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# Customer Representatives as Part-Time Marketers Of Online Services Case: Tapiola General Mutual Insurance Company

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Niemelä Jere

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Laurea University of Applied Sciences  
Leppävaara

Customer Representatives as  
Part-Time Marketers Of Online Services  
Case: Tapiola General Mutual Insurance Company

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Jere Niemelä

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The empirical study that this thesis is based on was ordered to be conducted by Tapiola General Mutual Insurance Company, a Finnish customer-owned insurance company that offers its customers general insurance.

The purpose of this thesis is to determine the current online services-related competence of customer representatives working at Tapiola General's customer interface, namely at the company's branch offices and its contact center. There is great demand within Tapiola General for a better understanding of the current state of this competence due to increasing demands for cost effectiveness and improved customer satisfaction.

Boosting the number of customers actively engaged in the online service channel forms a part of Tapiola General's business strategy. To accomplish this, the customer representatives in their capacity to work as part-time marketers for online services are of crucial importance.

In the theoretical framework of this thesis the following concepts are investigated: customer satisfaction, delivering service quality online, the marketing function and the role of information technology in the customer service process. Also, hypotheses concerning the findings are created.

The empirical part of this thesis consists of describing the data collection process and analyzing the data. The research method used in this mostly quantitative study was mystery shopping, which entails the researcher to assume the role of a customer in otherwise authentic customer service situations.

As a result of this study, it was discovered that the overall level of online services-related competence at the customer interface is on a very good level. However, due to some competence differentials detected between the branch office and contact center service channels, it can be recommended that Tapiola General's management place some additional emphasis on the online services in, for example, the training of customer representatives working at the contact center.

Additional research is needed to empirically research the questions of how Tapiola General's customers perceive the company's online services, how online services could create additional value to customers and, finally, to what degree the online services strategy complements the overall business strategy of the company.

Key words: online services, service quality, services marketing, mystery shopping

Jere Niemelä

**Asiakasneuvojat verkkopalveluiden osa-aikaisina markkinoijina  
Case: Tapiola keskinäinen vakuutusyhtiö**

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Empiirinen tutkimus, jolle tämä opinnäytetyö perustuu, tehtiin toimeksiantona Vahinko-Tapiolalle. Keskinäisyyden periaatteella toimiva Vahinko-Tapiola on suomalainen vakuutusyhtiö, joka tarjoaa asiakkailleen vahinkovakuutuspalveluja.

Tämän opinnäytetyön tarkoituksena on selvittää Vahinko-Tapiolan asiakasrajapinnassa toimistoilla ja puhelinpalvelussa työskentelevien asiakasneuvojien tämänhetkinen verkkopalveluihin liittyvä osaamisen taso. Kysyntä tälle tiedolle Vahinko-Tapiolassa on suuri johtuen lisääntyvästä tarpeesta toimia kustannustehokkaasti ja tuottaa parempaa asiakastytyväisyyttä.

Vahinko-Tapiola on kirjannut toimintastrategiaansa tavoitteen kasvattaa verkkopalvelukannavaa aktiivisesti käyttävien asiakkaiden määrää. Tämän tavoitteen saavuttamisessa on asiakasneuvojilla avainasema, sillä he voivat työssään toimia verkkopalveluiden osa-aikaisina markkinoijina.

Seuraavia käsitteitä käsitellään tarkemmin tämän opinnäytetyön teoriaosuudessa: asiakastytyväisyys, laadukkaan palvelun tuottaminen verkossa, markkinointi toimintona ja tietotekniikan merkitys asiakaspalveluprosesseissa. Lisäksi kehitetään tutkimushypoteeseja.

Tämän opinnäytetyön empiirisessä osassa kuvaillaan tutkimuksen tiedonkeruuprosessi ja analysoidaan saatu tutkimustieto. Tutkimusmetodinä tässä pääosin kvalitatiivisessa tutkimuksessa oli ”mystery shopping”, eli haamuostaminen. Tämä tutkimusmetodi edellyttää tutkijan tekeytymistä asiakkaaksi muilta osin aidoissa asiakaspalvelutilanteissa.

Empiirisen tutkimuksen tuloksena voitiin todeta verkkopalveluihin liittyvän osaamisen tason Vahinko-Tapiolan asiakasrajapinnassa olevan yleisesti erittäin hyvä. Puhelinpalvelun ja toimistojen välillä havaitun jonkinasteisen osaamistason eron vuoksi voidaan kuitenkin suositella Vahinko-Tapiolan johdolle suositella, että verkkopalveluita painotettaisiin nykyistä enemmän esimerkiksi puhelinpalvelussa työskentelevien asiakasneuvojien koulutuksessa.

Lisätutkimus on tarpeellista empiirisen tutkimustiedon saamiseksi seuraavista aiheista: millaisina Vahinko-Tapiolan asiakkaat kokevat yhtiön verkkopalvelut, kuinka verkkopalvelut voisivat luoda lisäarvoa Vahinko-Tapiolan asiakkaille ja viimeisenä, kuinka hyvin yhtiön verkkopalvelustrategia nykytilanteessa tukee yhtiön yleisen strategian toteutumista.

Avainsanat: verkkopalvelut, palvelun laadukkuus, palveluiden markkinointi, haamuostaminen

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## 1 Introduction

### 1.1 Scope of the study

The topic for this thesis, measuring the level of Tapiola General Mutual Insurance Company's online services related competence at the company's customer interface, was chosen per request of Tapiola General Mutual Insurance Company and, more precisely, its unit for online services.

In addition to Tapiola General Mutual Insurance Company, which will be mostly referred to only as Tapiola General later on in this thesis having demand for a study on the topic, there are presently a number of organizations that would like to either transfer parts of their customer service functions online or then boost their already existing online service channel at the cost of more traditional service channels, such as branch offices or contact centers. These organizations are all seeking answers to the same questions and it is herein that lies the highly contemporary and interesting nature of this study. This topic, a company's online services and the personnel's competence regarding them, was deemed not only suitable for a thesis, but also of general interest.

Having well designed and functional online services can be considered a competitive advantage for a company in the ever-tightening business environment. However, merely making these services available is not enough. The customers will also need to find these services and start making use of them in order for the benefits of having operations online, of which cost effectiveness and more efficient processes are examples, to become a reality. By the customer, making use of these services, which make running errands and taking care of everyday tasks more flexible and less time consuming, may very well be, in turn, perceived as improved customer service.

In the context of this thesis, the customer interface is comprised of Tapiola General's contact center and branch offices, where customers are being catered to daily by the company's representatives. This group of employees is crucially important in promoting the company's online services to its customers and making them better known, thus having the potential to increase the number of customers actively using these services.

In a broader sense, the topic of this study is the quality of customer service at Tapiola General's customer interface. Whether the representatives are able to assist the company's customers with their online services related needs is being looked into. However, the quality of the customer service provided is not being analyzed as such in the study.

The development of online services and the online customer care channel form the study's contextual framework. These will be given more thought in the theoretical part of this thesis.

