer has a specific predisposition about what and whom to buy from. Loyalty is not an emotion or an opinion, it is only an activity. (Griffin 1995, 4; Hill & Alexander 2006, 16; Lawfer 2004, 15; Paavola 2006, 35; Ylikoski 1999, 173-174)

### 6.1 Loyal customers

Customer loyalty can be defined in terms of buying behaviour. According to Ylikoski (1999, 174) when considering who is a loyal customer the customers' buying behaviours can be viewed more precisely. In that case the following factors are regarded: the frequency of using services during a certain time period, regularity of the usage of services, length of time from the previous use of service and monetary value of the action.

All these above mentioned factors together determine how much money in total the customer brings to the company. According to Griffin a loyal customer is a customer who "makes regular repeat purchases, purchases across product and service lines, refers others and demonstrates immunity to the pull of the competition." (Griffin 2002, 32)

### 6.2 Customer loyalty levels

Customer loyalty can have different degrees or loyalty levels. The levels of customer loyalty are: suspects, prospects, customers, clients, advocates and partners. The objective for companies is to develop the customer relationships to the next level of customer loyalty. When the customer reaches the advocate stage the company should make sure that the customer stays at this level. The typical distribution of customers through various levels can be seen from Figure 1. (Griffin 2002, 37; Hill & Alexander 2006, 16)

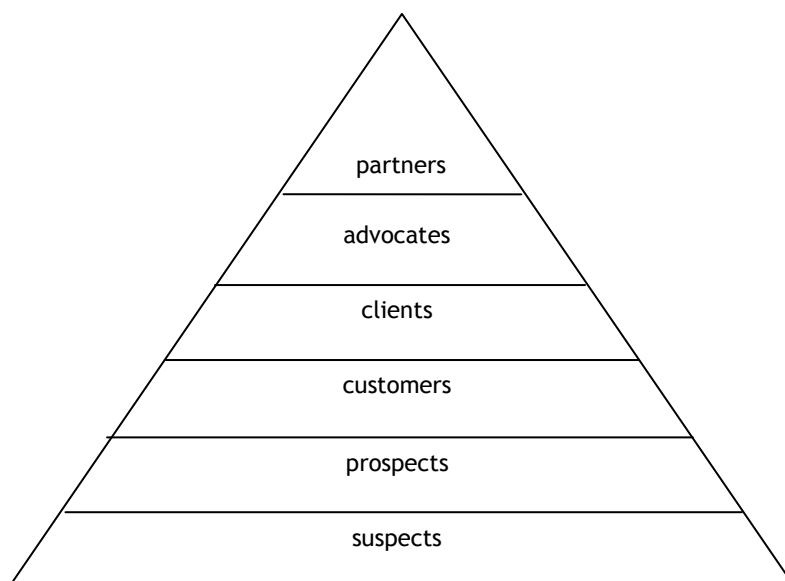


Figure 1: The loyalty pyramid (Hill & Alexander 2006, 16)

Suspects are all the buyers of a certain product category in the market. Suspects are either unaware of the product or are unwilling to purchase it. In order to be a prospect the customer must have a need for the company's product or service and the ability to purchase this product. Turning a suspect into a prospect is the most challenging and expensive part of marketing. In order to avoid wasting marketing resources companies should identify suspects as qualified or unqualified as soon as possible. The company should not waste resources on customers who do not meet the necessary criteria. Prospects are potential customers who are attracted to the product at some level but have not made the buying decision yet. (Cross & Smith 1995, 57; Griffin 2002, 38; Hill & Alexander 2006, 16)

Customers are occasional purchasers of the product who have no real feelings of loyalty towards the company. Customers can be either first-time customers or repeat customers. First-time customers are trying the product or service of a company. If this product or service does not satisfy the customer, the customer is unlikely to make a second purchase. At the first customer stage the customer is likely to examine timeliness, accuracy and other aspects of the products and services that they are purchasing. Suspects, prospects and first-time customers are the most expensive areas for marketers. When a customer becomes a repeat customer, companies have an opportunity to recognize each customer as an individual and offer products, services and information customized to their specific needs. At this stage every interaction can add value. Interactions with the repeat customer should focus on deepening the relationship. To achieve this, companies should use private dialogue instead of mass advertising. (Griffin 2002, 38-39; Hill & Alexander 2006, 16)

The next level of customer loyalty is clients. Clients are customers who buy repeatedly and have positive feelings towards the company but whose support is passive rather than active.

At this level the customer wants to buy products or services from a specific company, even if the costs are higher. At this stage the customer trusts the company, so the company can be more proactive with the client. (Griffin 2002, 39-40; Hill & Alexander 2006, 16; Ylikoski 1999, 183)

Advocates are clients that actively recommend the company to others. At this level word-of-mouth advertising increases. The customer relationship at this level is very strong but at the same time the original buyer's relationship with the company is visible to others. If the advocate recommends the services of the company to a friend, the company must make the new customer feel as valued and important as the advocate who referred them to the company. Advocacy is genuine loyalty that is deeply felt. Advocacy is the highest level of trust. (Cross & Smith 1995, 59; Griffin 2002, 40; Hill & Alexander 2006, 16; Smith & Wheeler 2002, 35)

Partners: Both parties of the customer-supplier relationship see partnership as mutually beneficial and therefore it is sustained. This is the strongest form of the customer-supplier relationship. (Hill & Alexander 2006, 16)

At any stage of loyalty, the customer can change his or her supplier for many different reasons. According to Storbacka & Lehtinen (2002, 112) the reasons why a customer terminates the customer relationship with a company can be divided into three different groups. The first group is customers who have terminated the relationship for no specific reason. The second group is customers who have terminated the relationship, due to a critical customer encounter that has been managed disappointingly. Customers can become inactive due to one very negative experience or multiple smaller negative experiences. The third group is customers who terminate the relationship because they feel that by changing the supplier they will receive more value from a competing company. According to Griffin (2002, 40-41) the further the customer has progressed within the customer loyalty levels, the more the company has to lose if the customer becomes inactive. When a customer becomes inactive it is important to discover the reason that has caused the inactivity, so that the company can win the customer back. According to research studies a business is twice as likely to successfully sell to a former customer, than to a new one. When the customer who has discontinued his or her buying relationship with a company is contacted he or she can explain the reason why he or she has discontinued the relationship. The company then has the opportunity to correct the situation and stop negative publicity. At the same time the company can make sure that the same situation does not occur with other customers. In order to avoid disappointments and discontinuations of the buying relationship the company should be as flexible as possible in exceptional situations, anticipate problematic situations, and rectify disappointing situations well (Pöllänen 1995, 82-86).

### 6.3 Customer attitudes and customer loyalty

When observing customer loyalty more precisely, customers' attitudes are taken into consideration in addition to their behaviour. Customer loyalty then appears in such a way that a customer views a certain company more positively than its competitors. These positive attitudes will lead to positive feelings towards the company and its products or services. The deepest form of customer loyalty is when a customer chooses the products or services of a certain company rather than the products or services of their competitors. Absolute customer loyalty is formed from the length of customer relationship, the customer's emotional bond with a company and centralization relationship between the customer and the company. Absolute customer loyalty occurs when a company has the total share of the customer. Storbacka and Lehtinen (2002, 38) have divided the total share of the customer into the share of the customers 'heart', 'thoughts' and 'wallet'. (Ylikoski 1999, 176)

The length of customer relationship is the time that a customer remains as a client for the same company. The customer's emotional bond with a company is the share of the customers 'heart'. A positive attitude naturally influences a customer's buying behaviour and strengthens it. The share of the customer's 'heart' is especially important in markets that are highly competitive. Without it, it is hard to get a share of the customer's 'thoughts' and 'wallet'. The centralization relationship is the share of the customers 'wallet.' In many cases a customer is loyal to many organizations simultaneously. The deepest level of customer loyalty is achieved when the customer focuses his purchases on only one company. The length of the customer relationship, positive attitudes and the centralization of purchases together form 'true' customer loyalty. All these factors are dependent from each other, the emotional bond affects the behaviour and vice versa. (Storbacka & Lehtinen 2002, 38; Ylikoski 1999, 175-177)

### 6.4 Benefits of long-term customer relationships and customer loyalty

Long term customer relationships and customer loyalty are beneficial for both companies and customers. According to studies, loyal customers are an important asset to companies because loyalty decreases customer turnover and increases customer profitability. Loyal customers buy more than regular customers and from multiple product categories. Loyal customers are not as willing to seek other alternatives and receive offers from competitors as other customers. In addition they recommend the products and services of the company they are loyal to, to others. (Paavola 2006, 263-264; Ylikoski 1999, 180-184)

#### 6.4.1 Benefits for the company

Customer loyalty is beneficial to companies because loyal customers are predictable. Customer predictability reduces operational costs as managing staffing, inventory, growth and hours of operation are easier to manage when a company is able to predict its customers' buying behaviours. Another benefit of loyal customers is that the company is already doing business with them so they do not need to be attracted. Loyal customers are also easier to do business with since the company knows their buying habits and preferences. Doing business with a loyal customer also takes less time. (Lawfer 2004, 43-44)

Long-term customer relationships are the source of financial gain for companies. Customer loyalty significantly affects the profitability of the company. According to a survey by the Harvard Business Review, the improvement of customer permanence by five percent units increased the profit per average customer by 25-100%. (Reichheld 1996, 33; Ylikoski 1999, 180)

A loyal customer is not necessarily a profitable customer immediately. It might take several years until the profits that a customer brings in become bigger than the costs of the customer. The length of a customer relationship together with the part that a company has of the total purchases of a customer determines how profitable the customer can become. Over time a customer becomes more profitable also because the efficiency of marketing investments grow, when the level of loyalty increases. (Griffin 2002, 12; Ylikoski 1999, 181)

In addition to the instant financial benefits that a loyal customer brings to a company there are also gradual financial benefits on the business operations of the company that result from long-term customer relationships. An example of these gradual financial benefits is that a loyal customer is occasionally willing to pay a higher price for the services provided. The reason for this is that the loyal customer feels that the familiar customer relationship is safe and saves the customer's time. It would demand extra effort and time from the customer to make purchases with an unknown company. Another example of gradual financial benefits for a company is that a satisfied customer will tell his or her friends and acquaintances about the company that he or she is satisfied with. This is free marketing for the company and creates interest in new customers. (Ylikoski 1999, 183)

As seen in Figure 2 customer loyalty can also be seen indirectly in the personnel of a company. Satisfied, long-term customers are more pleasant to serve and therefore the stability of the staff increases. Good quality creates customer satisfaction which increases customer loyalty and profits. The stability of staff improves the possibility to produce good quality repeatedly. In addition when a company is spending less to acquire new customers, it is able to pay higher salaries to employees. Higher salaries help to increase employee morale and commitment. When employees stay with an organization longer their productivity rises and training

costs decrease. When employees are overall highly satisfied and experienced they are able to serve the customers better. Personal relationships between employees and customers are also developed when employees stay with an organization longer. Stability of staff is also important because long-term employees know their customers well, so they are able to deliver more value, which again increases both customer and employee loyalty. (Griffin 2002, 13; Reichheld 1996, 21; Ylikoski 1999, 183-184)

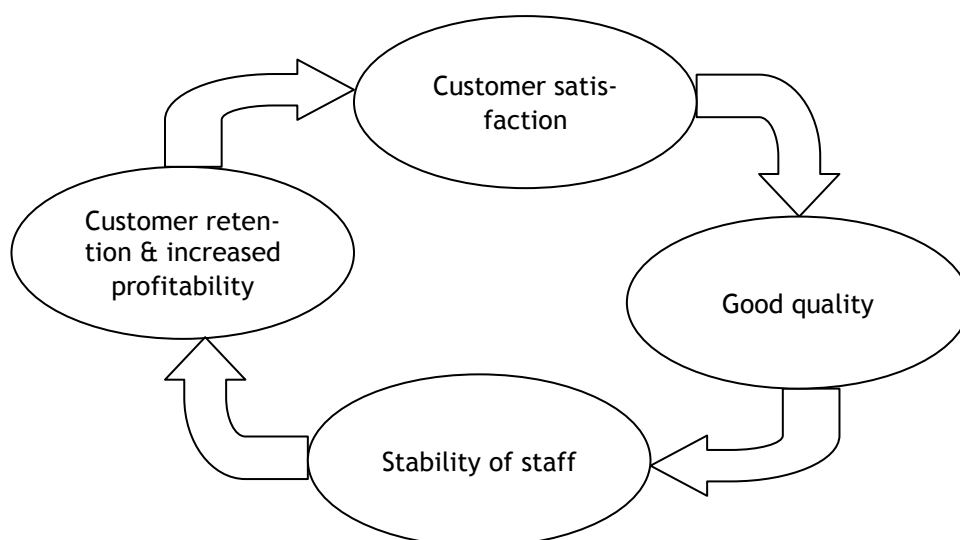


Figure 2: The benefits of customer retention in a company (Ylikoski 1999, 184)

#### 6.4.2 Benefits for customers

Long-term customer relationships are also valuable for customers. The benefits for customers are the relationship between the customer and the contact person, the special treatment that the customer receives and the feeling of safety. The most important of these benefits is the customer's feeling of security. In a good customer relationship, the customer can rely that she or he will receive good service and that any possible problematic situations will be managed well. This is called the psychological benefit. Social benefits are related to the service situations. Customers also value that they are known and a relationship is formed between the customer and the contact person. This is especially important in such services where there is interaction between the customer and the staff. Another benefit for the customers is financial benefits. Financial benefits are for example discounts and offers that are given to loyal customers. Customers also value the fact that they save time when they do not have to use time choosing the company to do business with and when they receive special treatment. A good and stable customer relationship diminishes the customer's need to change company and might even enhance the customer's quality of life. Customers are naturally reluctant to change companies because they cannot know in advance if they are going to benefit from it. (Ylikoski 1999, 184-185)

## 7 Customer loyalty programs

Customer loyalty programs are programs that reward the customer for repeat purchases. Usually the programs are directed to big consumer groups. Customer loyalty programs can be called customer clubs, membership clubs, loyalty schemes, frequency programs or reward programs. The definitions of customer loyalty programs differ but a general definition is that the customer loyalty program needs to have a customer database, a way of becoming a member and prizes. According to Terhanian (2008) customer loyalty programs should appeal “not only to the consumer’s head but also to the heart.” (Arantola 2003, 50-53)

According to Paavola (2006, 224) even though customer loyalty programs are very popular among companies their effect in choosing the place of business or loyalty regarding customers has not been researched thoroughly. Companies assume that customer loyalty programs generate customer loyalty. Some research suggests that customer loyalty programs increase customer loyalty but according to most studies customer loyalty programs do not have a definitive effect on the development of customer loyalty. According to research by Dowling and Uncles (1997) the current reward methods that are used in customer loyalty programs are not able to modify the established behavioural models of customers. According to them customer loyalty programs are more successful if they strengthen the value of the product or service that is offered to the customer. According to research by Mägi (1999, 123-125,128) customers who possessed more than one loyalty card from competing companies were less loyal in terms of quantity or purchases, visiting frequency and centralizing degree than customers who had only one card or no card at all.

In Finland almost each industry has customer loyalty cards. Even small businesses such as ice-cream kiosks and hairdressers have stamp cards that do not generate customer information but their objective is to motivate the customer to purchase again. (Arantola 2003, 72)

### 7.1 Objectives of customer loyalty programs

Loyalty programs are established because of different reasons and backgrounds but the commercial reason for them is a need to level the fluctuations in sales and to be able to predict better how the business operations develop in the future. In addition the objective is to increase the sum and frequency of purchases. Objectives regarding customers are related to acquisition of new customers and customer loyalty. Customer loyalty programs did not introduce discounts and bonus-points to markets but many companies use customer loyalty programs to replace the varied methods of offering customers different incentives in the form of discounts. In addition the objective has been to decrease the importance of discounts and to try to focus the marketing communications on service benefits instead of monetary benefits.

However in the beginning of the 21<sup>st</sup> century marketing communications have focused on financial benefits. The purpose of customer loyalty programs has also been to increase or obtain market share and increase cross-selling. (Arantola 2003, 72)

## 7.2 Using customer data as a resource

In order to develop and maintain customer relationships and customer loyalty programs, companies need to have a database about their customers. Information technology can be used to create a database in which the company can store all data that is essential about the loyal customers. In order to successfully manage the loyal customer relationships companies need to know the loyal customers thoroughly. Each contact with a customer generates information. What is essential is how the company takes advantage of this information. The data can be obtained from the feedback that the loyal customer gives and in addition from other sources such as billing systems. The data is continuously analyzed to discover the needs, level of satisfaction, profitability and level of loyalty of the customer. The procedures that are required to maintain and deepen the customer relationship are defined according to the results of the analysis. (Bergström & Leppänen 1999, 321; Pöllänen 1995, 27, 30, 31; Ylikoski 1999, 193)

In order to obtain the customer data, the company needs to discover a way to identify the customers. This can be done using a customer loyalty card. The customer loyalty card can be shown during purchasing encounters but the company should also make sure that the membership card number can be given when the customer gives feedback via the internet or telephone. Recognizing loyal customers in a face-to-face service situation is difficult because usually the customer is asked to show his or her club card when making a purchase. Therefore it is difficult to recognize customers in service situations when the customer is not buying something. (Arantola 2003, 79)

According to Pöllänen (1995, 38) the most important factors of a successful database are the authenticity of the data, the viability of the data, the accuracy of the data, the user friendliness of the software and ICT systems, cost efficiency, how up-to-date the data is, flexibility and appropriability of the system.

The type of data that is needed about loyal customers depends on the mode of operation of the company. It is impossible to list all the types of data that a customer database can contain but the types of data that are found in most developed customer databases can be seen from Figure 3.