## 1.2 Choice of the research context

There is great demand within Tapiola General for a better understanding of the current state of its employees' competence and know-how regarding the company's services found online. This is due to an increasing number of contacts from customers through all of the company's service channels, a gradual development that is placing more and more pressure on the company's customer service department. (Joffell, interview of 11 November 2010)

Being able to direct customer contacts to the appropriate service channels and being able to handle these contacts more efficiently than at the present is of great importance to Tapiola General. This is not merely an operational or tactical question for the company, since it is a part of its business strategy to have a greater number of customers actively engaged in the online service channel than at the present. (Joffell, interview of 11 November 2010)

Tapiola General Mutual Insurance Company was chosen as an appropriate company to be studied for this thesis owing to its relatively large size and important position in the Finnish insurance business and overall financial market. The company belongs to a customer-owned group of three insurance companies, the Tapiola Group. The other insurance companies comprising the group are Tapiola Life and Tapiola Pension. The group also includes the following companies: Tapiola Asset Management Ltd, Tapiola Bank Ltd and Tapiola Tapiola Real Estate Ltd. As a whole, the group offers its customers insurance, bank, savings and investment services and it operates based on mutuality. This means that the customers own the mutual insurance companies, which in turn own the rest of the financial companies. (The Tapiola Group 2011)

Even though Tapiola General markets insurance, the subject matter of this study is ultimately not limited to the insurance business or other financial services. Instead, the research context comprises of services marketing. After all, the insurance business consists of marketing and providing customers intangible goods that are, in essence, services. As such, the possible findings of this study are likely to be of interest in other fields of business as well. In short, Tapiola General and the insurance business present an excellent opportunity to research services marketing from an online services point of view at a grassroots level.



### 1.3 Purpose of the study

The purpose of this thesis is to provide Tapiola General with information regarding how well its personnel working at the customer interface is able to use the company's online services in day-to-day functions and, in particular, how well these staff members are able to direct customers into the online channel to perform various tasks concerning their insurance-related needs in matters that traditionally would have required the customer to either call the company's contact center or even go to one of the company's branch offices to consult an insurance representative.

The purpose of the study presented above can be crystallized in the following question: What is the current level of online services-related competence of employees working at Tapiola General's customer interface? An important distinction to be made, however, since the study focuses on a topic often dominated by technological terms and points of view, is that the purpose of this thesis is not to focus on the technological realization of Tapiola General's online services. Nor is the purpose of this thesis to measure how Tapiola General's online services are perceived by the company's customers.

Once the current level of Tapiola General's customer care personnel's online services know-how has been assessed, this thesis aims at offering the company managerial implications as to what could possibly be the areas for improvement in its employees' online services competence and, moreover, how the company could proceed in striving to enhance this competence.

The aforementioned implications will be made keeping in mind the company's business strategy. As stated by Jutta Joffell, (interview of 11 November 2010) a part of this strategy is to further strengthen the online channel's position in the way the company's customers are in contact with the company. At last, some thought will be given to how the company's customer service could potentially be improved by applying these implications and by emphasizing the online services in the company's personnel strategy.

### 1.4 Limitations of the study

The present study has both strengths and limitations. It is necessary to acknowledge these limitations so that their potential impact on the findings can be more appropriately evaluated. First of all, the seemingly modest sample size might be a concern. However, this limitation is at least partly counterbalanced by the fact that the research questions were asked several times so that a reply to a question was acquired from several insurance representa-

tives. The purpose of this was to offset the impact of competence differentials between representatives.

Second, the lack of data regarding the quality of customer service is a limitation of the present study when discussing the acquired results. Specifically, customer service could not be measured because the study was conducted with mystery shoppers rather than actual customers. Most importantly, it is not known whether Tapiola General's online services at the present are considered important or valuable by customers. Nor is it known what kind of online services the company's customers would like to utilize. This is an expected result of employing a research method which does not require interviewing end-customers. Nevertheless, typical customer problems and questions were used in executing the study to diminish the importance of this limitation.

### 1.5 Structure of the study

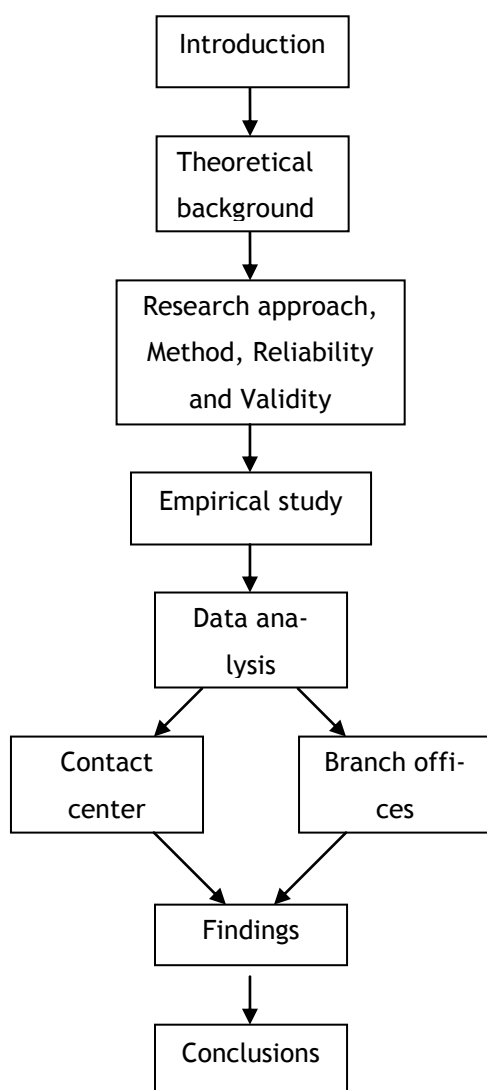


Illustration 1: Structure of the study

This paper is organized as shown in illustration number 1. After the introduction, the theoretical background and framework are developed. The method used to test the framework is then presented. The data and data collection are described and the results of the data analysis presented. The thesis concludes with a discussion of the findings as well as directions for future research.

## 2 THEORETICAL BACKGROUND

### 2.1 About the importance of service quality and customer satisfaction

At present, the online environment makes available exceptional opportunities for a multitude of organization in the Business-to-Consumer (B2C) industry to use technology in offering services to the end consumers to help support or supplement the core products or services of a company. In fact, owing to B2C e-business, the focus of IT use in organizations has shifted from internal management tools and solutions to applications directed at customers. This development has caused IT use to dramatically expand, making it an integral part of all types of customer service. Still, this development has not lessened the importance of high quality customer service, as a service quality perspective is still essentially important to B2C companies. (Cenfetelli et al. 2008, 161)

Service quality, which is a key compound in the B2C service environment, has been shown to boost online channel usage and customer loyalty to websites. Moreover, it has been shown to increase customer satisfaction with a website. (Cenfetelli et al. 2008, 162 & 164) These two important constructs will be given some thought next.

A customer's overall subjective appraisal of the excellence of his/her dealings with a service provider or merchant, along with to what degree and how well his/her needs were met during the interaction together establish the concept of service quality. An array of factors affects how a customer perceives the quality of the service he/she receives. These are: the service provider's reliability as perceived by the customer as well as the assurance, empathy and responsiveness that the service provider communicates to customers. Furthermore, the physical aspects of the vendor's infrastructure and/or appearance have an effect on the customer's assessment of the quality of service he/she has received. (Cenfetelli et al. 2008, 163)

The principal and most relevant consequence of being able to provide high quality customer service for a company is satisfaction, which is the result of a customer comparing an actual performance outcome against expectations he/she had prior to engaging in the interaction. The customer's satisfaction or dissatisfaction is the result of the positive or negative discrepancy between these two factors, i.e. the expectations and the performance outcome. The

principles of customer satisfaction creation as well as customer satisfaction being the dominant outcome of service quality are applicable both in B2C and in general. (Cenfetelli et al. 2008, 164)

What makes customer satisfaction such a salient factor to companies then is that it has a well-established impact on customer behaviors, which vary from deciding to purchase a product to adopting a B2C service channel. This is because of the role of satisfaction as a behavior driving attitude. The implications of this to customer service and, to providing customer service online in particular, are stated by Cenfetelli et al. (2008, 168) in the following: “A customer who is more satisfied with a website is more likely to continue using that site”.