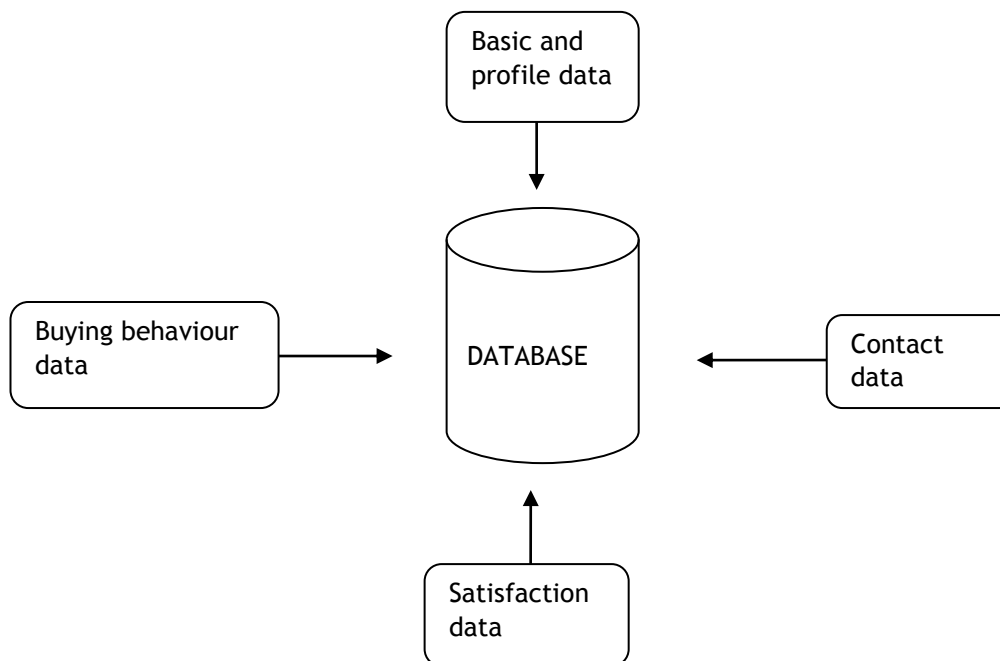


Figure 3: Types of customer data in a customer database (Pöllänen 1995, 35)

The basic and profile data formulate the foundation of the customer database. The basic data is often comprised of the name, address, e-mail address and telephone number of the customer, the beginning date of the customer relationship, and description of other basic events that are significant in relation to the customer relationship. The customer profile data is comprised of age, gender, life situation, family size, income, education, profession, locality and hobbies. The profile data is used to define the buying behaviour of customers. By combining and refining the basic and profile data the company is given information about what style to use in customer communications. In addition the company is given information about the potential income value of the loyal customer. It is crucial that the profile data is updated regularly, as the loyal customers are segmented into customer segments according to the profile data. If the data is incorrect or outdated, the customer is segmented into an incorrect customer segment. The way in which the basic and profile data are collected and updated depends on the nature of the business. If this data is not created and updated during day-to-day business operations, the only option for a company is to create a loyal customer club that requires the customer to join the club. When joining the club, the customer is given a form, in which he or she fills out the data that is needed to set up a database (Bergström & Lepänen 1999, 321; Pöllänen 1995, 35-38)

Buying behaviour data is the most important type of loyal customer data. It answers the questions what the customer buys, how much the customer buys, how often the customer buys, and at what price the customer buys. By combining this data it is possible to discover how loyal and profitable the customer is to the company. However this requires, that the company

knows the customer's service and marketing fees. Collecting and maintaining buying behaviour data does not necessarily require great effort. In many cases the purchasing transactions are recorded into the company's billing system, from which they can be transferred to the loyal customer database. In some areas of business, in order to identify transactions to specific customers a customer loyalty card or some other form of identification is needed. (Bergström & Leppänen 1999, 321; Pöllänen 1995, 40-41)

The contact data represents the actions that the company has targeted towards its loyal customer, and how these actions have influenced the behaviour of the loyal customer. For example the customer's reaction to an advertising campaign. Contact data answers the questions how the customer was contacted, when the customer was contacted, and what was achieved. The contact data includes campaigns, press releases, customer visits, special offers, studies and their timing and results. (Bergström & Leppänen 1999, 321; Pöllänen 1995, 43)

Customer satisfaction data answers the questions about the current strength of the loyal customer relationship, need for immediate actions to solidify the relationship, and the potentiality of the customer to become a reference customer. By using and refining the customer satisfaction data, the company is able to answer the questions about additional measures needed to secure the continuation of the customer relationship and if the customer satisfaction of a single customer can be used to increase the profitability of that customer. (Bergström & Leppänen 1999, 321; Pöllänen 1995, 45)

### 7.3 Benefits of customer loyalty programs

Customer loyalty programs offer different types of benefits to their customers. The objective of offering benefits is to increase the commitment of the loyal customer and to generate additional sales that are profitable. For the consumer customer loyalty benefits are benefits that he or she receives in addition to the normal service level because he or she is good customers. This means that benefits that customers receive immediately after joining a customer loyalty program are not customer loyalty benefits. Benefits should only be offered to customers who meet the requirements of a loyal customer. The structure and number of benefits is proportioned according to the profitability and loyalty of customers. The benefits can be either financial benefits that appeal to rational buying principles, appreciation benefits that appeal to emotional buying principles, or notifying the customership. Figure 4 illustrates the role of benefits in loyal customer marketing. (Arantola 2003, 101, 121; Bergström & Leppänen 1999, 322-323; Pöllänen 1995, 67)

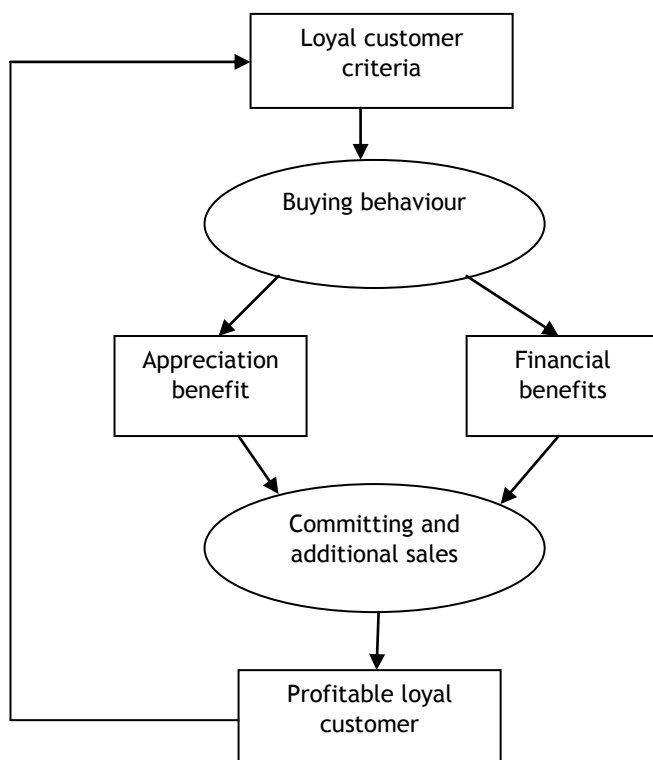


Figure 4: Role of benefits in loyal customer marketing (Pöllänen 1995, 66)

The strength of customer relationships can be increased by offering the customer benefits that are connected to his or her purchasing loyalty. In most cases it is worthwhile to construct the use of benefits for loyal customers in the form of a systematic benefit structure. The benefit structure is a system that is connected to achieving certain levels of purchasing loyalty. In this system the number of financial and appreciation benefits received by the customer increases when the number of their purchases increases. In order to succeed, the benefit structure needs to be cumulative and progressive at different benefit levels. This means that the total number of purchases of the customer is monitored during a certain period of time and that the value of benefits of the customer increases when his or her total number of purchases entitles him or her to move to a higher benefit level. The benefits offered to customers should be so committing that it is difficult for the customer to relinquish them. At the same time the benefits must also change from time to time so that the customer does not lose their interest. By using the above-mentioned benefit structure the company can direct benefits to the customer whose total number of purchases is high, motivate customers to increase their volume of purchases to achieve the next level of benefits, and increase the profitability of the benefit structure as some customers will increase the volume of their purchases but will not achieve the higher level of benefits. (Pöllänen 1995, 67-68; Bergström & Leppänen 1999, 330)

The benefits offered to loyal customers can be divided into financial benefits and appreciation benefits. The marketing communications of loyal customer programs are often focused on financial benefits or benefits that can be assimilated with money. Financial benefits include percentage rebates from all purchases, special offers for loyal customers and points that can be used to purchase items. If the method of collecting points is used, it is important to make sure that the customer is able to monitor accumulation of his or her points. The purpose of financial benefits is to give the customer additional value by lowering costs. In addition financial benefits are central tools of additional sales, and help to increase the profitability of customer relationships. When promoting financial benefits the company needs to plan the communications of the benefits in such a way that the customer understands the logic of the financial benefits and can take advantage of the benefits. In doing so, the customer is transforming his or her buying behaviour to a way that is beneficial for the company. (Arantola 2003, 121 -123; Bergström & Leppänen 1999, 330; Pöllänen 1995, 70)

Appreciation benefits are service elements that differ from the usual service practices of the company. Appreciation benefits are important because they appeal to the emotional buying principles of the customer. Appreciation benefits include special service to loyal customers such as longer period of warranties, loyal customer events, club evenings and loyal customer magazines. Appreciation benefits are more committing than financial benefits, and therefore it might be more difficult for the customer to relinquish them. Offering discounts only commits the customer temporarily and the customer is likely to change to another competing product, if the bonus or discount they receive from it is higher. (Arantola 2003, 101-102, 123-125; Bergström & Leppänen 1999, 330; Pöllänen 1995, 70-71)

Offering benefits generates costs but companies can reduce the costs by offering its loyal customers benefits from partner affiliates. When using these types of benefits it is however important to make sure that the importance of these benefits from affiliates is not too big. It is essential to make sure that it is clear to the customer that he or she receives the benefit because he or she is a loyal customer of the company and not the partner affiliate. (Pöllänen 1995, 73)

In addition to financial and appreciation benefits loyal customers can also be awarded by noticing the customership. Financial and appreciation benefits are easy to communicate to customers as they can be included in the brochures of customer loyalty programs and in marketing communications. Noticing the customership is more difficult to perceive. Customer loyalty programs can use social benefits, symbols and personal notification as forms of noticing the customership. Examples of social benefits are for example the lounge facilities of airlines that are offered to customers who have achieved higher levels of their customer loy-

alty programs. Status symbols are for example customer loyalty cards that are a different colour from the normal customer loyalty cards. (Arantola 2003, 104-105)

#### 7.4 Loyal customer communications

The communication between the loyal customer and the organization should be two-way. It is important that the loyal customer feels that he or she can influence the amount, timing and contents of communications. In this way of communicating, the company takes into account the special relationship that the loyal customer has with the company and his or her higher than average needs. The company should arrange its communications with loyal customers in such a way that it is mostly based on the individual needs of the loyal customer. Some parts of communications will be targeted to bigger loyal customer segments or all loyal customers but the majority of loyal customer communications should be attuned to the stage and situation of each loyal customer relationship. (Pöllänen 1995, 75-78)

### 8 Scientific analysis

According to Heikkilä (2005, 13) "Scientific analysis is a method of problem solving that aims at solving the conformities to law and principles of the research subject." Scientific analysis can be theoretical and empirical. Empirical studies are based on methods that have been developed using theoretical analysis. This method can be used to test if a hypothesis that has been conveyed from theory actualizes. The research problem of an empirical study can also be to discover the reasons for some event, behaviour or solution on how something should be executed.

#### 8.1 Basic requirements of a good investigation

The basic requirements of a good investigation are that it is valid, reliable and objective. (Heikkilä 2005, 29)

##### 8.1.1 Validity

In order to be valid the investigation must investigate what it was supposed to investigate. If the researcher has not set exact objectives for his or her investigation, he or she might investigate incorrect issues. If the terms and variables that are investigated have not been precisely defined, the results of the study cannot be valid. It is difficult to examine validity after the investigation has been executed. Validity must be ensured beforehand. The questions of a quantitative survey questionnaire should measure the right issues unambiguously. The questions must also include the whole research problem. Other means that support the validity of a quantitative research are a careful definition of the universe, a representative sample and high response rate. (Heikkilä 1998, 29)

### 8.1.2 Reliability

Reliability means the precision of the results. An investigation is not reliable if the results are random. The results of an investigation are random when the size of the sample is very small. Reliability means that the investigation can be repeated with similar results. To ensure reliability, the researcher must be precise and critical during the entire course of the investigation, as mistakes can occur when collecting, inputting, processing and interpreting the results. It is essential that the researcher interprets the results correctly. In addition the researcher must make sure that the target group of the investigation represents the whole universe that is investigated. (Heikkilä 1998, 30)

### 8.1.3 Objectivity

Every investigation is affected by the researcher's subjective way of choosing the research method, formulation of questions, analysis methods and way of reporting the results. In addition mistakes can happen even to a careful researcher. It is however inexcusable if the researcher intentionally distorts the results or does not use control measures that are available. The results of the investigation cannot depend on the researcher, so the researcher cannot let his or her own political or moral beliefs affect the outcome of the research process. (Heikkilä 1998, 30-31)

## 8.2 Quantitative and qualitative research

Empirical research can be quantitative or qualitative. The method of research is chosen according to the research problem and the purpose of the study. In some cases the methods can be used together to supplement each other. The main differences of quantitative and qualitative research can be seen from Table 2. (Heikkilä 2005, 16)

### 8.2.1 Qualitative research

Qualitative research is used to understand the research object and explain the reasons behind its behaviour and decisions. Qualitative research focuses on a small amount of incidents but these incidents are analyzed as carefully as possible. The research subjects are deliberately chosen and the purpose is not to make statistical generalizations. Qualitative research utilizes the teachings of psychology and other behavioural sciences. In qualitative research the material is collected in a less structured way than in quantitative research. The material collected is often in verbal format. In addition to traditional questionnaire forms, data is collected using open conversational interviews and theme interviews that focus on a certain subject or 4-8 person group discussions. (Heikkilä 2005, 16-17)

| Quantitative  | Qualitative   |
|---|---|
| Answers the questions: What? Where? How much? How often?  | Answers the questions: Why? How? What kind of?        |
| Numerically large, representative sample                  | Concise, discretionarily gathered sample              |
| Description of the phenomenon according to numerical data | Understanding the phenomenon according to "soft data" |

Table 2: The differences of qualitative and quantitative research (Heikkilä 2005, 17)

### 8.2.2 Quantitative research

Quantitative research is used to investigate questions related to quantities and percentages and the dependencies between different issues or changes in the investigated phenomenon. Quantitative research requires a large enough and representative sample. The material collection in quantitative research is implemented by using a standardized questionnaire with ready-made answer options. The results can be depicted using tables and charts. Quantitative research can be used to investigate the current situation but it is unable to explain the reasons behind the situation. (Heikkilä 2005, 16)

The quantitative research method was chosen for this investigation because the objective was to discover what benefits or issues are important to the club members and how these issues and benefits had been executed by KappAhl according to the club members' point of view. In addition the objective was to include as many club members as possible in the investigation. Combining the qualitative and quantitative research methods was also considered. It was considered that the authors would first interview 3-5 carefully selected club members and ask these members what issues regarding the club & KappAhl were important to them and why, and then formulate a customer satisfaction survey based on these results. The idea of the interviews was however abandoned due to multiple reasons. First of all, in-depth interviews are time-consuming. These interviews would have taken time to implement and in addition the processing and analysis of the results would have been also time-consuming. Another issue was that neither of the authors speaks Russian, so a translator would have been necessary, and this would have generated costs. The selection of possible interviewees would have also been problematic, as they live in another country. (Lotti 1998, 68)

Quantitative methods are research techniques that are used to gather quantitative data. The decision of what technique is used should be based on the target group and what method of information gathering best suits the situation. Different methods include desk research,

postal surveys, telephone interviews, personal interviews, value and attitude surveys, online researches and mobile panels. The method that was chosen for this investigation was a value and attitude survey. This method was chosen because a survey is an efficient and cost-effective way to collect information, when the number of research subjects is high. When using this method the data is collected using a questionnaire form. Using an electronic survey was also considered but when using electronic forms the success of the investigation depends on the technical execution of the questionnaire, and since neither of the authors had any experience about electronic surveys this method was abandoned. The questionnaire was distributed to the paying Club Tax-free members at the checkout counters of KappAhl Lappeenranta. This means that the investigation does not include the whole universe. Instead it covers a random sample of the universe. To ensure that the sample represented the universe as well as possible the questionnaire was offered to all paying club members who purchased something during January 11<sup>th</sup> - 23<sup>rd</sup> of March 2010. (Heikkilä 2005, 18-19, 36)

## 9 Construction of the questionnaire

The questionnaire is an essential part of the survey. The questions of the questionnaire should be designed carefully as the form of the questions is the biggest cause of mistakes. A questionnaire that is not designed carefully can ruin the whole investigation. When designing the questionnaire, the author should consider the research problem and how the data will be processed. The author should also know what program is going to be used to process the data, how the data is going to be input and in what way the results will be reported. Before the formulation of the questionnaire the author should be completely aware of the objective of the investigation. This means that the author should know what the questions are that he or she wants to find answers to. (Heikkilä 2005, 47)

The research questions of this investigation are:

1. What is the current level of satisfaction of the members of KappAhl Club Tax-free?
2. What are the factors that affect the level of satisfaction?

The results of the questionnaire will be processed and analyzed using the SPSS and Ms Excel programs. The results will be reported using tables and figures.

### 9.1 Characteristics of a good questionnaire

According to Heikkilä a good questionnaire has the following attributes:

- The questionnaire is clear, orderly and inviting
- The text and questions are arranged well

- The answering instructions are clear and unambiguous
- Questions only ask about one issue at a time
- The questions are in a logical order
- The questions are numbered consecutively
- Questions that focus on the same subject are grouped in entities
- The questionnaire begins with easy questions
- Control questions ensure the reliability of the answers
- The questionnaire is not too long
- The questionnaire makes the respondent feel like she or he is important
- The questionnaire is pre-tested
- The questionnaire is easy to input and process using a program that is used for statistical analysis (Heikkilä 2005, 48-49)

According to Hill et al. the design of the questionnaire is a more significant factor than the length in terms of success, unless the questionnaire is very long. In self-completion questionnaires the maximum number of questions should be 50, spaced out on four A4 sheets. Although shorter questionnaires are preferred 'per se', it is better to space out the questionnaire on four sheets, than to try to reduce the number of pages by for example using a smaller font. It is better to have a questionnaire that is four pages long but at the same time easier to navigate, understand and fill in. (Hill et al. 2007, 88, 139-141)

#### 9.1.1 Open questions

There are two main types of questions open questions and closed questions. In addition these two types of questions can be combined to create questions that are closed but have open response options. (Heikkilä 2005, 48-52; Hill et al. 2007 127-129)

Open questions allow the respondents to write any response they want to the question. These types of questions can create a big volume of information that is difficult to analyze or use but open questions can sometimes produce new points of view or substantial development ideas. (Heikkilä 2005, 50; Hill et al. 2007 127)

#### 9.1.2 Closed questions

Closed questions are quick, cost effective and easy for both respondents and the researcher. In addition they facilitate clear, unambiguous comparisons. As the main purpose of the customer satisfaction survey is to create and monitor measures, most questions of customer satisfaction surveys are closed questions. Closed questions can be dichotomous, meaning that they have two possible answers that are usually 'yes' or 'no' or multiple choice. The purpose

of closed questions is to simplify the processing of results and eliminate certain mistakes. Some respondents are not verbally talented and therefore cannot formulate their answers, so respondents tend to avoid giving critique. When respondents are offered ready-made answering options they are able to reply even if they have verbal difficulties and giving negative feedback is also easier. The disadvantage of closed questions is that they can tempt the respondents to answer without thinking, the answer options can be misleading or the 'right' option can be missing, and mistakes in classifying cannot be corrected afterwards. (Heikkilä 2005, 50-51; Hill et al. 2007, 128-129)

The questionnaire that was used in this investigation (See Appendix 3 and Appendix 4) included both closed and open questions. The majority of the questions were closed so that the questionnaire would be quick to fill in, and that the responses would be easy to analyze. A general open question was also included, so that the respondents had the possibility to give open feedback and development suggestions regarding the KappAhl Club Tax-free. The age of the respondents was also asked by using an open question because if the age groups were formulated incorrectly they could not be corrected afterwards and the results might have been uninformative. In addition it is easy to create suitable age groups after the ages of the responses have been collected. The original questionnaire was written in English by the authors and it was translated to Russian by KappAhl's translator.

In satisfaction research it is common to use simple verbal scales where each point of the scale is given a verbal description. For example: 'completely agree', 'somewhat agree' or 'very satisfied', 'satisfied.' The problem with these types of scales is that they give an order from good to bad or satisfied to dissatisfied but they do not quantify the order. In addition, it is not known if the distance between 'completely agree' and 'somewhat agree' is the same as the distance between 'somewhat agree' and 'neutral'. However verbal scales are preferred by some because they think that they understand the meaning of each itemized point on the scale. This is also problematic because the meaning of words can be different for different people. When verbal scales are used it is essential to make sure that the scale is balanced. In customer satisfaction surveys this means that the customer is given as many chances to be dissatisfied as to be satisfied. The authors of this investigation chose to use verbal scales as they were seen as more easy to understand as opposed to only including numerical scales. (Hill et al. 2007 112-114, 145)

## 9.2 Introductory letter & incentives

According to Heikkilä (1998, 61-62) the introductory letter is used to motivate the respondent to fill in the questionnaire form. In addition it is used to explain the background and purpose of the investigation. The letter should be written using polite language and it should not be

longer than on page. The introductory letter should contain who is implementing and financing the investigation, the purpose the investigation, the way in which the information of the investigation will be used, instructions on where and how the questionnaire should be returned to, a comment about the confidentiality of the information given, a thank you for the response and the signature of the researcher. According to Hill, Brierley & MacDougall (2003, 54) A good introductory letter is the most effective method to increase the response rate. Incentives such as prize draws, free gifts, coupons and donations to charity are frequently used as techniques to increase response rates. Hill et al. (2007, 89-90) however argue that there is no conclusive evidence that these techniques consistently improve response rates. Instead they may reduce quality of the responses and in addition they are usually costly.

In this investigation the authors chose to use an introductory letter (see Appendix 5) and an incentive (see Appendix 6). The introductory letter explained who is implementing the investigation and the purpose of the investigation. In addition the letter informed that taking part in the investigation was voluntary and information gathered would be reported to KappAhl anonymously. In addition the introductory letter mentioned that as a thank you for the responses the club member would receive a coupon that entitled the club member to a 20% discount from their next purchase. The introductory letter was very important in this investigation as the questionnaire was offered to the club members by the staff of the Lappeenranta KappAhl store and not the researchers themselves. The incentive was used because the authors assumed that it would motivate the club members to take part in the investigation. As with the questionnaire form, the introductory letter was first written in English by the authors and later translated to Russian.

## 10 Empirical part

The empirical part of the investigation was implemented as a quantitative customer satisfaction survey for KappAhl Lappeenranta store's KappAhl Club Tax-free members. The survey was distributed at the checkout counters to the paying club members during January 11th - March 23<sup>rd</sup> 2010. The club members were identified by their Club Tax-free cards.

The data gathered was documented and analyzed using SPSS and MS Excel. MS Excel and SPSS were also used to create graphical presentations.

### 10.1 Results of the questionnaire

The total number of respondents was 61. The number was significantly lower than was expected number of 150 but due to time constraints the authors were forced to end the gathering of the results. One reason that affected the speed of gathering the results was the length of the questionnaire. According to the store manager and staff of the KappAhl Lappeenranta

store the respondents thought that the questionnaire was too long and in addition they did not perceive the discount coupon, which was used as an incentive, appealing enough that it would attract them to fill in the questionnaire. Some respondents also did not answer all questions of the questionnaire form. All forms were however included in the analysis of the results. The questionnaire included background questions, satisfaction questions, importance questions and additional questions that were assigned by KappAhl that concerned various issues regarding the club. In addition the questionnaire included one open question. The questions will now be viewed one-by-one. (Heinonen 2010)

#### 10.1.1 Analysis of background questions

The classification questions were used to determine the background variables of the respondents. The background variables were used to determine what type of people the conclusions of the investigation will apply to. The background questions were questions 13, 14, 15, 16, 17, 18, 19 and 20 (see Appendix 3). The questions were month of joining the Club Tax-free, gender, age, size of household, hometown, frequency of visiting Finland, frequency of visiting KappAhl stores and most common method of transport used when travelling to Finland.

The majority of the respondents had joined the Club Tax-free during December (see Figure 5). Out of the total of 47 respondents, 12 respondents or 26% had joined the Club Tax-free during December. This question was flawed since the gathering of the results was started in January and continued to March but the respondents who had joined the club later than December did not have a response alternative.

The distribution of the respondents according to gender can be seen from Figure 6. Of the 56 respondents 84% or 47 respondents were female and 16% or 9 respondents were male.

The authors did not want to use age groups in the questionnaire because the age of the respondents was not known. By collecting the exact ages of the respondents it was easy to make age groups accordingly after the results had been collected. The age groups were determined so that each age group would have approximately the same number of people. The age groups were: 0-34 years, 35-44 years and 45+ years. Out of the 55 respondents 40% or 22 respondents belonged to the age group 35-44 years, 35% or 19 to the age group 0-34 years, and 25% or 14 to the age group 45+ (see Figure 7).

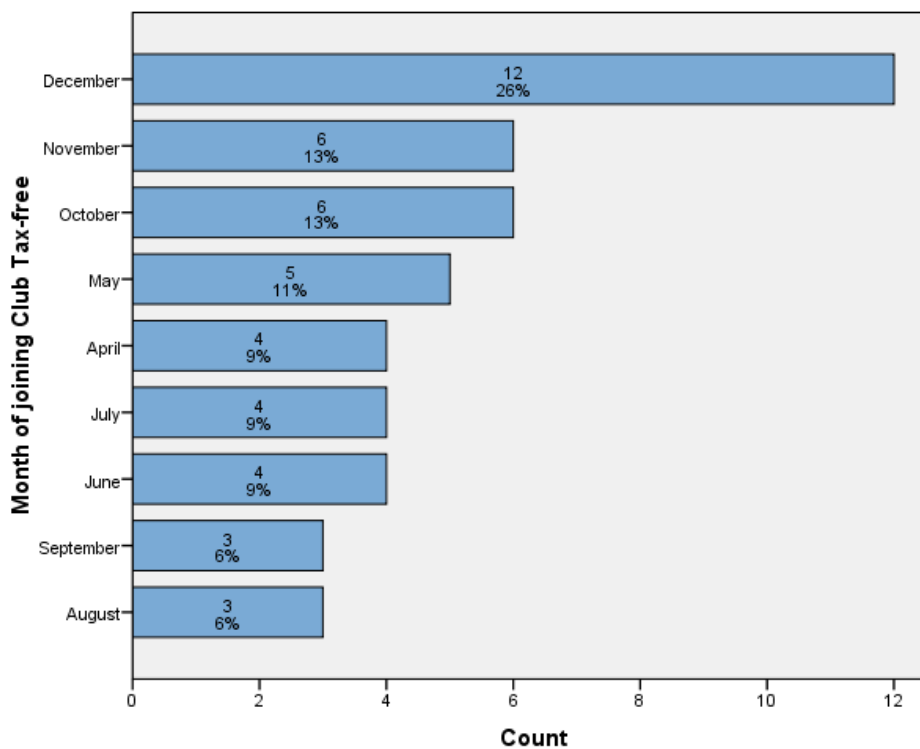


Figure 5: Month of joining the Club Tax-free

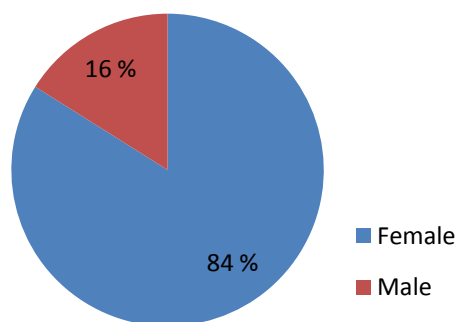


Figure 6: Gender of respondents.

As seen from Figure 8 the most common household size of the respondents was three people. Out of the total of 57 respondents who answered the question, 25 respondents or 44% had three people in their household. A total of 22 respondents or 39% had 4 people in their household. The other respondents had either more than five people or less than three people in their household.

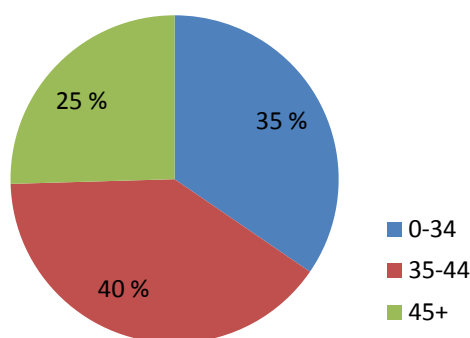


Figure 7: Age of respondents

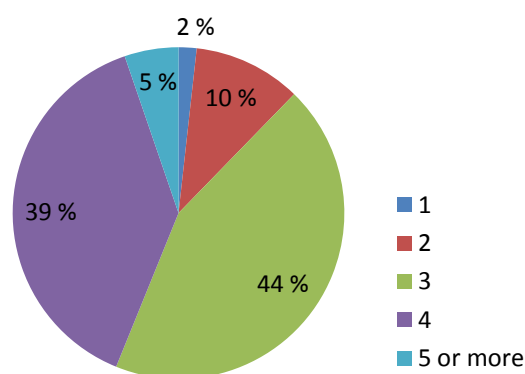


Figure 8: Size of household

St. Petersburg was the hometown of 92% of the respondents (see Figure 9). In total 48 respondents answered the question about the hometown.

Of the 55 respondents 60% or 33 respondents travelled to Finland monthly (see Figure 10). In the question about the frequency of visiting KappAhl also 60% or 33 respondents answered that they visit KappAhl monthly. In total 55 respondents answered the question about frequency of visiting KappAhl (see Figure 11). According to the results, it seems that the majority of the respondents visit a KappAhl store during their visits to Finland.

As seen from Figure 12 the most common mode of transport that the respondents used to travel to Finland was by car. Of the 55 respondents who answered the question 82% or 45 respondents usually travelled to Finland by car.

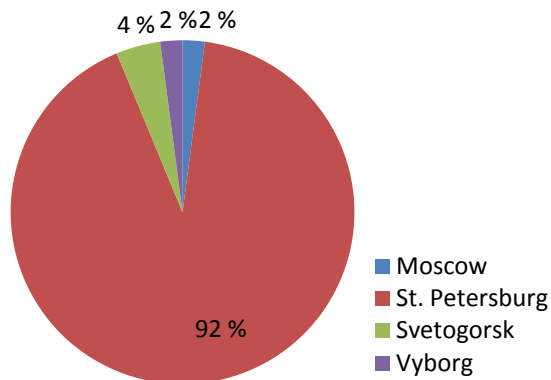


Figure 9: Home town of respondents

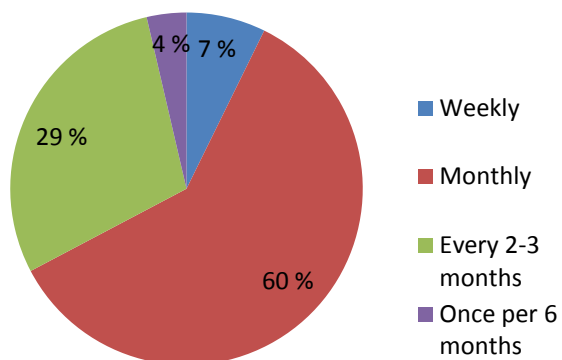


Figure 10: Frequency of visiting Finland

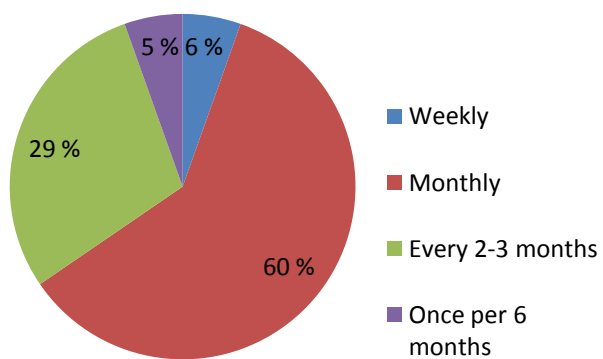


Figure 11: Frequency of visiting KappAhl stores

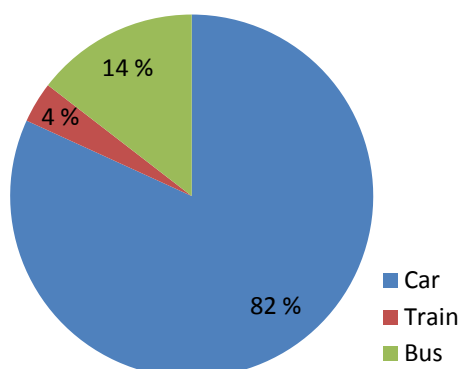


Figure 12: Most common mode of transport when travelling to Finland

#### 10.1.2 Analysis of the satisfaction and importance questions

The questions that measured customer satisfaction and importance were questions 1, 2 and 3 (see Appendix 3). The questions were about the importance of issues when visiting a clothing shop, the satisfaction with aspects when visiting KappAhl Lappeenranta shop and the general satisfaction regarding the Club Tax-free. These questions were asked to discover the level of satisfaction of the members of the Club Tax-free and to discover areas that KappAhl could improve in order to improve customer satisfaction.

As seen from Figure 13 the three most important issues to the members of Club Tax-free when they visit clothing stores, in order of importance were friendliness of staff, clear display of prices and customer service. The three issues that were the least important were pleasant background music, welcome on arrival and presentation of clothing.

In general the members of Club Tax-free were satisfied with all aspects of the KappAhl Lappeenranta store. The issues that the club members were most satisfied with were the tidiness of the store, friendliness of staff and customer service (see Figure 14). The only aspect that was rated between somewhat satisfied and neutral was presentation of clothing. The club members were on average somewhat satisfied or very satisfied with all other aspects of the KappAhl Lappeenranta store. Based on these results it can be said that the most important issue for club members when visiting clothing stores is customer service. The results also show that KappAhl has succeeded in aspects that are most important to the customers as club members seemed to be satisfied with the customer service at KappAhl Lappeenranta store.