The challenge for organizations in today’s multi-channel world, according to Smith and Wheeler (2002, 137), is finding ways to communicate their brands across multiple channels in a way that is consistent, intentional and differentiated, all the while aiming at delivering a valuable experience of the brand. This is why it is essential to build online communities around a profound understanding of customers and their habits and desires to do business. Still, it should not be assumed by organizations that all products and services should be delivered across all service channels. Instead, organizations should make an effort to recognize the opportunities and disadvantages of a particular service channel and then consider their business and brand objectives.

While customer satisfaction can promote continued usage of a B2C website, it should be noted that this is an indirect effect compared to the direct effect a customer’s utilitarian concerns may have. In other words, despite an individual being dissatisfied with the online services of a company, he/she may continue to use the services in question because he/she finds them useful. (Cenfetelli et al. 2008, 168)

From a B2C and service quality point of view, satisfying the customer often means more than just providing a basic product or service. What it means is, ultimately, assisting the customer in reaching his/her shopping goals. This can be achieved by providing the customer with different value-adding services. The foundation of this proposition is that when a core product or service is offered with services that support it, it becomes more valuable than the mere core product or service. From an online services point of view, the more supporting services provided on a website to help customers reach their shopping goals, the more useful the customers using the site find it. (Cenfetelli et al. 2008, 167)

In the online services context, it is often IT that is used to provide customers with supporting services, which have been described as a source of value for customers in general. With these supplementary services being provided, customers should experience a greater sense of ser-

vice quality in their dealings with the company in question. Furthermore, meeting customer needs is a significant contributor to service quality experienced by customers, and supporting services have been found to be an important means of meeting these needs. (Cenfetelli et al. 2008, 166).

In addition to supplementary services being important in promoting service quality and satisfying the customers' needs within the B2C context, other factors such as maximizing information access are recognized as an important contributor to customer satisfaction. Also, providing customers with tools to communicate with the company is relatively important to B2C success. (Cenfetelli et al. 2008, 166)

Ultimately, it is no longer enough for an organization to simply have a website. According to Cook (2008, 25) the site also needs to: "communicate key messages to customers, act as a shop window and accurately reflect the image of the company". In order to maintain brand synergy, an organization's website needs to be integrated with the overall customer strategy.

## 2.2 The role of employees as part-time marketers

In standard marketing thinking, a marketing department is seen as the unit that is responsible for planning and implementing a company's marketing activities. The rationale underlying this solution, which is mostly based on experience from marketing consumer packaged goods, is that having all marketing activities performed by a group of specialists is the best way to plan and implement marketing. This approach requires that marketing be separated from the other business activities of the company in a manageable way and that marketing be considered a separate function in the company. Criticism of this has emerged, however, and the need for marketing to break free from the marketing department has been recognized. (Grönroos 2007, 347-348)

When observing less established areas of marketing, as opposed to consumer goods, for example, it can be seen that marketing departments have less importance or that there are no formal marketing departments at all. Business-to-business marketing and service firms that have long term customer relationships demonstrate that not only marketing specialists are responsible for marketing, but that all the employees of an organization carry out marketing activities. The fact that those who produce and deliver services also carry out marketing activities creates an organizational dilemma, since these part-time marketers may not realize or accept having an active role in the marketing of the company. (Grönroos 2007, 348)

In service operations, the status of the majority of employees is complicated because of the dual responsibilities they possess, as pointed out by Grönroos (2007, 349). Employees such as

bank tellers, cashiers and maintenance technicians must in first place be able to perform their technical duties. However, it is crucial they all realize that the way in which they carry out their duties also constitutes a marketing task. In fact, marketing activities are carried out by every employee of the organization who, directly or indirectly, influences the customers. From the company's point of view, the outcome of this interaction should naturally be a good marketing impact.

The part-time marketers possess such an important role in companies because of their high numbers as well. Full-time marketers, the marketing specialists working in marketing and sales departments, are only able to take care of a limited part of marketing. In a service organization, it is not possible for these full time marketers to: "...be at the right place at the right time with the right customer contacts", as stated by Grönroos (2007, 350).

A common problem in organizations is that the marketing department is mistaken for the concept of a marketing process. Grönroos (2007, 350) defines the marketing process in the following way: "The marketing process includes all resources and activities that have a direct or indirect impact on customer preferences and the establishment, maintenance and strengthening of customer relationships, irrespective of where they are in the organization". The marketing department, in contrast, is an organizational solution aiming at concentrating some aspects of the marketing process into one specific unit of the organization.

As an organizational solution, introducing and using a marketing department to handle marketing has both advantages and disadvantages. The positive aspect of introducing a marketing department is that it may create interest in marketing among service providers and also increase their theoretical understanding of marketing activities. This introduction may, however, also cause the employees to forget about their customer-related responsibilities and solely concentrate on their technical duties. In the long term having a marketing department, in particular a dominating one, can hinder the ability of an organization as a whole to think and perform in a manner that is truly customer-focused. (Grönroos 2007, 350)

Even though marketing departments may be important in carrying out corporate campaigns, planning and market research, as much marketing effort as possible should be planned and implemented in the line organization, since the immediate responsibility for rendering the service can be found on this organizational level. A marketing department should not be given a dominant position. Moreover, introducing such departments should be done carefully and in such a manner that the part-time marketers do not misunderstand their role. (Grönroos 2007, 351) As stated by Grönroos (2007, 352): "A marketing department is not an excuse for the rest of the organization to stop being responsible for customers".

### 2.3 Delivering service quality online

There is evidence that being able to deliver service quality through websites is a crucial strategy to success for companies. This ability may even be more important than Web presence and low price, which were generally believed to be the drivers for success in the early days of companies going online. It has been discovered that having superior Web presence or being able to offer low prices do not help when there is a breakage in the customer service process. (Zeithaml et al. 2002, 362)

Failings that have become common in e-commerce and that represent a breakage in the customer service process include: customers not being able to complete transactions, products not being delivered on time or at all, e-mails not being answered, and desired information not being accessible. To overcome these issues and build customer loyalty a new, differentiating, strategy needed to be developed. This is how the concept of electronic service quality, which encompasses all cues and encounters occurring before, during, and after the transactions, instead of just focusing on the transactions themselves, came to be. (Zeithaml et al. 2002, 362)

As to the definition of electronic service quality, some differences in the meaning of electronic service quality exist. It is pointed out by Zeithaml et al. (2002, 362-363) that, even though both business and academic researchers have started conceptualizing and measuring electronic service quality, some have focused more on the technical quality of the website, while others have emphasized the service quality that is provided to customers by means of the website.

Furthermore, some of the conceptualizations of electronic service quality are restricted to the interaction of customers with the website itself, whereas others take account of the post-website services of fulfilment and returns as well. Zeithaml et al. (2000, 363) provide the following formal definition of website service quality: "...the extent to which a website facilitates efficient and effective shopping, purchasing, and delivery of products and services". In this definition, the term service is looked at in a more comprehensive way, and it includes both pre- and post-service aspects of a website.

A number of criteria used by customers to evaluate websites in general and, in particular, service quality delivery through websites, have been identified by means of academic research. These include, as presented by Zeithaml et al. (2002, 363), the availability of information and content, the ease of use or usability of the website, privacy and security related matters, graphic style of the site, and, finally, fulfillment provided by the site. Also, it should be noted that when customers are purchasing items online, they are typically goal-oriented in

their behavior. In other words, when the context is purchase other criteria, such as the potential entertainment value of using the website, are not relevant. This is given further emphasis by Smith (2000, 240), who claims that navigation on a website should be based on solving customer problems.

Criteria other than the aforementioned ones that pertain to online service quality include access, responsiveness, and personalization. It has been found that access, which has been illustrated in some studies as the presence of contact information on a website, such as telephone numbers, e-mail addresses, or addresses to contact customer service representatives, as well as responsiveness, which has been measured, for instance, by the swiftness with which a customer service representative responded to e-mails sent by a customer, are both key indicators of service quality delivered through the online services of a company. Furthermore, in the instance of online financial services, ease of use and perceived channel advantage have been shown to be important factors in the adoption of these services by customers. (Zeithaml et al. 2002, 363-364)

Additional dimensions that are employed to measure service quality provided by online retailers include interactivity and integrated communication. The former dimension refers to the extent to which customers can, first of all, communicate with the people behind the website, secondly, search for interaction in an interactive fashion, and thirdly, conduct transactions by means of the website, while the latter dimension involves the degree of seamlessness with which the website user is able to communicate with retailers making use of multiple channels. This specific ability is closely connected to the dimension of customer support, which will be addressed later in this chapter. (Zeithaml et al. 2002, 366)

At last, it is essential for the designers, as well as the management, of a company communicating or selling through the Web to consider how the website fits with the general business process, a part of which the service channels form. In other words, the Web strategy needs to complement the overall business strategy. (Zeithaml et al. 2002, 366)

There are a number of dimensions to electronic service quality that only become important when users of the website have questions to ask or encounter a problem. These dimensions pertain to the function of customer support within a company's customer service processes, and, more precisely, to the facet of so called recovery services. The dimension of responsiveness is used in determining how well a company is able to provide appropriate information to customers when a problem occurs. A dimension similar to this is the contact dimension, which points to customers' need to be able to speak to a live customer service representative either online or through the telephone. This requires the multiple channel capabilities of a company to work seamlessly. (Zeithaml et al. 2002, 366)



Even though some of electronic service quality's dimensions are similar to those of the traditional, more researched service quality which is delivered offline, others are completely new or involve novel sets of qualities unique to the online context. For example, personal service is not a factor of great significance in the transactional aspects of online service according to Zeithaml et al. (2002, 367). However, as asserted by Lindstrand et al. (2006, 100) the relationship between buyer and seller in the financial sector is complicated due to the heterogeneous nature of the services, which are often difficult for consumers to understand. This complicates the consumer's decision-making process and increases the risk attached to the decision, as perceived by the consumer. Consequently, consumers with extensive knowledge of financial services are more likely to use Internet-based financial services than consumers who are as knowledgeable of the technology, but have less knowledge of financial services. Thus, some consumers may be uncomfortable purchasing financial services through the Internet.

At the same time as customers seek understanding, support, courteousness, as well as other aspects of personal attention in customer service encounters taking place offline, these requirements do not seem to be key customer concerns in perceived electronic service quality. In fact, aspects of personal service only seem to be considered when customers seek special assistance due to service recovery or the need to make highly complex decisions. In line with this characteristic of consumer behavior is the observation that consumers do not seem to be concerned about how to contact a site, the company's way to handle problems, or whether they will be able to receive compensation in the event of a problem. (Zeithaml et al. 2002, 366-367)

In their effort to improve a company's electronic service quality, the group of managers in charge of website design and operations should strive to have as accurate information as possible about the online service features desired by customers. A company should research and give the customers what they want, not what the company wants to tell them, as crystallized by Cook (2008, 27). This is imperative due to the important role electronic service quality possesses in perceived customer value, customer satisfaction, and purchase/repurchase behavior. With incomplete or inaccurate information, investments are likely to be made to improve aspects of electronic service not considered important by customers. (Zeithaml et al. 2002, 368)

#### 2.4 Information technology and the customer service process

During the past two decades, being able to deliver quality customer service has emerged as a factor of fundamental strategic importance for the majority of companies, and service quality

has interested both academics and practitioners considerably. At present, marketing scholars generally agree that high quality customer service is not only the most important factor for attaining the principal outcome in marketing, customer satisfaction, but it is the primary criterion when measuring the competitiveness of the customer service process. (Ray et al. 2005, 625-626)

The increased focus on customer service has drawn further attention on matters concerning information services, which reflects the general recognition of the crucial role information technology plays in supporting service delivery. In other words, information technologies possess a critical role in the function of customer service. Since companies apply information technologies to support specific activities and processes, it can be argued that the impact of IT is best documented at the level of processes within a company. (Ray et al. 2005, 625-626)

In terms of spending, the financial services industry, a part of which the insurance industry is, has historically been among the largest investors in information technologies. This is in large part because of the digital nature of the products and services available, but also due to IT being a central tool for providing customer service personnel with all the information they need to have in order to be able to deliver customer service of high quality, which in the highly competitive insurance industry is widely considered to be strategically important. (Ray et al. 2005, 628)

However, despite this agreement concerning the importance of customer service among companies within the insurance industry, a high level of variance has been reported in the ability of insurance companies to satisfy their customers. This suggests that these companies differ in their ability to execute the customer service process. (Ray et al. 2005, 628)

There are a number of IT resources and capabilities that are relevant when executing the customer service process. These factors can be divided into two general categories of resources linked with different functions concerning IT applications, that is, with the planning, conception, implementation, and use of these applications. (Ray et al. 2005, 628)

The first category of resources associated with information technologies includes IT spending and two purely technological resources, which are the technical IT skills of employees and generic information technologies employed in the customer service process. The second category of these resources encompasses two abilities that have an effect on to what extent the first category of resources may be used: shared knowledge and the flexibility of IT infrastructure. In this context, the capability of shared knowledge within an organization refers to knowledge IT managers have about the customer service process. This is, in turn, linked with

what customer service managers know about IT. Each of these IT resources will be looked at next more in depth. (Ray et al. 2005, 628)

The resource of technical IT skills refers to skills that are possessed by the company's IT staff and that are employed in order to develop IT applications. These skills are often somewhat general and explicit, such as programming, for example, and while they have the ability of being highly valuable, they are also readily available to rivaling companies by means of hiring employees or consultants that possess these skills. Because of this characteristic, these skills are not, on average, rare or costly to imitate. In consequence, they are not likely, by themselves, to explain variance across competing firms when evaluating the performance of the customer service process. (Ray et al. 2005, 628)

Another purely technological resource in addition to technical IT skills is the set of widely known hardware and software technologies used in the context of the customer service process. According to Ray et al. (2005, 629), these generic information technologies comprise: "...scanning and imaging technology, computer networks with agents and brokers, Web-enabled customer interfaces, call-tracking and customer relationship management software, computer and telephony integration and customer service expert systems".

As pointed out by Ray et al. (2005, 629), the aforementioned technologies are generic in the sense that they can be purchased from outside suppliers by any company that wishes to source them. Furthermore, despite their being aimed at the customer service process, they are rarely specific for any particular company. Therefore, generic technologies of this nature are not the likely source of variance in the performance of the customer service process across competing firms. Such technologies may, however, be of value in an absolute sense: investing in them can render the customer service process more efficient relative to that same process without these technologies.

A third resource associated with information technologies that is important for the customer service process is the level of raw euro spending on IT. As with the two previous resources, there is once more no reason to expect that IT spending by itself would explain variance in the performance of the customer service process across competing firms. However, in the field of business of insurance in particular, investing in IT has virtually become a necessity in recent times. (Ray et al. 2005, 629)

The reason for the level of spending on IT being so vital for companies, as noted by Ray et al. (2005, 629) is a competitive environment in which: "Failure to invest in IT resources and capabilities, by sourcing them internally or externally, can put a firm at a competitive disadvantage in terms of the performance of its customer service process." It is because of this

that insurance companies are motivated to keep their level of IT spending high. This investment will, in turn, help to maintain a competitive level of service.

Even though it is hypothesized by Ray et al. (2005, 630) that the first three IT resources may not, by themselves, be the source of discrepancy in customer service performance across competing firms, the remaining two IT capabilities, namely shared knowledge and the flexibility of IT infrastructure, may. These two potential generators of competitive advantage for companies will now be examined in further detail.