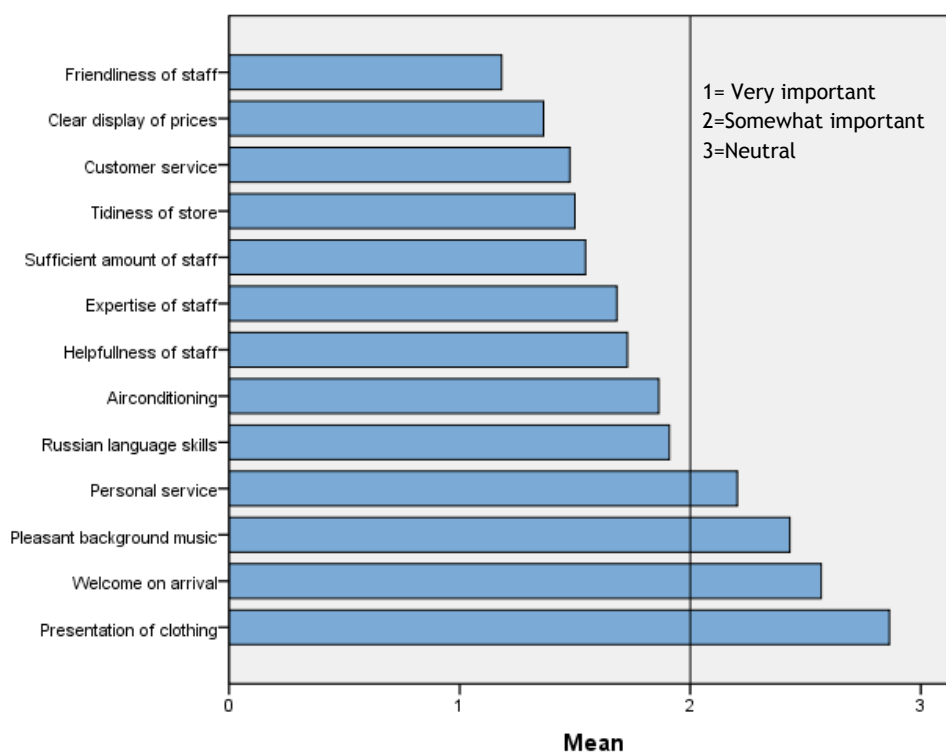


Figure 13: Importance of issues when visiting clothing stores to club members

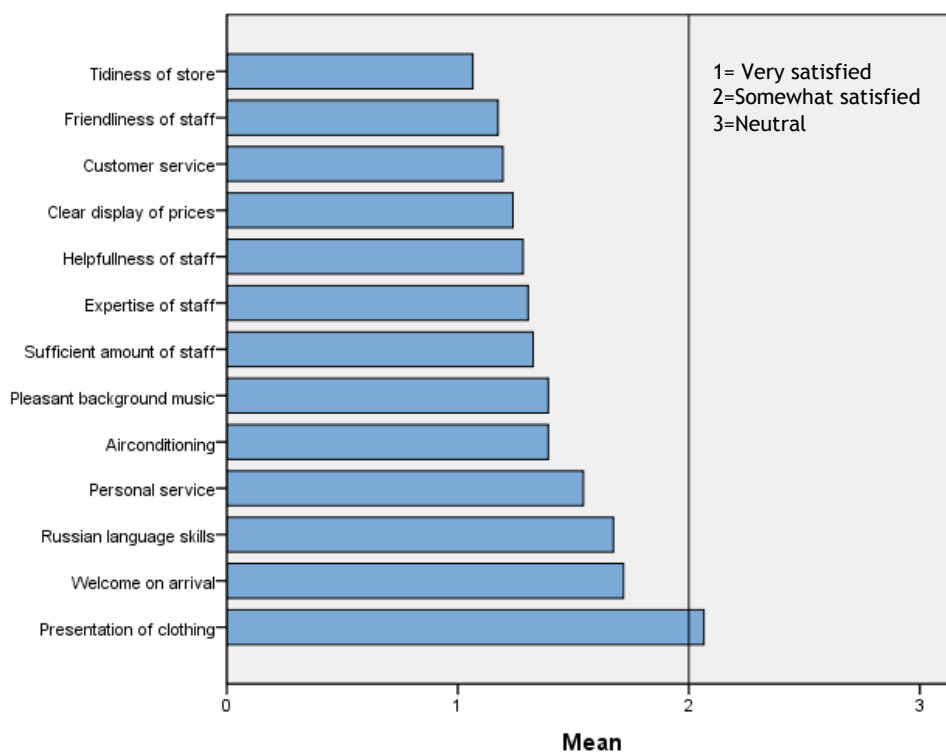


Figure 14: Level of satisfaction regarding aspects of KappAhl Lappeenranta store

In total 53 club members answered the question about the satisfaction regarding Club Tax-free. 68% or 36 of the respondents were very satisfied, 23% or 12 were somewhat satisfied and 9% or 5 were not satisfied or dissatisfied (see Figure 15). None of the respondents answered that they were either somewhat dissatisfied or very dissatisfied.

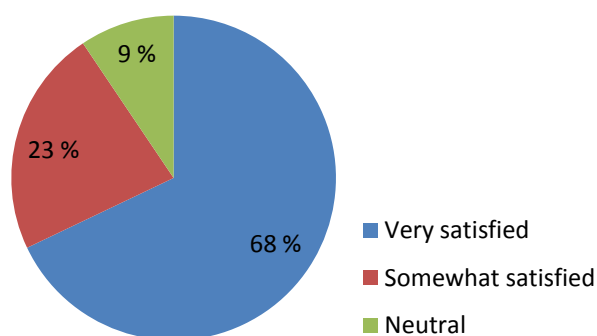


Figure 15: Level of satisfaction of club members regarding Club Tax-free

### 10.1.3 Analysis of the additional questions

The additional questions that were asked were questions 4, 5, 6, 7, 8, 9, 10 and 11 (see Appendix 3). These questions were asked to investigate various issues about the Club Tax-free.

As seen from Figure 16 of the 55 respondents that answered the question about the awareness of the continuous benefit 45 respondents were aware and 10 respondents were either not aware or did not know if they were aware of the benefit. This means that 82% percent of the respondents were aware of the benefit. In total 66% of the total 53 respondents who answered the question about taking advantage of the benefit, had taken advantage of the benefit, 25% or 13 had not taken of the advantage and 9% or 5 did not know if they had taken advantage of the benefit (see Figure 17). Therefore it can be said that the majority of the club members were aware of the continuous benefit and over half had also taken advantage of it.

The club members in general were satisfied with all aspects of the Club Tax-free (see Figure 18). The aspect that the club members were most satisfied with was the continuous benefit from normal-priced items. The issues that could be further developed were the content of club mailings, number of club mailings via e-mail and number of club mailings via SMS, as the club members were not as satisfied with them.

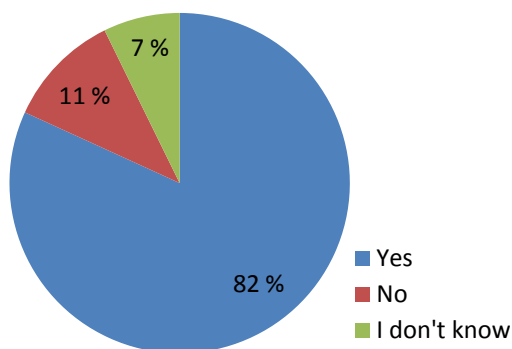


Figure 16: Awareness of the continuous benefit

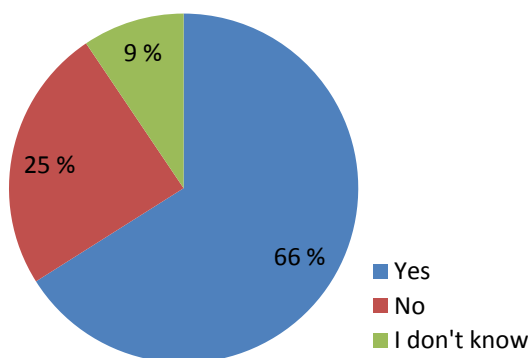


Figure 17: Usage of the continuous benefit

As seen from Figure 19 the members of Club Tax-free were likely to recommend the club to a friend. The club members also thought that they had benefited from being a club member and that the club offers were attractive. In addition club members had visited KappAhl stores more frequently after joining the club. According to the results it seems that the club members would like to receive more club mail and information about new products.

According to the results (see Figure 20) the most important benefits to club members regarding customer loyalty programs were the continuous benefit, special offers on birthdays and discount coupons or offers via e-mail. The benefit that was least important to club members was club evenings or events.

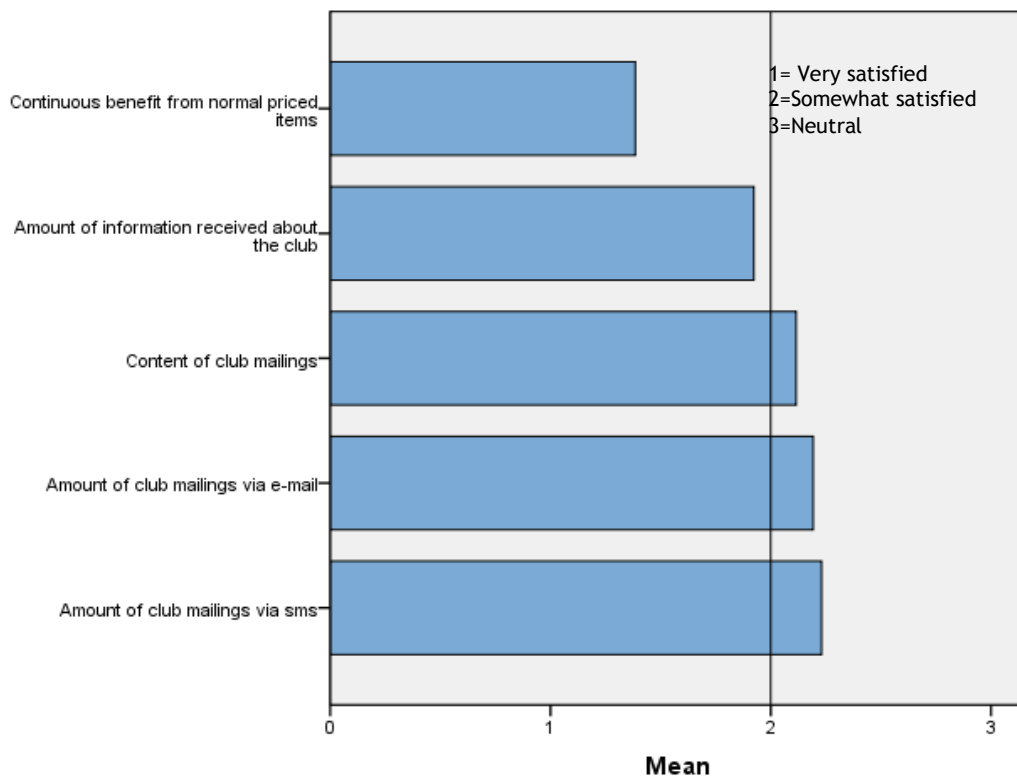


Figure 18: Satisfaction with aspects of Club Tax-free

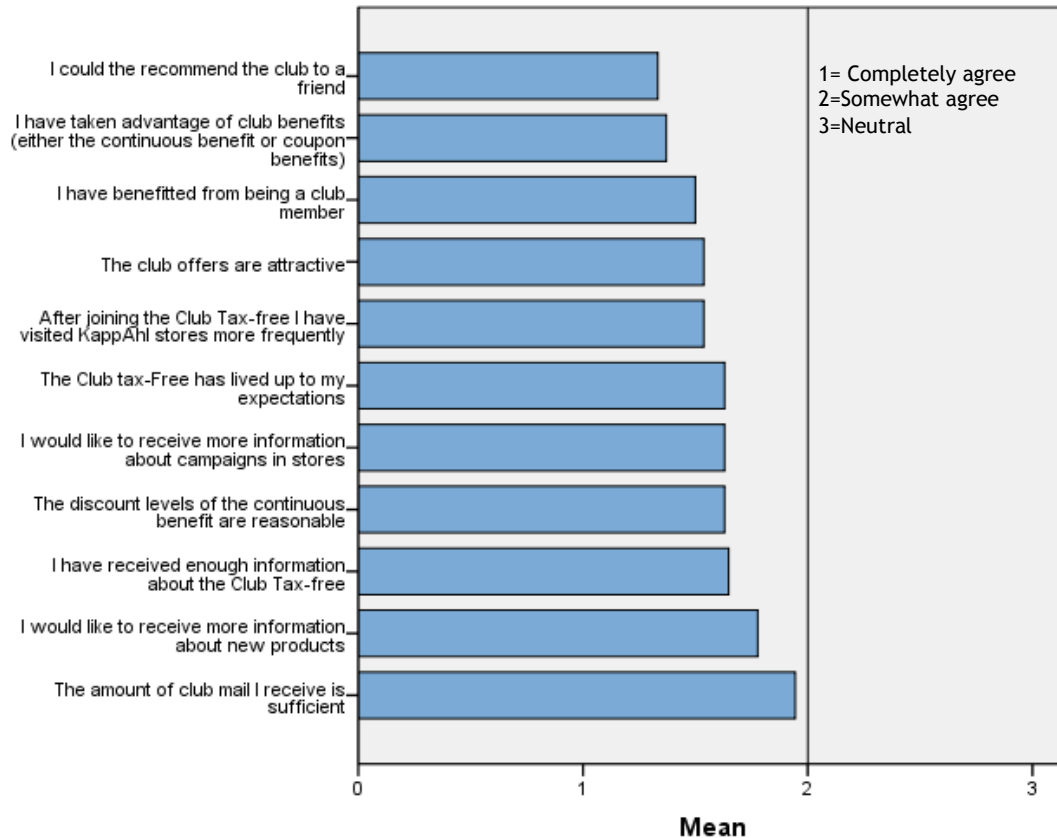


Figure 19: List of claims regarding Club Tax-free

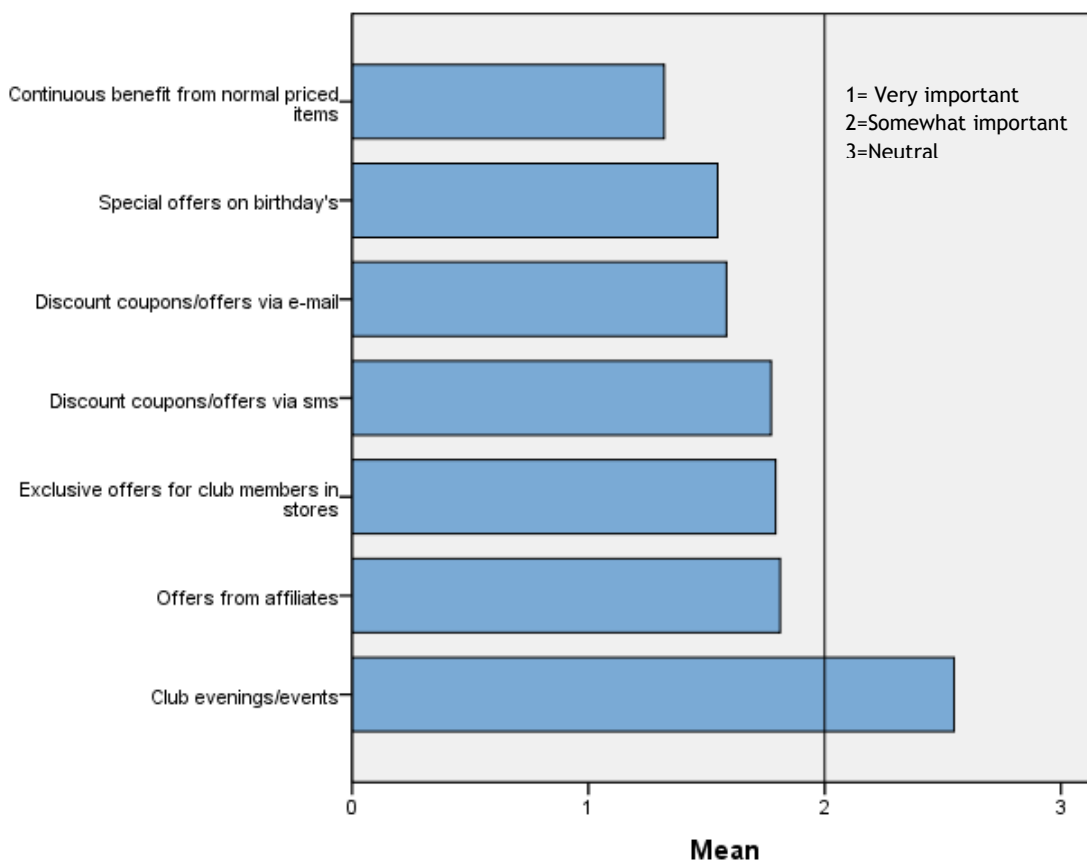


Figure 20: Importance of benefits regarding customer loyalty programs

As seen from Table 3 the most important benefit to club members was the continuous benefit from normal-priced items. Of the total 83 answers, this was the most important to 54.2% of the respondents. The second and third most important benefits were the discount coupons or offers via e-mail and discount coupons or offers via SMS. According to results from questions number 7 and 8 (see Appendix 3) it can be determined that clearly the most important benefit to club members is the continuous benefit. What is surprising is that the answers for the second and third most important benefits differed from question number 7 to question number 8. In question 7 the second and third most important benefits to club members were special offers on birthdays and discount coupons or offers via e-mail, in order of importance. In question 8 however the second and third most important club benefits were discount coupons or offers via e-mail and discount coupons or offers via SMS, in order of importance. According to the results from both questions the two least important benefits to club members were offers from partner affiliates and club evenings or events.