One crucial factor, or capability, that determines the strategic use of IT within a company is the shared knowledge between line and IT managers. As stated by Ray et al. (2005, 630): "A major component of a firm's absorptive capacity regarding IT is represented by the conjunction of IT and business-related knowledge possessed by and exchanged among the IT and line managers".

When it comes to the customer service process, what represents the concept of shared knowledge then, is the knowledge that the IT manager possesses about the process of serving customers, the knowledge possessed by the customer service manager about the possible ways to implement IT to enhance customer service, and, in addition, the common understanding between these two managers as to how IT can be made use of to improve the performance of the customer service process. Shared knowledge of this nature makes it possible for the company to: "...conceive, effectively implement, and use IT applications to improve customer service process performance", as pointed out by Ray et al. (2005, 630) and is thus an important IT related capability for companies.

The development of shared knowledge, which is often a socially complex process, takes long periods of time to succeed. As stated by Ray et al. (2005, 630): "The trust, interpersonal relationship, and a shared body of firm-specific knowledge between the IT and the customer service managers at a level where they are able to effectively work together to conceive novel IT applications can take years and numerous joint development projects to evolve."

A capability of this nature, which is valuable and often unevenly distributed across companies, can work as a vital IT-related differentiator, since it is not exposed to low-cost imitation. Therefore, differences in the performance of the customer service process across competing firms can, in some instances, be explained by variation in the amount of shared knowledge between IT and customer service managers about the manners in which information technologies can be applied to enhance this process. (Ray et al. 2005, 630)

IT infrastructure, which can be defined as a set of capital resources shared within the company that supply the foundation on which specific IT applications can be built, has been identified in recent years as another IT-related resource that can have an impact on a company's ability to strategically exploit information technologies. According to Ray et al. (2005, 630), the main components of IT infrastructure are :"(1) computer platform (hardware and operating systems), (2) communications network, (3) critical shared data, and (4) core data processing applications".

The variance in flexibility of companies' IT infrastructure has its impact on the way different companies are able to do business. As stated by Ray et al. (2005, 630), this differential flexibility "makes the cost, pace, and value of IT-enabled innovation different for different firms". Having a flexible IT infrastructure makes it possible to rapidly develop and implement IT applications that can be used to enhance the performance of the customer service process by allowing the company to take action promptly to exploit arising opportunities or to counterbalance threatening competition. In contrast, having an inflexible infrastructure may make it harder for the company in question to take some important initiative, thus hindering its ability to react to market forces and be innovative.

The degree of flexibility and enabling nature of a company's IT infrastructure can be seen by observing to what extent it adopts standards for its IT infrastructure's components. A company that has standards for: "hardware, operating systems, communications network, data, and applications", as listed by Ray et al. (2005, 631), is more likely to have all of its employees be able to share and access data and applications that facilitate process performance.

Developing a flexible IT infrastructure with its intricate collection of technological resources is a time-consuming process that requires careful planning. In the insurance industry, there can be considerable differences between companies in how their infrastructure is formed. Furthermore, these differences can have long-term implications in view of the fact that dismantling an infrastructure and building a new one can be both expensive and slow. Taking into account the differentials of IT infrastructure flexibility between companies in the insurance industry and the fact that having a flexible infrastructure allows companies to implement applications that facilitate more effective and efficient support of the customer service process, the variation in IT flexibility could in part explain insurance companies' differing ability to execute the customer service process. (Ray et al. 2005, 631)

## 2.5 Constructing the hypotheses for the study

Prior to conducting the study the following hypotheses concerning the results of the study were drafted. When drafting these hypotheses, the work experience of the researchers was

being utilized. All of the researchers partaking in the study had either previously worked at or were working at the time of the study as customer service representatives at Tapiola General.

### 2.5.1 Overall level of competence

The overall level of competence at the customer interface concerning the online services is likely to be at least on a level graded Fair. This is based on an increasing number of customers inquiring about the online services, as well as a considerable number of Tapiola General's employees themselves being customers of the company and thus also having experience, to some extent at least, using the company's online services.

### 2.5.2 Contact center vs. branch offices

The representatives working at Tapiola General's branch offices are likely to be more knowledgeable about the group's services found online than the representatives working at the contact center. This hypothesis was based on the fact that the representatives working at the branch offices instruct customers on a daily basis on what insurance related tasks can be performed online and also assist the customers in performing said tasks making use of the computers that have been installed in most branch offices for customer use.

## 3 RESEARCH APPROACH, METHOD, RELIABILITY AND VALIDITY

### 3.1 Research approach

To achieve the goal of better understanding the level of online services competence of Tapiola General's customer representatives, an empirical study was conducted. In this study, both personnel at Tapiola General's contact center and branch offices were either asked questions or presented with problems by mystery shoppers, i.e. by persons pretending to be actual customers. What these questions or problems had in common was that they were all created emulating authentic situations and tasks the customer service representatives need to address on a daily basis. In this sense, they represent typical customer service processes at Tapiola General.

The study was conducted over the course of the early spring months of 2010. The mystery shoppers who were responsible for both conducting the study and analyzing the results, operated either by telephone, placing calls at the contact center, or visited Tapiola General's branch offices in person.

### 3.2 Research method

The method of the empirical study and data collection was mostly quantitative. However, it still possesses some qualitative features. The way in which the customer service situations were documented by the mystery shoppers is quite descriptive in nature, since the representatives' answers were somewhat conversational in nature. This is mainly because the representatives could not be presented with a set of direct questions, as is often standard procedure in quantitative research. The reason for this kind of documentation of answers was the need to maintain the customer service situation as authentic as possible.

In addition to being descriptive, the working method applied by the mystery shoppers was also observational. Moreover, the part of the research conducted at the branch offices was more qualitative in nature, since the number of visits to different branches is relatively low, but the customer service situations were observed more in depth and the replies were recorded in more detail. In these instances, the quality of the experienced customer service was also given more attention.

### 3.3 Reliability and validity

According to Hirsjärvi et al. (1997, 213), the reliability of a study refers to the repeatability of the results. For example, if another researcher were to conduct the study, he/she would need to come to approximately the same conclusions for the study to be reliable. In other words, the term reliability refers to the research method's ability to produce results that are not arbitrary and not overly dependent on subjective attributes of the research set-up.

Due to the research method used to empirically collect data, mystery shopping, the results of this study are reliable. As the customer representatives acting as respondents were not aware of taking part in a study, they were likely to give more authentic replies relative of them having been, for instance, interviewed.

Another concept related to evaluating research is the validity of research. As maintained by Hirsjärvi et al. (1997, 213 & 215), this term is used to refer to the ability of the employed research method to measure what is intended by the researchers. Both in quantitative and qualitative research the validity of a research can be improved by using different methods in conducting the study. This mixing of methods is also referred to as triangulation, an additional example of which is having several researchers conducting the research instead of just one researcher.

The concept of validity does not pose a problem for this study owing to the higher degree of triangulation produced by the usage of multiple researchers to collect data. Consequently, the studying of what was intended was possible while at the same time producing valid results.

## 4 EMPIRICAL STUDY

### 4.1 Description

The study was designed with the organizational unit responsible for planning and developing Tapiola General's Web services, i.e. the unit for online services. In particular, the study as well as the target objective and working method were drafted in cooperation with Ms Jutta Joffell, head of the unit for online services at the time of the study. Later on, Ms Joffell also participated in collecting data as a mystery shopper.

### 4.2 The data collecting method

In the primary stages of drafting the study, the working method applied by the researchers and the scope of the study had to be decided. Since the target objective of the study was to gather reliable data regarding how well Tapiola General's representatives were able to use the company's online services and inform customers about them, it was decided the most appropriate method for conducting the study would be mystery shopping, which entails the researchers or the persons collecting the data to act as customers.

In essence, the mystery shoppers pretend to, for example, have a query about the services of the company in question or have the intention to purchase a service or a product. It was deemed by the researchers that this method would produce information most truthful from a customer's point of view, i.e. how the company's services are actually being experienced by an extant customer. In practice, this signified the researchers needed to call Tapiola General's contact center or go to a set of previously selected branch offices, pretending to have a typical customer problem to be solved.

### 4.3 The researchers conducting the study

The persons responsible for collecting the data were also in charge of drafting the study questions or, put in other terms, customer problems. There were three researchers that acted as mystery shoppers taking part in collecting the data. These persons were Ms Jutta Joffell, Ms Anniina Kosonen and the author of this thesis, all of whom are currently employed by Tapiola General, and all of whom have experience working at the customer interface. This was a



clear advantage in drafting the study questions and a prerequisite for the study to be successful since having first-hand knowledge in the broad spectrum of services available at Tapiola General as well as understanding the different nature of the company's service channels was of great assistance in this task.

#### 4.4 The focus group

In order for the results of the study to be reliable, a large enough number of results were required. Initially, it was thought a sample size of 50 replies obtained from customer representatives working in the telephone service channel would be sufficient. Later, as the study progressed, this number was lowered to 30. Since going to the branch offices to ask questions would be significantly more time-consuming, it was decided that the emphasis of this study in terms of sample size would be on the contact centre. However, three Tapiola General branch offices were included in this study. Three replies were obtained at each of these branch offices, which accounts to 9 replies in total. All in all, the sample size of the study is 39 replies. When analyzing the results of the study, the replies obtained from the contact center/telephone and branch office service channels will be observed separately.

Out of the 30 replies obtained from the contact center service channel, 22 came from claims processors working at different claims departments. These departments were: animal insurance claims (4 replies), home insurance claims (8 replies), motor vehicle insurance claims (6 replies) and finally, health insurance claims (4 replies). The remaining 8 replies were obtained from customer care representatives working at Tapiola General's call center.

The branch offices included in the study were located in the capitol region of Finland. Two of them were in Helsinki, namely Itäkeskus and Arabianranta, and one was in Tikkurila, Vantaa.

#### 4.5 The study questions

The customer representatives working in the telephone service channel were presented with five different types of questions. These questions were:

- 1) How can I file a claim for damages?
- 2) I've filed a claim for damages. Can I verify the status of this claim somewhere?
- 3) I would like to update my personal customer data, e.g. telephone number or e-mail address. How can I do this?
- 4) I would like to give my spouse a power of attorney for him/her to be able to tend to my insurance matters. How can I do this?

- 5) Questions specific to individual policies, e.g. checking the excess of a policy or the cover provided by it.

When a mystery shopper would place a call at the contact center, he/she would start the conversation with the customer representative by notifying the representative in some manner that he/she was sitting before a computer, either browsing Tapiola General's Web pages or already being logged on to his/her personal insurance account, attempting to find some piece of information or perform a task. This was done so as to inform the customer representative that the person calling was already to some degree familiar with Tapiola General's online services. Had this not been done, it was deemed, the customer representatives would have been strongly likely to simply perform the task at hand themselves, since it would not have seemed logical from the customer representatives point of view to tell a person already contacting Tapiola General using one service channel to contact the company again using another service channel.

The questions presented to the customer representatives working at the branch offices differed slightly from the above questions. There were three types of these questions. The questions were:

- 1) I would like to file a claim. Can I do it online?
- 2) I would like to change the excess of an insurance policy. Can I do this online?
- 3) I would like to cancel an insurance policy. Can I do this online?

The study questions presented at the branch offices were to some extent different from the ones used in the telephone service channel, because the context in which they were asked was slightly different as well. At every branch office, there are computers for customer use so that customers who, for example, do not have a computer at home can access their personal insurance account or the Web pages of Tapiola General using the computers at the branch offices. When gathering data for the research, the mystery shopper would go to one of these computers and after a moment ask for a customer representative's assistance and present him/her these questions.

#### 4.6 Processing the replies

As to the number of questions presented per phone call, it was initially thought each mystery shopper would only ask one question per phone call. Later, with the data gathering under way, it was decided several questions could be asked over the course of one phone call because of time constraints. Nevertheless, these questions had to seem organic to the context

of the call in question in order for the customer representative not to realize the person calling was indeed a mystery shopper.

What the mystery shoppers had to consider when documenting the telephone calls was, first of all, whether the customer representative was able to provide the correct answer to the question asked. Secondly, the researchers had to pay attention to whether the respondent recommended the Web as the primary choice or source of information for solving the problem at hand or whether the Web was only recommended as the secondary choice. This criterion was decided upon because it was deemed the customer representatives were likely to offer more than one means to solve the problem presented to them during the telephone call or visit to the branch office.

In addition to directing the mystery shopper to the Web a customer representative could, for example, offer to see to the matter him/herself or advise the mystery shopper to call the company's contact centre or visit one of its branch offices. It was also a possibility that the Web would not be recommended as an option at all. These factors, the correctness of the answer itself and whether the Web was recommended as the primary or secondary means for solving the mystery shopper's problem - or whether the Web was recommended as an option at all - served as criteria later on in categorizing and analyzing the results obtained.

Based on the aforementioned criteria, the replies obtained were classified into four categories. These categories are:

- 1) The Web recommended as the primary choice
- 2) The Web recommended as the secondary choice
- 3) The Web not recommended
- 4) Wrong answer/ No knowledge of Web services

The replies were also assigned grades depending on which category they were classified into in order to facilitate analyzing the results of the study. The grades are:

- 1) Excellent
- 2) Good
- 3) Fair
- 4) Poor

The numbering of the grades is compatible with that of the categories, i.e. a reply belonging to the first category would be graded as Excellent etc. All replies needed to be correct with the exclusion of those belonging to the fourth category. In addition to the replies being grad-

ed, some individual replies obtained at the branch offices were examined and analyzed more carefully in a more qualitative and descriptive manner.

#### 4.7 Documenting the replies

The documenting of the results was completed in such a manner that the researcher would first make the telephone call and ask the pre-elected questions, listen to the answers given by the customer representative and then, after the telephone call was finished, write down the answers. The same technique was applied with the branch offices as well, even though a visit to a branch office would normally take much longer than the duration of a telephone call. Still, it was deemed that the technique described would be best suited for both the contact centre and the branch offices.

#### 4.8 Challenges met by the researchers

In the study, there were several factors that could prove to be challenging when collecting the data. This was a consideration already in the planning stages of the study, and because of some of these factors, alterations had to be made in the way the data was being collected when the study was already under way.

First of all, time was a factor posing challenges to the researchers in conducting the study. It was soon discovered after starting to make the mystery shopping telephone calls to Tapiola General's contact center and the claims departments that, due to the sometimes extensive hold times one would sometimes need to wait to get to speak to a customer representative, making 50 separate telephone calls would simply take too long. It is because of this that it was decided every mystery shopper would present several, at least two questions per telephone call. The questions asked would have to be linked to each other in a logical way, so that the telephone call would not somehow appear out of the ordinary for the customer representative. In addition, the number of questions to be asked was lowered from the initial 50 questions to 30 questions as the study progressed. This was still considered a sufficient number for the research to be reliable, yet it would take significantly less time to conduct the study with this number of study questions.

Secondly, what proved challenging in the planning phase of the study was determining the type of study questions that would be used. In considering which questions would be of relevance, it also had to be taken into account what are the tasks a customer can perform on Tapiola General's website and which were the questions that would provide the researchers with the most information about the customer service representatives' online services competence.