In total 59 responses were given to the question about reception of club mail from KappAhl. 57.6 % responded that they had not received club mail, 22% had received club mail by e-mail and 20.3% by SMS (see Table 4). It is not surprising that majority of respondents had not re-

ceived club mail as club mail has not been sent to all club members. In addition many of the respondents had joined the club in December after which KappAhl has not mailed much club mail.

|                                  |   | Responses |         |                  |
|----------------------------------|---|-----------|---------|------------------|
|                                  |   | N         | Percent | Percent of Cases |
| Two most important club benefits | Continuous benefit from normal priced items | 45        | 54,2%   | 95,7%            |
|                                  | Discount coupons/offers via e-mail          | 16        | 19,3%   | 34,0%            |
|                                  | Discount coupons/offers via SMS             | 7         | 8,4%    | 14,9%            |
|                                  | Offers from partner affiliates              | 1         | 1,2%    | 2,1%             |
|                                  | Special offers on birthday's                | 6         | 7,2%    | 12,8%            |
|                                  | Exclusive offers for club members in stores | 8         | 9,6%    | 17,0%            |
|                                  | Total                                       | 83        | 100,0%  | 176,6%           |

Table 3: Most important benefits to club members

|                              |                                   | Responses |         |                  |
|------------------------------|-----------------------------------|-----------|---------|------------------|
|                              |                                   | N         | Percent | Percent of Cases |
| Have you received club mail? | Yes, by e-mail                    | 13        | 22,0%   | 23,6%            |
|                              | Yes, by SMS                       | 12        | 20,3%   | 21,8%            |
|                              | No, I have not received club mail | 34        | 57,6%   | 61,8%            |
|                              | Total                             | 59        | 100,0%  | 107,3%           |

Table 4: Reception of club mail

As seen from Figure 21, 67% of the total 49 respondents who answered the question regarding the preferred media for club mailings preferred to receive club mail via e-mail. What is surprising is that 16% or 8 did not want to receive club mail at all. Although when asked about the preferred frequency of club mailings only 4 or 7% respondents of the total 56 who answered the question answered that they would not like to receive club mail from KappAhl

(see Figure 22). In total 54% wanted to receive club mail 1-2 times per month and 23% once a week. 16% of the respondents preferred to receive club mail every other month or less frequently. 17% of the respondents answered that they would not like to receive club mail.

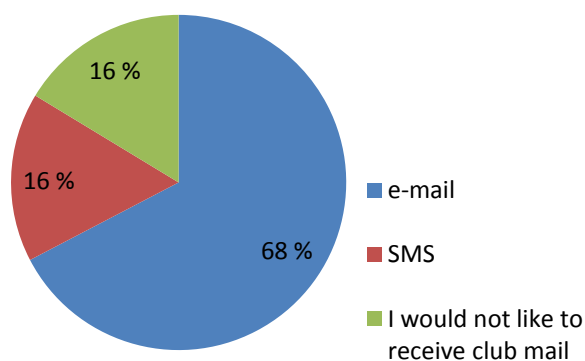


Figure 21: Preferred media for club mailings

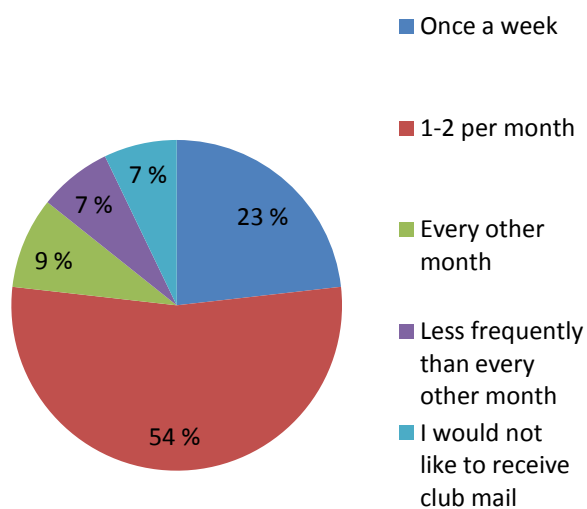


Figure 22: Preferred frequency for club mailings

#### 10.1.4 Reliability of the question groups

To ensure the reliability of the question groups Cronbach's  $\alpha$  (alpha) was used to measure the internal consistency of the question groups. An alpha of 0.6-0.7 indicates acceptable reliability, and 0.8 or higher indicates good reliability. (Essentials of a Good Psychological Test 2004)

In question number 1, Cronbach's Alpha was 0.849 (see Appendix 3 and 8) which indicates that the reliability of the question group was good; this means that all questions measured the same issue. In question number 2, Cronbach's Alpha was also high at 0.819 (see Appendix 3 and 9). Therefore the internal consistency of this question group was good. In question number 5, Cronbach's Alpha was 0.865 (see Appendix 3 and 10), so again the internal consistency of this question was good. In question number 6, Cronbach's Alpha was 0.871 (see Appendix 3 and 11), so all the questions in this question group measured the same issue. In question number 7, Cronbach's Alpha was 0.841 (see Appendix 3 and 12), so the internal consistency of this question group was good.

#### 10.1.5 Analysis of correlations between background variables and dependent variables

To analyze the results further, the correlations between the background variables and general satisfaction of the club members were investigated, to determine if the level of satisfaction was dependent on any background variable, for example age. The purpose was to discover if there was a specific profile of a satisfied club member. The background variables that were included in this analysis were gender, age, size of household, frequency of visiting Finland, frequency of visiting KappAhl stores, and most common transport used to travel to Finland. The authors decided not to investigate the correlation between the background variables the month of joining the club and hometown and the satisfaction level. The correlation between the month of joining the club and general satisfaction level was not investigated because the authors thought that even if there was a correlation between the two variables, this would have had no significance regarding the research questions. The correlation between hometown and general satisfaction was not investigated because the responses were very homogenous; the hometown of 92% of the respondents was St. Petersburg.

The Mann-Whitney U test was used to analyze if there was a dependency between gender and the level of satisfaction. The Mann-Whitney U test was used because gender has two different categories and the measurement level of the test variable general satisfaction regarding Club Tax-free is ordinal. As seen from Table 5 the p-value is 0.708, which means that if an assumption is made that gender affects the level of satisfaction, there is a 70% risk that the assumption is incorrect, therefore it can be determined that the level of satisfaction is not dependent on gender.

The Mann-Whitney U test was also used to analyze the dependency between mode of transport to Finland and the level of satisfaction. In order to use this test the response alternatives had to be re-grouped into two categories. The original answer alternatives of this question (question 20) can be seen from Appendix 3. The alternatives were re-grouped so that group number 1 included the club members who travelled to Finland by car, and group number 2 included those who travelled to Finland by bus or train. As seen from Table 6 the p-value is

0.358, which means that if an assumption is made that the mode of transport affects the level of satisfaction, there is a 36% risk that the assumption is incorrect, so this assumption cannot be made.

Test Statistics<sup>b</sup>

|                                | General satisfaction of Club Tax-free |
|--------------------------------|---------------------------------------|
| Mann-Whitney U                 | 139,500                               |
| Wilcoxon W                     | 167,500                               |
| Z                              | -,375                                 |
| Asymp. Sig. (2-tailed)         | ,708                                  |
| Exact Sig. [2*(1-tailed Sig.)] | ,763 <sup>a</sup>                     |

Table 5: Mann-Whitney U test: gender and level of satisfaction

Test Statistics<sup>b</sup>

|                                | General satisfaction of Club Tax-free |
|--------------------------------|---------------------------------------|
| Mann-Whitney U                 | 165,000                               |
| Wilcoxon W                     | 945,000                               |
| Z                              | -,920                                 |
| Asymp. Sig. (2-tailed)         | ,358                                  |
| Exact Sig. [2*(1-tailed Sig.)] | ,470 <sup>a</sup>                     |

Table 6: Mann-Whitney U test: mode of transportation and level of satisfaction

Regarding the other background variables age, size of household, frequency of visiting Finland and frequency of visiting KappAhl stores Spearman's correlation was used to analyze if there was a correlation between any of the above-mentioned variables and the level of satisfaction. Spearman's correlation was used because the mentioned variables are ordinal. As seen from Appendix 4 the background variables did not significantly correlate with the level of satisfaction, as the correlation co-efficient between the background variables and level of satisfaction was below 0.2 or above -0.2.

In conclusion it can be determined that the level of satisfaction is not dependent on any of the background variables, which means that the level of satisfaction was the same among all respondent groups.

#### 10.1.6 Analysis of satisfaction and importance questions

In order to investigate the level of satisfaction of the club members and the issues that had an impact on it, the authors used the theoretical framework according to Nigel Hill et al. (2007, 43-56, 150-165; 2003, 80-91) to analyze the importance and satisfaction questions in more detail. This theory was used because the analysis methods were appropriate, and by using them the authors were able to discover issues that had an impact on the level of satisfaction.

According to Hill et al. (2003, 90) as a verbal-type scale was used for the questionnaire, the results must be analyzed by using a frequency distribution, or in other words how many people said what. The figures are usually presented as percentages. The frequency distribution for the questionnaire can be seen from Table 7 and Figure 23. As seen from table 7 and Figure 23 the response with the highest frequency for each attribute was 'Very satisfied'. The attributes that some club members were either 'Somewhat dissatisfied' or 'Very dissatisfied' with were: 'Personal service', 'Russian language skills', 'Presentation of clothing', 'Clear display of prices' and 'Air conditioning'.

In order to make direct comparisons between the importance scores of attributes and satisfaction scores of attributes the categorical data produced by verbal scales was changed into numbers for analytical purposes. This is however statistically invalid as verbal scales produce non-parametric data which lack interval properties and therefore it cannot be analysed in the same way as numbers. (Hill et al. 2007, 163)

In the questionnaire the customers were asked to rate the importance of list items. According to Hill et al. (2007, 46-47, 152) a 10-point numerical scale, where 1 means 'of no importance at all' and 10 means 'extremely important', should be used. In this questionnaire a 5-point scale was used where 1 means 'Very important', 2 means 'Somewhat important', 3 means 'Neutral', 4 means 'Somewhat unimportant' and 5 means 'Very unimportant'. As mentioned before, in order to make direct comparison between attributes, the verbal scale that was used was converted into a 5-point numerical scale where 1 means 'Very important' and 5 means 'Very unimportant'.

As can be seen from Figure 24 'Friendliness of staff', 'Clear display of prices', 'Customer service', 'Tidiness of store' and 'Sufficient amount of staff' were the issues that the customers rated as most important.

| Attribute                  | Very satisfied | Somewhat satisfied | Neutral | Somewhat dissatisfied | Very dissatisfied | Total |
|----------------------------|----------------|--------------------|---------|-----------------------|-------------------|-------|
| Customer service           | 80 %           | 20 %               | 0 %     | 0 %                   | 0 %               | 100 % |
| Sufficient amount of staff | 70 %           | 27 %               | 3 %     | 0 %                   | 0 %               | 100 % |
| Helpfulness of staff       | 72 %           | 26 %               | 2 %     | 0 %                   | 0 %               | 100 % |
| Expertise of staff         | 67 %           | 31 %               | 2 %     | 0 %                   | 0 %               | 100 % |
| Friendliness of staff      | 79 %           | 21 %               | 0 %     | 0 %                   | 0 %               | 100 % |
| Personal service           | 61 %           | 28 %               | 5 %     | 2 %                   | 4 %               | 100 % |
| Welcome on arrival         | 48 %           | 30 %               | 22 %    | 0 %                   | 0 %               | 100 % |
| Russian language skills    | 50 %           | 35 %               | 12 %    | 3 %                   | 0 %               | 100 % |
| Presentation of clothing   | 39 %           | 25 %               | 29 %    | 5 %                   | 2 %               | 100 % |
| Clear display of prices    | 79 %           | 18 %               | 2 %     | 2 %                   | 0 %               | 100 % |
| Tidiness of the store      | 88 %           | 10 %               | 2 %     | 0 %                   | 0 %               | 100 % |
| Air conditioning           | 66 %           | 24 %               | 9 %     | 2 %                   | 0 %               | 100 % |
| Pleasant background music  | 63 %           | 32 %               | 5 %     | 0 %                   | 0 %               | 100 % |

Table 7: Frequency distribution of satisfaction responses

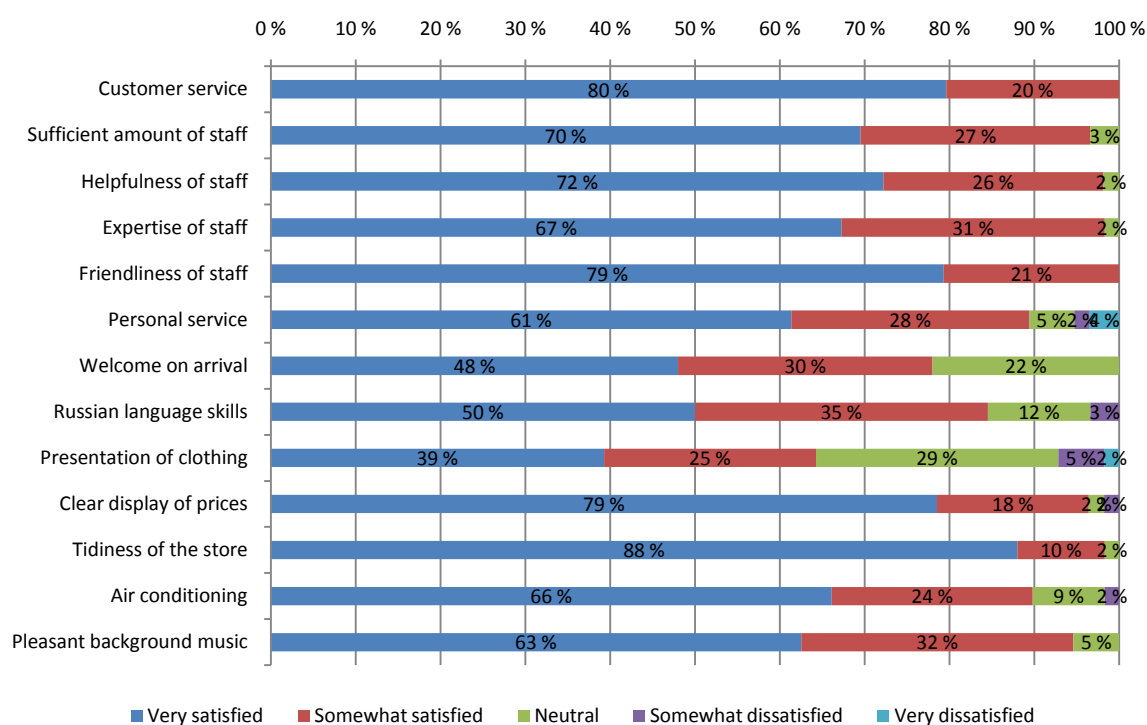


Figure 23: Frequency distribution of Satisfaction responses

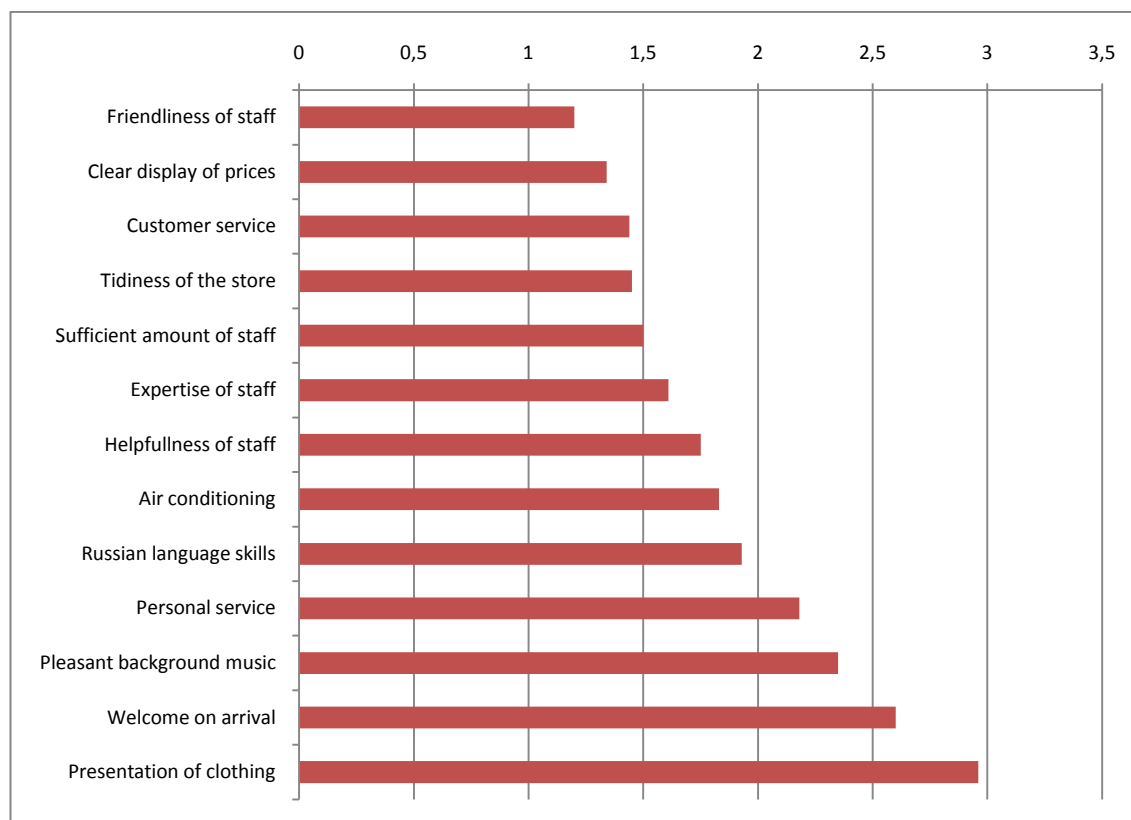


Figure 24: Mean of importance of issues when visiting clothing stores

However according to Hill et al. (2007 48-51, 153) the aspects that customers have rated as important can be different from the aspects that are most closely associated with customers' overall judgement or opinion of the organization. These aspects can be discovered by investigating the correlations between overall satisfaction questions and other satisfaction questions. These correlations can be seen from Appendix 13. As can be seen from Figure 25 presentation of clothing and welcome on arrival have a big impact on club members' overall judgement of KappAhl Club Tax-free, even though club members rated them as the two least important issues.