In the early stages of the study it was thought the research team would need to draft as many different questions as would be the size of the sample, i.e. how many replies were needed from the customer service representatives. It was later realized, however, that a multitude of study questions different from each other would only result in emphasizing the differences in competence of individual customer service representatives taking part in the study, since the representatives possess different skills and competencies. Some of them are likely to be more competent in areas such as the online services due to work experience or, for instance, personal interest. In other words, the online services competence was not likely to be uniform throughout the customer service department.

Since the target goal of the study was not to measure individual differences in know-how between customer service representatives, it was decided a smaller number of questions would be sufficient. These select questions would be asked multiple times. It was deemed this would lessen the risk of the results being affected by the potential discrepancy in the level of competence between individual customer service representatives and thus render the results of the study more reliable.

The working method itself, mystery shopping, posed a challenge for the researchers conducting the study. Since all of the persons going to take part in collecting the empirical data had previously worked at the contact center, or were working there at the time of the study, there was some concern among the researchers about being recognized by the respondents. This was a concern in particular if the customer service representative were to insist upon the mystery shopper to provide personal information in order for the representative to be able to assist the caller with their problem instead of directing them to the Internet channel.

The aspect of being recognized was found to be a risk factor because being recognized by a customer representative risk the integrity of the entire study, provided that word of a possible study being conducted would spread at the contact center. However, as the collecting of the data had started, it was realized by the researchers that, most likely due to routine and the high number of telephone calls taken daily by the customer service representatives, being recognized by a respondent was in effect not a risk to be considered.

With reference to the visits to the branch offices, being recognized by a representative was not a concern in the first place, since there is relatively little day-to-day cooperation between the representatives working at the contact center and the branch offices. Therefore, a branch office representative recognizing one of the mystery shoppers as he/she would visit the branch office was not a likely occurrence.

At last, one of the challenges the researchers faced was documenting the empirical data. The working method of the study being mystery shopping, the respondents could not be asked to give their replies in a more organized fashion that would have enabled less complicated documentation. The respondents could not be asked directly whether they knew, for example, how a customer could update personal information found in Tapiola General's customer database, such as telephone number or street address, through the company's website. For the researchers this signified that every reply given by a customer service representative on the telephone or at a branch office had to be at least in part memorized and only documented in writing after the telephone call or visit to the branch office was finished. With long-lasting telephone calls or visits to the branch offices in particular, the exact documentation of replies would at times be challenging due to this characteristic of the study.

#### 4.9 Data analysis

##### 4.9.1 Replies obtained from the telephone service channel

In table number 1 are all the replies obtained from the telephone service channel. The replies are categorized by question and by type of reply. It can be seen in the table that the category of replies "The Web recommended as the primary choice" is the category with the most replies, where as the category "Wrong answer/No knowledge of Web services" is the least represented with the lowest number of replies. Altogether, this is a positive result when considering the overall results obtained from the telephone service channel. Furthermore, the category of replies that is the second most represented is "The Web recommended as the secondary choice" leaving the remaining category "The Web not recommended" to be the second least represented category.

Table 1: Replies obtained from the contact center

Contact center and the claims departments (30)	Wrong answer/No knowledge of Web services	The Web not recommended	The Web recommended as the secondary choice	The Web recommended as the primary choice
Filing a claim			XXXX	XX
Checking the status of a claim	X	X	X	XX
Updating customer data		X	X	XXXXX
Drafting a power of attorney		XXXX		XXX
Policy specific questions	X		XXX	X

Next, the results obtained from the contact centre are examined by question and by grade. In figure number 1 on the next page, it can be observed that among the question types “Drafting a power of attorney and “Updating customer data” there is the highest occurrence of replies that have been graded Excellent. The question types the most represented in the Good section of the graph are “Filing a claim” and “Policy specific questions”. The replies to the question “Drafting a power of attorney” were mostly attributed with the grade Fair, yet almost half of the replies to this question were graded to be Excellent. This is the only question type with such a divide in its grading. The greatest amount of dispersion can be found among the replies to the question “Checking the status of a claim” with grades varying from Poor to Excellent. Overall, the results from the contact centre can be said to be positive with the most common grades being Good and Excellent.

After having analyzed the replies from the contact centre as a whole, each type of question asked at the contact centre and the replies obtained will be examined separately in more detail. This will help in obtaining better insight regarding the level of online services competence of the customer representatives working at the contact centre.

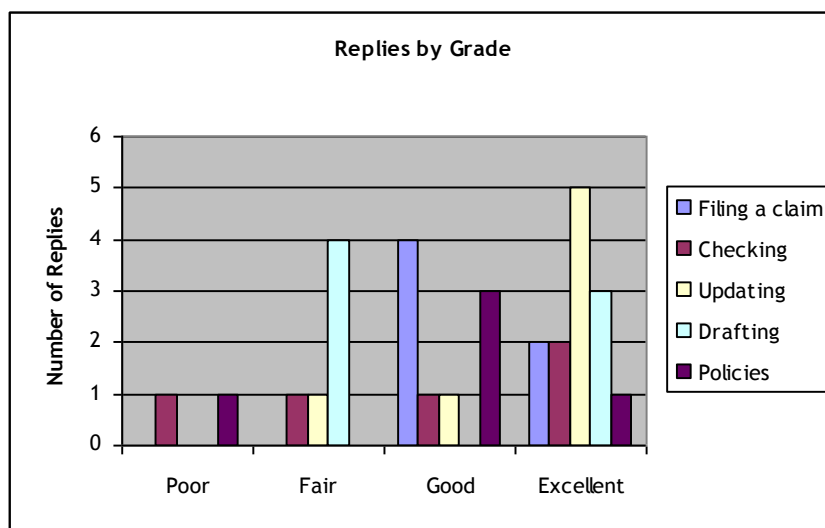


Figure 1: Replies obtained from the telephone service channel by grade

In figure number 2 below can be seen the replies obtained from the contact centre to the questions regarding how to file a claim for damages. What is positive about these replies is that they were all assigned either the grade Good or Excellent with four and two replies, respectively. The customer representatives clearly have knowledge about the possibility to file a claim for damages online. However, the majority of the respondents only recommended taking care of the matter online as the secondary choice. Still, this can be considered a good result taking into account that some of the respondents were claims processors whose job it is to receive claims for damages on the telephone. These customer representatives could be expected to be less inclined to direct customers into the online service channel.

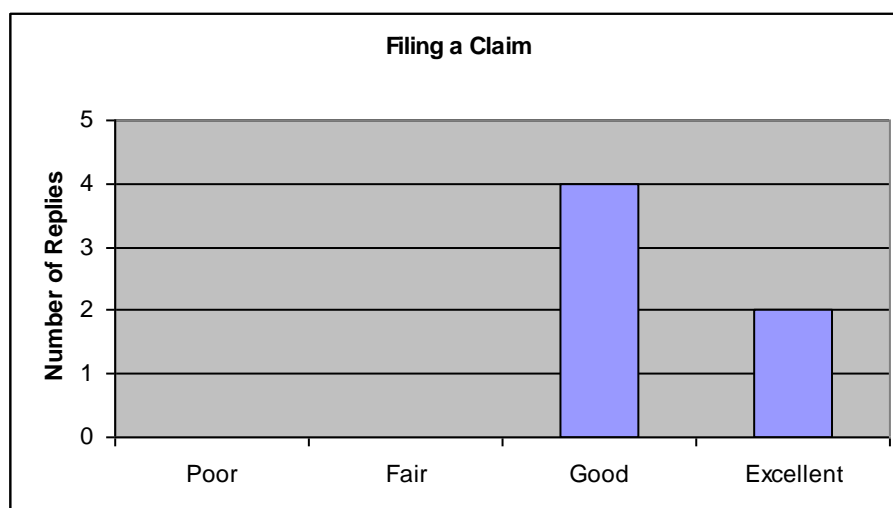


Figure 2: Filing a claim

In figure number 3, a graphic visualization of the replies to the question regarding checking the status of a claim for damages can be seen. This was the question with the most dispersed



replies, which were graded from Poor to Excellent with two excellent replies and one reply per every other grade. One of the main reasons for this high rate of dispersion is likely to be the fact that the status of a claim for damages cannot, in fact, at the moment be verified online. Still, the replies were graded based on how well the customer representatives directed the person asking the question to seek for information online, since numerous other functions regarding claims can already be performed online.