In order to investigate the issues that are important to club members further the importance and impact scores should be combined into a matrix. However since in this questionnaire the scale that was used had 1 meaning 'very important' and 5 'very unimportant' and usually the values have opposite meanings the, matrix cannot be constructed. In Figure 26 the impact scores are shown with the issues that have most impact on customer satisfaction at the top and the issues that have least impact at the bottom. In order to satisfy their customers companies should focus on issues that are both important to customers and also have high impact scores. These issues are the satisfaction 'drivers'. (Hill et al. 2007, 153) As mentioned earlier the issues that club members rated as important were 'friendliness of staff', 'clear display of

prices', 'customer service', 'tidiness of store' and 'sufficient amount of staff'. However the issues that had the highest impact scores were 'presentation of clothing', 'welcome on arrival', 'helpfulness of staff' and 'sufficient amount of staff', 'expertise of staff' and 'clear display of prices.' Based on this it can be said the main satisfaction 'drivers' are 'sufficient amount of staff' and 'clear display of prices'(see Figures 24 and 26).

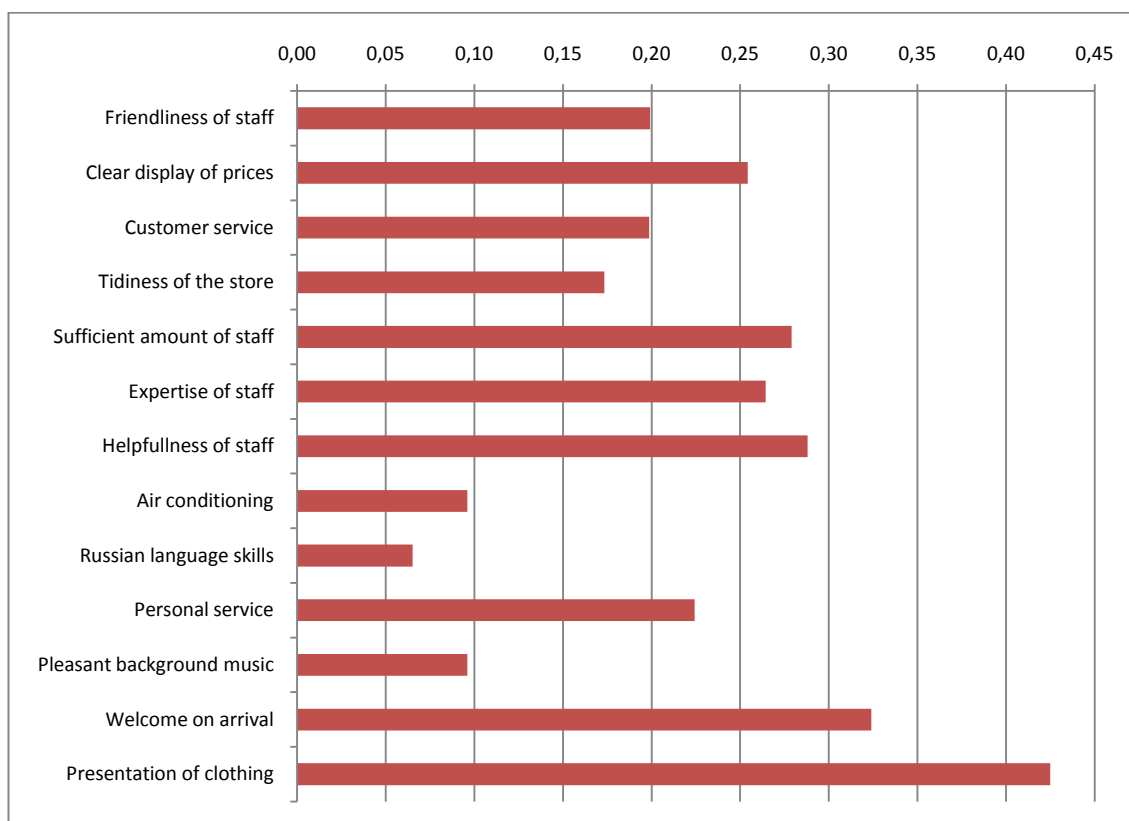


Figure 25: Impact scores of issues to club members when visiting clothing stores

Issues that customers have rated as important but do not have a high impact score are called 'hygiene factors'. These are areas that the company should not invest in heavily, however it is important to maintain these areas at a level that is acceptable to customers because if the expectations of customers are not met concerning these areas, the customers will not be satisfied. (Hill et al. 2007, 154) As seen from Figures 24 and 26 the 'hygiene factor' in this case is tidiness of the store.

Requirements that customers do not rate as highly important but have high impact scores are called 'hidden opportunities.' Hidden opportunities can generate a good return on investment because it is always good to give customers good experiences in areas that have a high impact. (Hill et al. 2007, 154-155). The hidden opportunities in this case are 'presentation of clothing' and 'welcome on arrival'. See Figure 24 and 26

Requirements that score relatively low for both importance and impact are called ‘marginals’. These factors cannot however be ignored if exploratory research was conducted to discover what is most important to customers. These matters are important to customers, but not as important as other matters. ‘Marginals’ usually do not require much investment; however an expected level of performance should be maintained. (Hill et al. 2007, 155) In this case exploratory research was not conducted so it cannot be determined what issues are ‘marginals’.

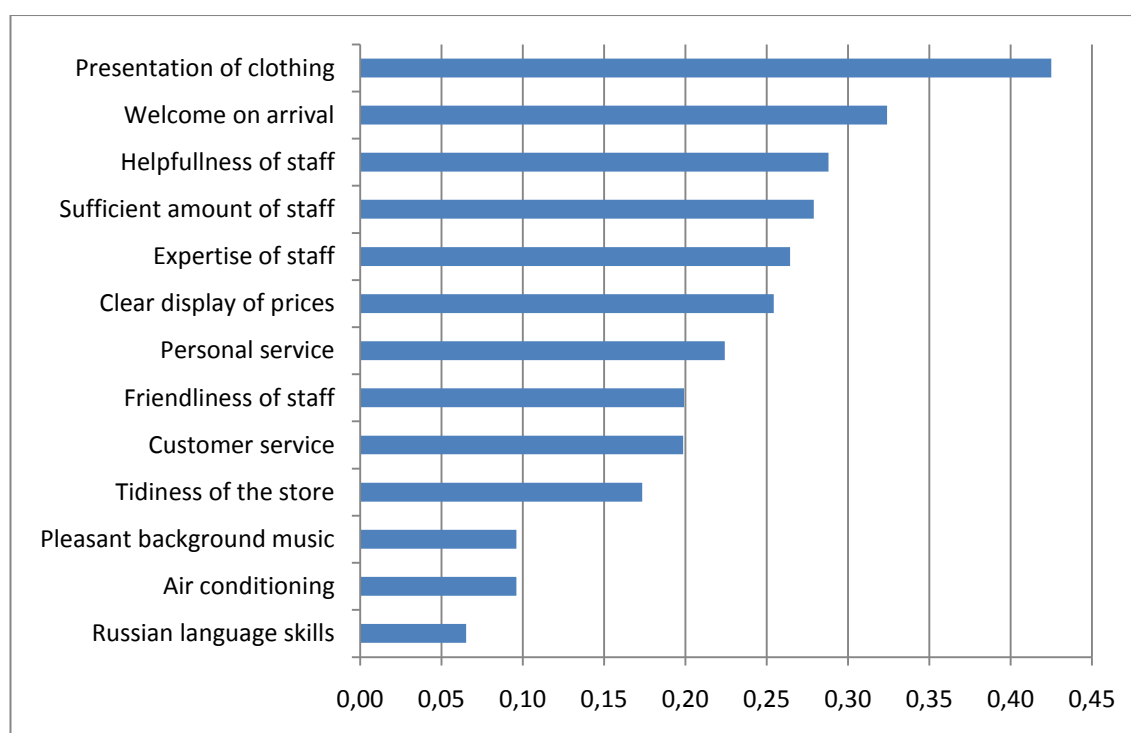


Figure 26: Impact scores of issues to club members when visiting clothing stores

As seen from Figure 27 on average the club members were satisfied with all issues. According to Hill et al. (2007, 155) satisfaction scores above nine on a ten point scale show an extremely high level of satisfaction. Scores of 8 indicate ‘satisfied’ customers, 7 ‘quite satisfied’ and 6 ‘borderline’ or ‘much room for improvement. As the scale used in this investigation was a five-point, with 1 meaning ‘very satisfied’ and 5 meaning ‘very unsatisfied’ it will be interpreted that scores of 1.5 or lower indicate that customers are very satisfied, scores above 1.5 to 2 are ‘satisfied’, 2 to 2.5 are ‘quite dissatisfied’ etc. Based on this the club members were very satisfied with almost all issues. The club members were ‘satisfied’ with personal service, Russian language skills and welcome on arrival. The club members were quite satisfied with ‘presentation of clothing.’ As mentioned before, these results are not statistically valid as verbal scales were originally used, that were later converted into numbers.

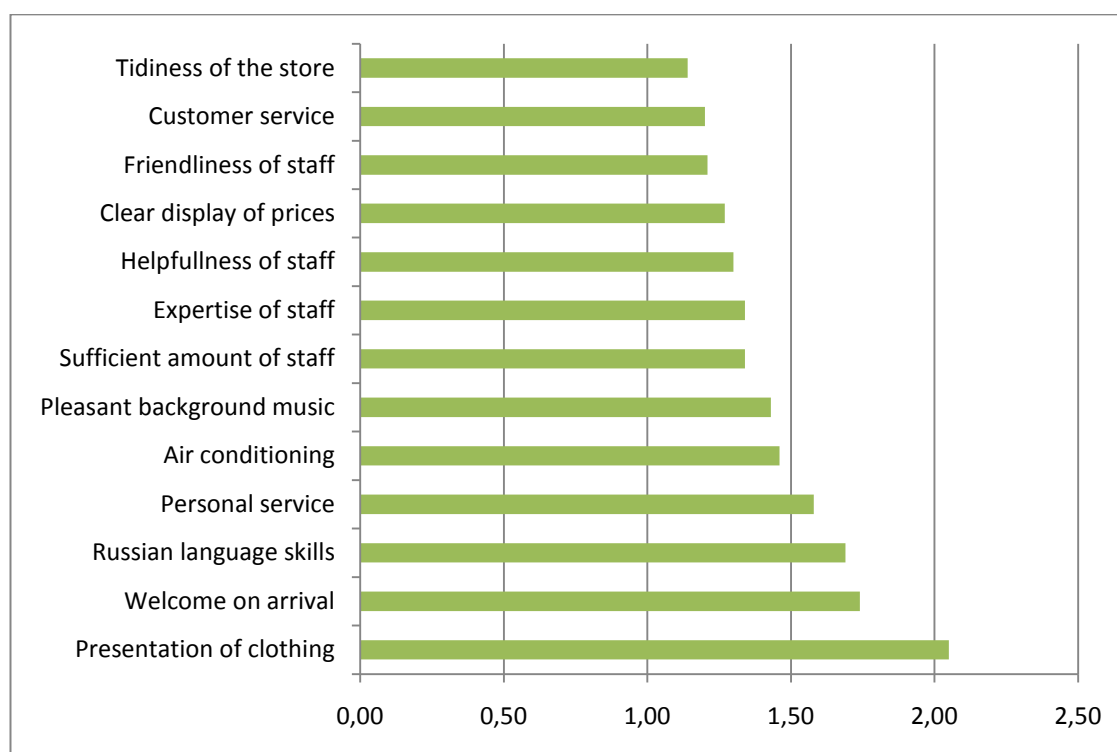


Figure 27: Satisfaction with issues

## 10.2 Analysis of the open question

The questionnaire included one open question which was question number 12 (see Appendix 3). This question was included in the questionnaire to allow the respondents to describe the issues they are particularly satisfied or dissatisfied with and the reasons behind the satisfaction and dissatisfaction. In addition, the respondents were given the opportunity to express any possible development ideas and comments they might have about the Club Tax-free. In total 17 respondents answered this question. The results of this question were analyzed by grouping similar responses together. The authors categorized the responses into four different groups: discounts and offers, lack of information, general satisfaction, and other comments (see Table 8).

In addition three other comments were given. One of these comments was: “The system needs to be developed so that it serves the customer personally.”

## 11 Results & conclusions

The purpose of this investigation was to discover the level of satisfaction of the Club Tax-free members who visit the KappAhl Lappeenranta store. In addition the objective was to discover the factors that affect the level of satisfaction of the club members.

|   |   |
|---|---|
| <p><b>Comments about discounts and offers:</b></p> <ul style="list-style-type: none"> <li>• Gradual discounts</li> <li>• More good and different discounts</li> <li>• More often discounts and more versatile (clothing) selections</li> <li>• New campaigns need to be created and in this way better prices (should be created). Campaigns before holidays/celebrations</li> <li>• More special offers to club members</li> <li>• Gradual discounts</li> <li>• More good and different discounts</li> <li>• More often discounts and more versatile (clothing) selections</li> <li>• New campaigns need to be created and in this way better prices (should be created). Campaigns before holidays/celebrations</li> <li>• More special offers to club members</li> </ul> | <p><b>Comments about lack of information:</b></p> <ul style="list-style-type: none"> <li>• Club advertising is missing, information about the club is not provided until at the cash point. It would be better if the information about the club (graphic information) would be located at the entrance or outside the store</li> <li>• More information in Russian in magazines</li> <li>• More information via e-mail</li> <li>• Information missing. Information inadequate</li> <li>• More information</li> </ul> <p><b>Comments about general satisfaction:</b></p> <ul style="list-style-type: none"> <li>• Very satisfied, everything is high-class and pleasant</li> <li>• Very appealing to customers. Good idea</li> <li>• Satisfied</li> <li>• Everything is good</li> </ul> |
|---|---|

Table 8: Responses of the open question

In conclusion it can be said that in general the respondents were satisfied or very satisfied with all aspects of Club Tax-free. No major satisfaction gaps were discovered during the investigation. The general satisfaction level of the respondents was not dependent on any background variable; all the respondents were equally satisfied. The amount of staff and clear display of prices were issues that were important to the respondents and in addition had an effect on the overall level of satisfaction. According to the results, the respondents were satisfied with the amount of staff and display of prices and this was a major reason why the overall level of satisfaction was good. It is therefore important to ensure that the Lappeen-

ranta store has a sufficient amount of staff and that the prices of items are always clearly displayed. An issue that the customers rated as important was tidiness of the store. This however did not have a big impact on the general satisfaction level, as long as the store is generally tidy. Areas that the respondents rated as least important were the presentation of clothing and welcome on arrival. These were also issues that the respondents were least satisfied with. According to the results these issues however had the highest impact on the general satisfaction level. Therefore it can be said that by developing these issues the overall level of satisfaction of the club members will increase.

Although the respondents in general were satisfied with the Club Tax-free, two areas that the respondents were not equally satisfied with were the amount and variety of discounts and club mail. In addition the club members were not that highly satisfied with the amount of information they had received about the Club Tax-free. Therefore it can be said that if these areas are improved the respondents would be more satisfied.

As the number of responses of this investigation was quite low these results and conclusions only apply to the paying Club Tax-free members who visit the Lappeenranta store, and even regarding this group the results are only directional.

## 12 Discussion

Based on the results the authors compiled some development suggestions. As the main areas that the club members were not that satisfied with were the amount and variety of discounts and club mail and the lack of information regarding the club, the authors suggest that KappAhl's website should be utilized more effectively regarding the mentioned issues. For example KappAhl's website could have information about the Club Tax-free in Russian. As the results of this investigation revealed that the club members want to receive club mail via e-mail, KappAhl could use the e-mails to increase awareness of their website. This is of course assuming that the website would be available in Russian. If the website was available in Russian the club members could use it to find information about new products and campaigns in stores. The availability of information could also be improved by having more Russian-language graphical materials in stores. Currently information is only available at the checkout counters, so the customer is not aware of the club until he or she has already made the purchasing decision. Regarding the amount and variety of discounts one possibility could be translating the campaign materials in stores to Russian. Possibly the reason why the respondents wanted more discounts was because they could not understand the on-going campaigns that are advertised in stores.

Another issue that emerged from the investigation was that regarding the Club Tax-free the respondents were most satisfied with the continuous benefit from normal priced-items and in addition it was the most important issue to them regarding customer loyalty programs, however only 66% of the respondents had actually taken advantage of the benefit and 18% percent were either unaware of the benefit or did not know if they were aware. In addition, as mentioned before, the respondents expressed that they would like to receive better and a greater variety of benefits and offers. Therefore the authors have considered whether the continuous benefit is appealing enough. This investigation however was not able to give a response to this question, so in order to discover the actual attractiveness and appeal of the benefit, further investigation regarding this matter is needed.

The above-mentioned issue is not the only one that requires additional investigation. As the scope of the implemented investigation was quite narrow the results only apply to a small segment of Club Tax-free members. In order to obtain reliable and comprehensive information about the level of satisfaction of the club members, the authors suggest that the next investigation would include all members of the Club Tax-free. In the investigation that was implemented to the club members that visited KappAhl Lappeenranta only the club members who purchased something were included. This might have distorted the results as customers who had decided to purchase something from the Lappeenranta store were likely to be more satisfied than the ones who for some reason made the decision not to purchase anything. To ensure that also these club members who have not purchased something are included in the customer satisfaction investigation, the authors suggest that the next survey should be implemented as an electronic survey that is sent to the club members via e-mail. Using this method it is possible to include all club members in the investigation. Using e-mail to contact the members is also advisable because the majority of the club members expressed that they would like to receive club mail by e-mail. The authors also suspect that by including all club members in the investigation, the possible satisfaction gaps could also be discovered. The authors are sceptical that the level of satisfaction of all club members on average is not as high as the level of satisfaction of the respondents of this investigation.

The quality of the implemented investigation was also affected by a number of different issues. The majority of these issues concerned the questionnaire form. The biggest shortcoming of the questionnaire form to the authors was that it was not constructed from the 'lens of the customer' but from the 'lens of the company.' Due to this it is possible that the investigation did not cover all the issues that affected the level of satisfaction of the respondents. Before constructing the questionnaire the authors considered holding qualitative interviews to discover the issues that are most important to the club members but as mentioned previously, this idea was abandoned due to lack of resources. The authors suggest that the next customer satisfaction investigation should include the mentioned qualitative interviews.

Another problem regarding the questionnaire form was the scale that was used. According to the literature that was used as the theoretical framework for this investigation, the scale used in customer satisfaction should be a 10-point numerical scale. The scale that was used in this investigation was a 5-point verbal scale. The use of a numerical scale is especially important in international investigations as words can have different meanings to different people. The authors suggest that in future investigations a numerical scale should be used. Another problem of the questionnaire form was that the respondents felt that it was too long. This problem could have been identified if the authors had had the possibility to test the questionnaire form. This issue might have also been related to cultural differences. Possibly the Russian club members are not used to filling in questionnaire forms and therefore the time it took them to fill in the form was longer than expected. The authors suggest that when the next investigation is implemented, at least one of the researchers speaks Russian fluently and in addition is familiar with Russian culture. The length of the questionnaire form also affected the length of time it took to gather the results. In addition, the period of time during which the investigation was implemented might not have been optimal. The problem with the period of time can be solved by implementing the next investigation in electronic form. The incentive used was also not appealing enough to customers that it would have increased the response rate. The authors do not have any insight why the incentive was not appealing but perhaps this issue could be resolved by asking the club members what would be an appealing incentive.

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## Appendix 2: E-mail offer to KappAhl Club Tax-free members

KappAhl Club WEB-ВЕРСИЯ

**CLUB TAX-FREE** РАСПЕЧАТАЙТЕ ВАШ КУПОН ЗДЕСЬ

**ДЛЯ ВАС СКИДКА -20% НА ВСЕ ТОВАРЫ!**



МЫ БЛАГОДАРИМ ВАС ЗА ТО, ЧТО ВЫ ВСТУПИЛИ В КЛУБ

**CLUB TAX FREE**

И СТАЛИ УЧАСТНИКАМИ ПРОГРАММЫ МНОГИХ КЛУБНЫХ СКИДОК И ЛЬГОТ СЕТИ МАГАЗИНОВ КАРРАHL

Это первое предложение, которое Вы, как член клуба, получили от магазина KappAhl по электронной почте. Распечатайте купон, который Вы найдете под ссылкой, и возьмите его с собой в наш магазин в следующий раз. Скидку Вы получите, предъявив на кассе распечатанный купон и карту члена клуба Club Tax Free.

РАСПЕЧАТАЙТЕ ВАШ КУПОН ЗДЕСЬ

**СКИДКА -20%**

**ВОСПОЛЬЗОВАТЬСЯ СКИДКОЙ МОЖНО ОДИН РАЗ**

Скидка распространяется на все товары, продающиеся по нормальной цене. Воспользоваться скидкой можно до 30.11.2009.

Найдите ближайший магазин!

www.kappahl.club | Если Вы в дальнейшем не хотите получать от нас таких писем по электронной почте, то "кликните" здесь>>>

**KappAhl**

Отправлено электронной почтой: KappAhl Oy, Uusikatu 3 C, 01300 Vantaa

## Appendix 3: Questionnaire form in English

**Please answer all questions.**

1. How important are the following issues to you, when you visit a clothing store? Please check the alternative that best describes your opinion from each row.

|                            | Very important           | Somewhat important       | Neutral                  | Somewhat unimportant     | Very unimportant         |
|----------------------------|--------------------------|--------------------------|--------------------------|--------------------------|--------------------------|
| Customer service           | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| Sufficient amount of staff | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| Helpfulness of staff       | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| Expertise of staff         | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| Friendliness of staff      | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| Personal service           | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| Welcome on arrival         | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| Russian language skills    | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| Presentation of clothing   | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| Clear display of prices    | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| Tidiness of the store      | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| Air conditioning           | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| Pleasant background music  | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |

2. How satisfied are you with the following aspects when you visit the KappAhl Lappeenranta store? Check the alternative that best describes your opinion from each row.

|                            | Very satisfied           | Somewhat satisfied       | Neutral                  | Somewhat dissatisfied    | Very dissatisfied        |
|----------------------------|--------------------------|--------------------------|--------------------------|--------------------------|--------------------------|
| Customer service           | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| Sufficient amount of staff | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| Helpfulness of staff       | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| Expertise of staff         | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| Friendliness of staff      | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| Personal service           | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| Welcome on arrival         | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| Russian language skills    | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| Presentation of clothing   | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| Clear display of prices    | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| Tidiness of the store      | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| Air conditioning           | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| Pleasant background music  | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |

3. How satisfied are you in general with the Club Tax-free?

- Very satisfied  
 Somewhat satisfied  
 Neutral  
 Somewhat dissatisfied  
 Very dissatisfied

4. As a member of the club, you are entitled to a continuous discount benefit from normal priced items.

|   | Yes                      | No                       | I don't know             |
|---|--------------------------|--------------------------|--------------------------|
| Are you aware of this benefit?            | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| Have you taken advantage of this benefit? | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |

5. How satisfied are you with the following aspects of the Club Tax-free? Check the alternative that best describes your opinion from each row.

|   | Very satisfied           | Somewhat satisfied       | Neutral                  | Somewhat dissatisfied    | Very dissatisfied        |
|---|--------------------------|--------------------------|--------------------------|--------------------------|--------------------------|
| Continuous benefit from normal prices items*      | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| Amount of club mailings via e-mail                | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| Amount of mailings via sms                        | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| The content of club mailings                      | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| The amount of information received about the club | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |

\*Club Tax-free members are entitled to the following benefit:

| Total sum of normal priced purchases | Discount percentage |
|--------------------------------------|---------------------|
| Level 1 100-149€                     | 5%                  |
| Level 2 150-200€                     | 15%                 |
| Level 3 200€-                        | 20%                 |

6. Below is a list of claims, please check the alternative that best describes your opinion from each row.

|   | Completely agree         | Somewhat agree           | Neutral                  | Somewhat disagree        | Completely disagree      |
|---|--------------------------|--------------------------|--------------------------|--------------------------|--------------------------|
| I have received enough information about the Club Tax-free                                  | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| The Club Tax-free has lived up to my expectations   | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| I have benefitted from being a Club member  | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| The amount of Club mail I receive is sufficient   | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| The Club offers are attractive  | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| I could recommend the Club to a friend  | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| I have taken advantage of club benefits (either the continuous benefit* or coupon benefits) | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| After joining the Club Tax-free I have visited KappAhl stores more frequently               | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| The discount levels of the continuous benefit are reasonable*                               | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| I would like to receive more information about new products                                 | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| I would like to receive more information about campaigns in stores                          | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |

7. Regarding customer loyalty programs how important are the following benefits to you. Please check the alternative that best describes your opinion from each row.

|  | Very important           | Somewhat important       | Neutral                  | Somewhat unimportant     | Very unimportant         |
|--|--------------------------|--------------------------|--------------------------|--------------------------|--------------------------|
| Continuous benefit from normal priced items* | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| Discount coupons/offers via e-mail           | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| Discount coupons/offers via sms              | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| Offers from partner affiliates               | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| Special offers on Birthdays                  | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| Club evenings/events                         | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| Exclusive offers for Club members in stores  | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |

8. From the benefits below please select and number (1-2) the two that are most important to you. 1=the most important benefit 2= the second important benefit.

- Continuous benefit from normal priced items\*
- Discount coupons/offers via e-mail
- Discount coupons/offers via sms
- Offers from partner affiliates
- Special offers on Birthdays
- Club evenings/events
- Exclusive offers for Club members in stores

9. Have you received club mail from KappAhl? (You can select more than one option.)

- Yes, by e-mail
- Yes, by sms
- No, I have not received club mail

10. By which of the following media would you prefer to receive club mail from KappAhl? (Please select only one alternative.)

- By e-mail
- By sms
- I would not like to receive club mail from KappAhl

11. How often would you like to receive club mail from KappAhl? (Please select only one alternative.)

- Once a week
- 1-2 per month
- Every other month
- Less frequently than every other month
- I would not like to receive club mail from KappAhl

12. How would you like to see the Club Tax-free developed? Also, please feel free to write down the elements of the club that you are satisfied or unsatisfied with.

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**13. When did you join the Club Tax-free?**

- April
- May
- June
- July
- August
- September
- October
- November
- December

**14. Gender**

- Male
- Female

**15. Age**  

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**16. Size of household**

- 1 person
- 2 people
- 3 people
- 4 people
- 5 people or more

**17. Hometown**  

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**18. How often do you visit Finland?**

- Weekly
- Monthly
- Every 2-3 months
- 1 time per 6 months
- Once per year or less

**19. How often do you visit KappAhl stores?**

- Weekly
- Monthly
- Every 2-3 months
- 1 time per 6 months
- Once per year or less

**20. By which transport do you usually travel to Finland?**

- By car
- By train
- By bus
- Group trip
- By other means

**Thank you for your answers!**

## Appendix 4: Questionnaire form in Russian

**Пожалуйста, ответьте на следующие вопросы:**

**21. Насколько важными при посещении магазинов одежды для Вас являются следующие аспекты?**

Отметьте наиболее подходящую характеристику крестиком для каждой строки.

|  | Очень<br>важно           | Важно в<br>какой-то<br>степени | Нейтральное<br>отношение | Не очень<br>важно        | Совсем<br>не важно       |
|--|--------------------------|--------------------------------|--------------------------|--------------------------|--------------------------|
| Обслуживание клиентов                              | <input type="checkbox"/> | <input type="checkbox"/>       | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| Достаточное количество<br>обслуживающего персонала | <input type="checkbox"/> | <input type="checkbox"/>       | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| Помощь персонала                                   | <input type="checkbox"/> | <input type="checkbox"/>       | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| Профессиональная подготовка<br>персонала           | <input type="checkbox"/> | <input type="checkbox"/>       | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| Доброжелательность персонала                       | <input type="checkbox"/> | <input type="checkbox"/>       | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| Индивидуальное обслуживание                        | <input type="checkbox"/> | <input type="checkbox"/>       | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| Приветствие при входе                              | <input type="checkbox"/> | <input type="checkbox"/>       | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| Владение персоналом русским<br>языком              | <input type="checkbox"/> | <input type="checkbox"/>       | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| Презентация одежды                                 | <input type="checkbox"/> | <input type="checkbox"/>       | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| Четко и ясно обозначенные<br>цены                  | <input type="checkbox"/> | <input type="checkbox"/>       | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| Опрятность магазина                                | <input type="checkbox"/> | <input type="checkbox"/>       | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| Кондиционеры                                       | <input type="checkbox"/> | <input type="checkbox"/>       | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| Приятный музыкальный фон                           | <input type="checkbox"/> | <input type="checkbox"/>       | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |

**22. Насколько Вас удовлетворяют следующие аспекты при Вашем посещении магазина Кар-рАhl в Лаппеенранте? Отметьте крестиком подходящий вариант для каждой строки, наиболее полно соответствующий Вашему мнению.**

|  | Очень<br>довольна/<br>доволен | Довольна/<br>доволен<br>в какой-то<br>степени | Нейтральное<br>отношение | В какой-то<br>степени<br>недовольна/<br>недоволен | Очень<br>недовольна/<br>недоволен |
|--|-------------------------------|---|--------------------------|---|-----------------------------------|
| Обслуживание клиентов                              | <input type="checkbox"/>      | <input type="checkbox"/>                      | <input type="checkbox"/> | <input type="checkbox"/>                          | <input type="checkbox"/>          |
| Достаточное количество<br>обслуживающего персонала | <input type="checkbox"/>      | <input type="checkbox"/>                      | <input type="checkbox"/> | <input type="checkbox"/>                          | <input type="checkbox"/>          |
| Помощь персонала                                   | <input type="checkbox"/>      | <input type="checkbox"/>                      | <input type="checkbox"/> | <input type="checkbox"/>                          | <input type="checkbox"/>          |
| Профессиональная подготовка<br>персонала           | <input type="checkbox"/>      | <input type="checkbox"/>                      | <input type="checkbox"/> | <input type="checkbox"/>                          | <input type="checkbox"/>          |
| Доброжелательность персонала                       | <input type="checkbox"/>      | <input type="checkbox"/>                      | <input type="checkbox"/> | <input type="checkbox"/>                          | <input type="checkbox"/>          |
| Индивидуальное обслуживание                        | <input type="checkbox"/>      | <input type="checkbox"/>                      | <input type="checkbox"/> | <input type="checkbox"/>                          | <input type="checkbox"/>          |
| Приветствие при входе                              | <input type="checkbox"/>      | <input type="checkbox"/>                      | <input type="checkbox"/> | <input type="checkbox"/>                          | <input type="checkbox"/>          |
| Владение персоналом русским<br>языком              | <input type="checkbox"/>      | <input type="checkbox"/>                      | <input type="checkbox"/> | <input type="checkbox"/>                          | <input type="checkbox"/>          |
| Презентация одежды                                 | <input type="checkbox"/>      | <input type="checkbox"/>                      | <input type="checkbox"/> | <input type="checkbox"/>                          | <input type="checkbox"/>          |
| Четко и ясно обозначенные<br>цены                  | <input type="checkbox"/>      | <input type="checkbox"/>                      | <input type="checkbox"/> | <input type="checkbox"/>                          | <input type="checkbox"/>          |
| Опрятность магазина                                | <input type="checkbox"/>      | <input type="checkbox"/>                      | <input type="checkbox"/> | <input type="checkbox"/>                          | <input type="checkbox"/>          |
| Кондиционеры                                       | <input type="checkbox"/>      | <input type="checkbox"/>                      | <input type="checkbox"/> | <input type="checkbox"/>                          | <input type="checkbox"/>          |
| Приятный музыкальный фон                           | <input type="checkbox"/>      | <input type="checkbox"/>                      | <input type="checkbox"/> | <input type="checkbox"/>                          | <input type="checkbox"/>          |

**23. Насколько в целом Вы удовлетворены клубом Club Tax-free?**

- Очень довольна/доволен  
 В какой-то степени довольна/доволен  
 Нейтральное отношение  
 В какой-то степени недовольна/недоволен  
 Очень недовольна/недоволен

**24. Как член клуба Вы имеете право на постоянную скидку при одноразовой покупке. Размер скидки от нормальной стоимости товаров зависит от общей суммы покупки.**

|   | Да                       | Нет                      | Не уверена/уверен        |
|---|--------------------------|--------------------------|--------------------------|
| Вы знаете об этой привилегии?           | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| Воспользовались ли Вы этой привилегией? | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |

**25. Насколько Вы удовлетворены следующими привилегиями и членством в клубе Club Tax-free? Отметьте крестиком наиболее подходящий вариант ответа для каждой строки.**

|  | Очень довольна/доволен   | Довольна/доволен в какой-то степени | Нейтральное отношение    | В какой-то степени недовольна/недоволен | Очень недовольна/недоволен |
|--|--------------------------|-------------------------------------|--------------------------|---|----------------------------|
| Постоянная скидка при покупке товаров по нормальной цене * | <input type="checkbox"/> | <input type="checkbox"/>            | <input type="checkbox"/> | <input type="checkbox"/>                | <input type="checkbox"/>   |
| Количество сообщений для членов клуба по электронной почте | <input type="checkbox"/> | <input type="checkbox"/>            | <input type="checkbox"/> | <input type="checkbox"/>                | <input type="checkbox"/>   |
| Количество SMS сообщений для членов клуба                  | <input type="checkbox"/> | <input type="checkbox"/>            | <input type="checkbox"/> | <input type="checkbox"/>                | <input type="checkbox"/>   |
| Содержание сообщений                                       | <input type="checkbox"/> | <input type="checkbox"/>            | <input type="checkbox"/> | <input type="checkbox"/>                | <input type="checkbox"/>   |
| Количество полученной информации о клубе                   | <input type="checkbox"/> | <input type="checkbox"/>            | <input type="checkbox"/> | <input type="checkbox"/>                | <input type="checkbox"/>   |

\*Члены клуба Club Tax-free имеют право на постоянную скидку, в соответствии с приведенной ниже таблицей

| Общая сумма покупок за один раз | Размер скидки |
|---------------------------------|---------------|
| 1 уровень 100-149€              | 5%            |
| 2 уровень 150-200€              | 15%           |
| 3 уровень от 200€-              | 20%           |

26. Ниже приведены высказывания о клубе. Отметьте крестиком для каждой строки, насколько Вы согласны с этим высказыванием.

|   | Полностью<br>согласна/<br>согласен | Согласна/<br>согласен в<br>какой-то<br>степени | Нейтральное<br>отношение | Не<br>согласна/<br>не согласен<br>в какой-то<br>степени | Совершенно<br>не согласна<br>/не<br>согласен |
|---|------------------------------------|--|--------------------------|---|--|
| Я получила/получил достаточно информации о клубе Club Tax-free  | <input type="checkbox"/>           | <input type="checkbox"/>                       | <input type="checkbox"/> | <input type="checkbox"/>                                | <input type="checkbox"/>                     |
| Клуб Club Tax-free соответствует моим ожиданиям   | <input type="checkbox"/>           | <input type="checkbox"/>                       | <input type="checkbox"/> | <input type="checkbox"/>                                | <input type="checkbox"/>                     |
| Я получаю реальную выгоду от членства в клубе   | <input type="checkbox"/>           | <input type="checkbox"/>                       | <input type="checkbox"/> | <input type="checkbox"/>                                | <input type="checkbox"/>                     |
| Количество сообщений от клуба меня удовлетворяет  | <input type="checkbox"/>           | <input type="checkbox"/>                       | <input type="checkbox"/> | <input type="checkbox"/>                                | <input type="checkbox"/>                     |
| Предложения клуба выгодны и привлекательны  | <input type="checkbox"/>           | <input type="checkbox"/>                       | <input type="checkbox"/> | <input type="checkbox"/>                                | <input type="checkbox"/>                     |
| Я могу порекомендовать друзьям членство в клубе   | <input type="checkbox"/>           | <input type="checkbox"/>                       | <input type="checkbox"/> | <input type="checkbox"/>                                | <input type="checkbox"/>                     |
| Я пользуюсь привилегиями и скидками, на которые мне дает право членство в клубе (постоянная скидка от размера покупки и скидки по купонам*) | <input type="checkbox"/>           | <input type="checkbox"/>                       | <input type="checkbox"/> | <input type="checkbox"/>                                | <input type="checkbox"/>                     |
| После моего вступления в клуб Club Tax-free я стала/стал чаще посещать магазины КаррАhl   | <input type="checkbox"/>           | <input type="checkbox"/>                       | <input type="checkbox"/> | <input type="checkbox"/>                                | <input type="checkbox"/>                     |
| Уровень постоянных скидок в зависимости от стоимости покупки можно назвать разумным*  | <input type="checkbox"/>           | <input type="checkbox"/>                       | <input type="checkbox"/> | <input type="checkbox"/>                                | <input type="checkbox"/>                     |
| Я бы хотела/хотел получать больше информации о новинках   | <input type="checkbox"/>           | <input type="checkbox"/>                       | <input type="checkbox"/> | <input type="checkbox"/>                                | <input type="checkbox"/>                     |
| Я бы хотела/хотел получать больше информации о кампаниях и акциях в магазинах   | <input type="checkbox"/>           | <input type="checkbox"/>                       | <input type="checkbox"/> | <input type="checkbox"/>                                | <input type="checkbox"/>                     |

7. Какие скидки и привилегии членов клуба являются для Вас особенно важными? Отметьте крестиком для каждой строки, насколько важным для Вас являлась бы каждая из следующих привилегий.

|  | Очень<br>важно           | Важно в<br>какой-то<br>степени | Нейтральное<br>отношение | Не очень<br>важно        | Совсем<br>не важно       |
|--|--------------------------|--------------------------------|--------------------------|--------------------------|--------------------------|
| Постоянно действующая скидка на товары, продающиеся по нормальной цене*      | <input type="checkbox"/> | <input type="checkbox"/>       | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| Купоны, дающие право на скидку /предложения, полученные по электронной почте | <input type="checkbox"/> | <input type="checkbox"/>       | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| Купоны, дающие право на скидку /предложения полученные по SMS                | <input type="checkbox"/> | <input type="checkbox"/>       | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| Предложения партнеров  | <input type="checkbox"/> | <input type="checkbox"/>       | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| Специальные предложения на день рождения                                     | <input type="checkbox"/> | <input type="checkbox"/>       | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| Клубные вечера/ другие мероприятия   | <input type="checkbox"/> | <input type="checkbox"/>       | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| Эксклюзивные предложения для членов клуба в магазинах                        | <input type="checkbox"/> | <input type="checkbox"/>       | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |

**8. Из перечисленных ниже льгот и привилегий выберите, пожалуйста, две наиболее для Вас важные, и отметьте цифрами 1-наиболее важную, 2-вторую по важности льготу.**

- Постоянно действующая скидка на товары, продающиеся по нормальной цене\*  
 Купоны, дающие право на скидку /предложения, полученные по электронной почте  
 Купоны, дающие право на скидку /предложения полученные по SMS  
 Предложения партнеров  
 Специальные предложения на день рождения  
 Клубные вечера/ другие мероприятия  
 Эксклюзивные предложения для членов клуба в магазинах

**9. Получали ли Вы сообщения от КаррАhl? (Можете выбрать несколько вариантов ответа)**

- Да, по электронной почте  
 Да, сообщением SMS  
 Нет, я не получала/получал никаких сообщений для членов клуба

**10. Как Вы хотите получать сообщения от клуба КаррАhl? (Пожалуйста, выберите один вариант)**

- По электронной почте  
 Сообщением SMS  
 Я не хочу получать от КаррАhl никаких клубных сообщений

**11. Как часто Вы хотели бы получать сообщения от клуба КаррАhl? (Пожалуйста, выберите один вариант)**

- Один раз в неделю  
 Один или два раза в месяц  
 Каждый второй месяц  
 Реже, чем раз в два месяца  
 Я не хочу получать сообщений для членов клуба от КаррАhl

**12. В каком направлении, по Вашему мнению, нам нужно развивать систему Club Tax-free? Пожалуйста, напишите, что Вы думаете о клубе, в чем его положительные преимущества, и чего ему, по Вашему мнению, не хватает. Нам очень интересно и важно узнать Ваше мнение.**

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**13. Когда Вы вступили в клуб Club Tax-free?**

- Апрель
- Май
- Июнь
- Июль
- Август
- Сентябрь
- Октябрь
- Ноябрь
- Декабрь

**14. Пол**

- Мужчина
- Женщина

**15. Возраст**

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**16. Сколько человек живет с Вами**

- Вы живете одни
- Вдвоем
- Вас трое
- Вас четверо
- Вас 5 человек и более

**17. Город, где Вы живете**

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**18. Как часто Вы посещаете Финляндию?**

- Каждую неделю
- Каждый месяц
- Каждые 2-3 месяца
- Один раз в полгода
- Одни раз в год или реже

**19. Как часто Вы посещаете магазины сети КаррАhl?**

- Каждую неделю
- Каждый месяц
- Каждые 2-3 месяца
- Один раз в полгода

Одни раз в год или реже

**20. Каким видом транспорта Вы обычно приезжаете в Финляндию?**

- На автомобиле
- На поезде
- На автобусе
- В составе группы
- Другим способом

**Благодарим за Ваше время и за ответы!**

## Appendix 5: Introductory letter in English and Russian

Dear KappAhl Club Tax-free member,

Each member of the Club Tax-free is important to KappAhl. Therefore KappAhl wants to improve its operations to better suit the needs of Club Tax-free members. To achieve this, we would appreciate if you could answer a few questions about the Club. The purpose of this survey is to map how the Club members experience the Club currently and how the members would like to see it developed.

This survey is conducted in cooperation with KappAhl by two students from Laurea University of Applied Sciences as a part of their thesis. The responses will be handled confidentially and all the information will be reported to KappAhl anonymously.

Answering this survey is easy and only takes a few minutes. Participating in this survey is totally voluntary but every response is important to us.

After you have answered all questions, please return the survey to the cashier.

As a thank you for your responses, you will receive a coupon that entitles you to a 20% discount from your next purchase.

Thank you for your cooperation,

KappAhl Oy, Tiia Lahtinen and Suvi Juvonen

Уважаемый член клуба KappAhl Club Tax-free!

Для магазина KappAhl очень важен каждый член клуба Club Tax-free. Поэтому фирма KappAhl продолжает улучшать и развивать свою деятельность для наиболее полного удовлетворения потребностей членов клуба Club Tax-free. Для этого нам необходимо, чтобы Вы ответили на несколько вопросов о клубе. Целью этого опроса является исследование мнения членов о сегодняшнем состоянии клуба, и желание узнать в каком направлении, по мнению членов клуба, нам нужно развивать свою деятельность.

Это исследование проводится при сотрудничестве KappAhl с двумя аспирантками Университета прикладных наук Лауреа. Исследование является частью их диссертации. Все ответы будут обрабатываться конфиденциально, и вся информация будет предоставлена в KappAhl анонимно.

Ответ на вопросы этого исследования не займет у Вас много времени, всего несколько минут. Участие в исследовании добровольное, но каждый ответ очень важен для нас.

После того, как Вы ответите на все вопросы анкеты, пожалуйста, верните ее продавцу.

В благодарность за Ваши ответы Вы получите купон, дающий право на 20% скидку на Вашу следующую одноразовую покупку.

Заранее благодарим Вас за сотрудничество,

АО «KappAhl», Тиия Лахтинен и Суви Ювонен

## Appendix 6: Incentive coupon



**Уважаемый владелец  
карты Club Tax Free!**

Предъявив этот купон  
во время следующего  
посещения нашего  
магазина, Вы получите

**СКИДКУ  
-20%**

на товары для женщин,  
мужчин и детей,  
продающиеся по нормальной  
цене. Воспользоваться  
скидкой можно один раз.



Скидка, на которую дает право этот купон, не распространяется на уцененные товары. Возврат налога по системе Tax Free на все покупки Вы, как обычно, получите на таможне. Предложение действительно до 31.5.2010. Не забудьте предъявить на кассе карту члена клуба Club Tax Free. Данную скидку нельзя объединить с другими предложениями и скидками.

Appendix 7: Spearman's rho: general satisfaction, size of household, frequency of visiting Finland, frequency of visiting KappAhl, age

|                               |                                       |                         | General satisfaction<br>of Club Tax-free | Size of house-<br>hold | Frequency of<br>visiting Finland | Frequency of<br>visiting KappAhl | age141C |
|-------------------------------|---------------------------------------|-------------------------|--|------------------------|----------------------------------|----------------------------------|---------|
| Spearman's rho                | General satisfaction of Club Tax-free | Correlation Coefficient | 1,000                                    | -,199                  | ,119                             | ,105                             | -,090   |
|                               |                                       | Sig. (2-tailed)         | .  | ,162                   | ,414                             | ,471                             | ,537    |
|                               |                                       | N                       | 53                                       | 51                     | 49                               | 49                               | 49      |
| Size of household             |                                       | Correlation Coefficient | -,199                                    | 1,000                  | -,278 <sup>*</sup>               | -,280 <sup>*</sup>               | ,137    |
|                               |                                       | Sig. (2-tailed)         | ,162                                     | .                      | ,040                             | ,038                             | ,320    |
|                               |                                       | N                       | 51                                       | 57                     | 55                               | 55                               | 55      |
| Frequency of visiting Finland |                                       | Correlation Coefficient | ,119                                     | -,278 <sup>*</sup>     | 1,000                            | ,931 <sup>**</sup>               | ,101    |
|                               |                                       | Sig. (2-tailed)         | ,414                                     | ,040                   | .                                | ,000                             | ,471    |
|                               |                                       | N                       | 49                                       | 55                     | 55                               | 55                               | 53      |
| Frequency of visiting KappAhl |                                       | Correlation Coefficient | ,105                                     | -,280 <sup>*</sup>     | ,931 <sup>**</sup>               | 1,000                            | ,052    |
|                               |                                       | Sig. (2-tailed)         | ,471                                     | ,038                   | ,000                             | .                                | ,710    |
|                               |                                       | N                       | 49                                       | 55                     | 55                               | 55                               | 53      |
| age141C                       |                                       | Correlation Coefficient | -,090                                    | ,137                   | ,101                             | ,052                             | 1,000   |
|                               |                                       | Sig. (2-tailed)         | ,537                                     | ,320                   | ,471                             | ,710                             | .       |
|                               |                                       | N                       | 49                                       | 55                     | 53                               | 53                               | 55      |

## Appendix 8: Cronbach's Alpha: question number 1

Question number 1: How important are the following issues to you, when you visit a clothing store?

|                  |            |
|------------------|------------|
| Cronbach's Alpha | N of Items |
| ,849             | 13         |

## Item-Total Statistics

|                            | Scale Mean if Item Deleted | Scale Variance if Item Deleted | Corrected Item-Total Correlation | Cronbach's Alpha if Item Deleted |
|----------------------------|----------------------------|--------------------------------|----------------------------------|----------------------------------|
| Customer service           | 22,84                      | 50,323                         | ,471                             | ,841                             |
| Sufficient amount of staff | 22,77                      | 49,017                         | ,580                             | ,835                             |
| Helpfulness of staff       | 22,59                      | 46,201                         | ,611                             | ,831                             |
| Expertise of staff         | 22,64                      | 47,027                         | ,633                             | ,830                             |
| Friendliness of staff      | 23,14                      | 53,144                         | ,329                             | ,848                             |
| Personal service           | 22,11                      | 45,033                         | ,576                             | ,833                             |
| Welcome on arrival         | 21,75                      | 45,448                         | ,549                             | ,835                             |
| Russian language skills    | 22,41                      | 51,829                         | ,197                             | ,857                             |
| Presentation of clothing   | 21,45                      | 47,137                         | ,432                             | ,845                             |
| Clear display of prices    | 22,95                      | 48,789                         | ,558                             | ,836                             |
| Tidiness of store          | 22,82                      | 47,129                         | ,742                             | ,826                             |
| Air conditioning           | 22,45                      | 47,277                         | ,480                             | ,840                             |
| Pleasant background music  | 21,89                      | 43,917                         | ,583                             | ,833                             |

## Appendix 9: Cronbach's Alpha: question number 2

Question number 2: How satisfied are you with the following aspects when you visit the KappAhl Lappeenranta store?

|                  |            |
|------------------|------------|
| Cronbach's Alpha | N of Items |
| ,819             | 13         |

## Item-Total Statistics

|                            | Scale Mean if Item Deleted | Scale Variance if Item Deleted | Corrected Item-Total Correlation | Cronbach's Alpha if Item Deleted |
|----------------------------|----------------------------|--------------------------------|----------------------------------|----------------------------------|
| Customer service           | 17,17                      | 20,014                         | ,563                             | ,804                             |
| Sufficient amount of staff | 17,04                      | 19,820                         | ,456                             | ,808                             |
| Helpfulness of staff       | 17,09                      | 19,326                         | ,593                             | ,799                             |
| Expertise of staff         | 17,07                      | 19,618                         | ,512                             | ,804                             |
| Friendliness of staff      | 17,20                      | 20,339                         | ,494                             | ,808                             |
| Personal service           | 16,83                      | 16,680                         | ,586                             | ,797                             |
| Welcome on arrival         | 16,65                      | 18,499                         | ,461                             | ,807                             |
| Russian language skills    | 16,70                      | 19,461                         | ,302                             | ,822                             |
| Presentation of clothing   | 16,30                      | 16,261                         | ,577                             | ,800                             |
| Clear display of prices    | 17,13                      | 19,316                         | ,515                             | ,803                             |
| Tidiness of store          | 17,30                      | 20,839                         | ,567                             | ,811                             |
| Airconditioning            | 16,98                      | 19,800                         | ,369                             | ,813                             |
| Pleasant background music  | 16,98                      | 19,577                         | ,448                             | ,808                             |

## Appendix 10: Cronbach's Alpha: question number 5

Question number 5: How satisfied are you with the following aspects Club Tax-free?

|                  |            |
|------------------|------------|
| Cronbach's Alpha | N of Items |
| ,865             | 5          |

## Item-Total Statistics

|   | Scale Mean if Item Deleted | Scale Variance if Item Deleted | Corrected Item-Total Correlation | Cronbach's Alpha if Item Deleted |
|---|----------------------------|--------------------------------|----------------------------------|----------------------------------|
| Continuous benefit from normal priced items   | 8,46                       | 8,842                          | ,429                             | ,889                             |
| Amount of club mailings via e-mail            | 7,65                       | 6,819                          | ,648                             | ,848                             |
| Amount of club mailings via sms               | 7,62                       | 6,320                          | ,860                             | ,790                             |
| Content of club mailings                      | 7,73                       | 6,201                          | ,831                             | ,797                             |
| Amount of information received about the club | 7,92                       | 6,896                          | ,685                             | ,837                             |

## Appendix 11: Cronbach's Alpha: question number 6

Question number 6: List of claims (about Club Tax-free)

|                  |            |
|------------------|------------|
| Cronbach's Alpha | N of Items |
| ,871             | 11         |

## Item-Total Statistics

|  | Scale Mean if Item Deleted | Scale Variance if Item Deleted | Corrected Item-Total Correlation | Cronbach's Alpha if Item Deleted |
|--|----------------------------|--------------------------------|----------------------------------|----------------------------------|
| I have received enough information about the Club Tax-free                                 | 15,89                      | 26,365                         | ,630                             | ,856                             |
| The Club Tax-free has lived up to my expectations  | 15,91                      | 25,293                         | ,757                             | ,847                             |
| I have benefitted from being a club member   | 16,04                      | 25,206                         | ,788                             | ,845                             |
| The amount of club mail I receive is sufficient  | 15,59                      | 26,850                         | ,404                             | ,873                             |
| The club offers are attractive   | 16,00                      | 26,151                         | ,677                             | ,853                             |
| I could the recommend the club to a friend   | 16,20                      | 28,354                         | ,440                             | ,868                             |
| I have taken advantage of club benefits (either the continuous benefit or coupon benefits) | 16,17                      | 27,575                         | ,601                             | ,860                             |
| After joining the Club Tax-free I have visited KappAhl stores more frequently              | 16,00                      | 26,868                         | ,477                             | ,866                             |
| The discount levels of the continuous benefit are reasonable                               | 15,91                      | 25,293                         | ,727                             | ,849                             |
| I would like to receive more information about new products                                | 15,76                      | 25,809                         | ,478                             | ,869                             |
| I would like to receive more information about campaigns in stores                         | 15,91                      | 25,595                         | ,507                             | ,867                             |

## Appendix 12: Cronbach's Alpha: question number 7

Question number 7: Regarding loyalty programs how important are the following benefits to you?

|                  |            |
|------------------|------------|
| Cronbach's Alpha | N of Items |
| ,841             | 7          |

## Item-Total Statistics

|   | Scale Mean if Item Deleted | Scale Variance if Item Deleted | Corrected Item-Total Correlation | Cronbach's Alpha if Item Deleted |
|---|----------------------------|--------------------------------|----------------------------------|----------------------------------|
| Continuous benefit from normal priced items | 11,06                      | 19,208                         | ,394                             | ,845                             |
| Discount coupons/offers via e-mail          | 10,79                      | 15,591                         | ,717                             | ,800                             |
| Discount coupons/offers via sms             | 10,60                      | 15,552                         | ,656                             | ,809                             |
| Offers from affiliates                      | 10,57                      | 15,289                         | ,730                             | ,797                             |
| Special offers on birthday's                | 10,83                      | 17,374                         | ,452                             | ,839                             |
| Club evenings/events                        | 9,83                       | 15,298                         | ,580                             | ,823                             |
| Exclusive offers for club members in stores | 10,58                      | 14,632                         | ,661                             | ,809                             |