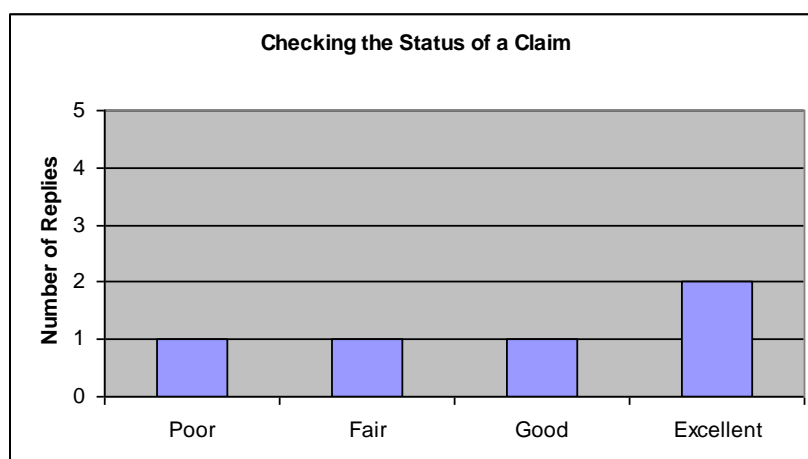


Figure 3: Checking the status of a claim

In figure number 4 below are displayed the replies to the questions with regard to updating customer data, such as the e-mail address or telephone number of a customer. There is some dispersion among the replies with the replies having been graded Excellent being however by far the most important group with five replies to one Good and one Fair. The customer representatives working at the contact centre performed the best at this question, actively recommending the person calling to make use of the company's online services, which resulted in this highly positive result.

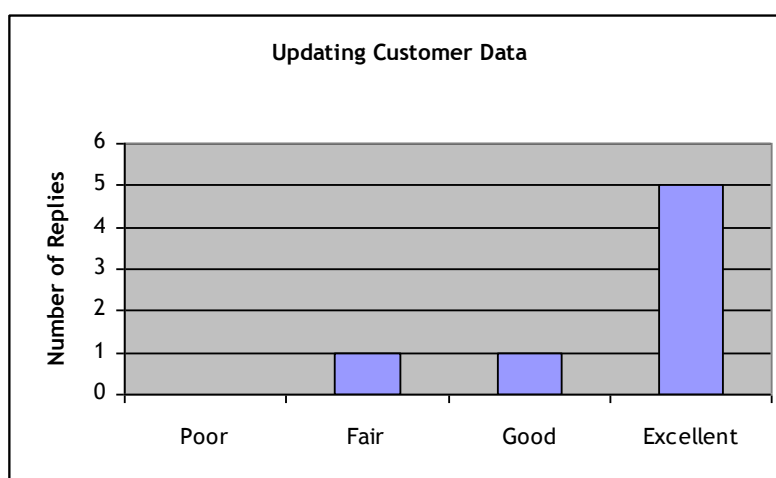


Figure 4: Updating customer data

The replies to the question concerning the drafting of a power of attorney were twofold. As can be seen in figure number 5, the majority of replies to this question were only assigned the grade Fair, indicating that in most of the cases the customer representatives presented with the question did not recommend drafting the power of attorney online. Instead, the customer representatives either advised the person calling to go to one of Tapiola General's branch offices or offered to post a power of attorney form to be completed by the caller, the two of which are the alternative means of drafting a power of attorney. In a little under half of the replies the Web was recommended as the primary choice for drafting a power of attorney. There is area for improvement for the contact centre here, as well as with perhaps other simple functions that are often needed by the customer, since they could be very easily and cost-effectively be taken care of online.

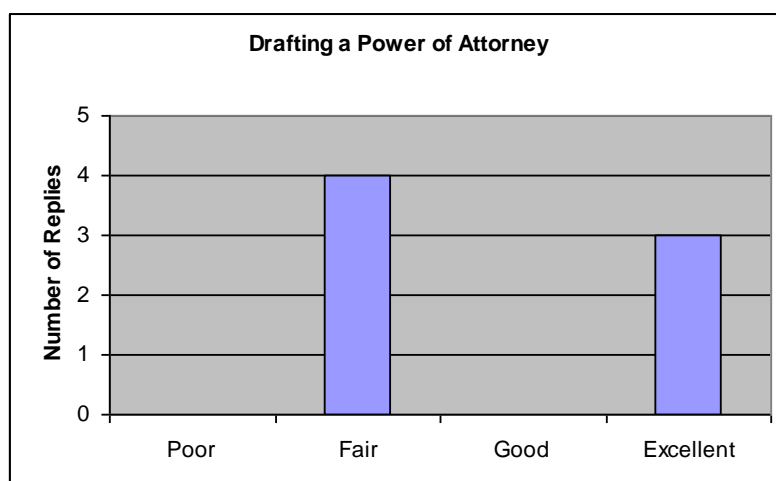


Figure 5: Drafting a power of attorney

In figure number 6 on the next page are displayed the replies to the questions specific to insurance policies. Even though there can be some dispersion observed in the grading of the replies, the overall grade obtained for this category of questions is Good. The questions asked pertained to changing the excess of an insurance policy, verifying the cover offered by a policy and altering the cover offered by a policy, all of which can be performed by the customer online.

The prominence of replies with the grade Good indicates that in three cases out of five the customer representatives recommended the Web as the secondary option to seek information or perform the task in question and primarily offered some other solution to the problem in question.

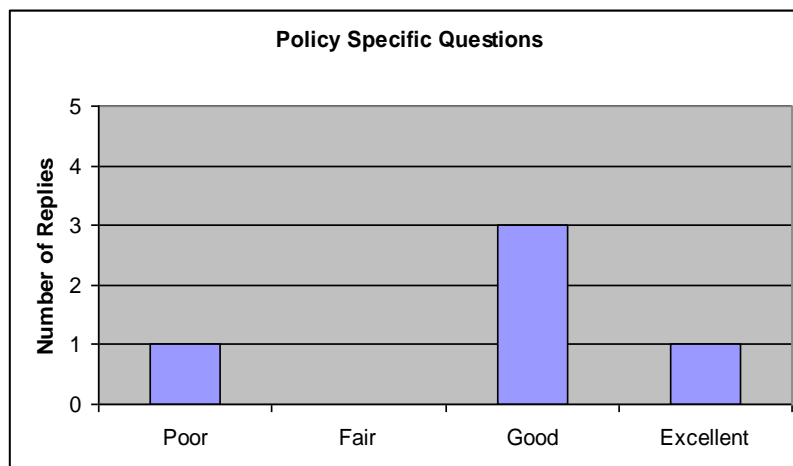


Figure 6: Policy specific questions

The prominence of replies with the grade Good indicates that in three cases out of five the customer representatives recommended the Web as the secondary option to seek information or perform the task in question and primarily offered some other solution to the problem in question.

#### 4.9.2 Replies obtained at the branch offices

The replies obtained at Tapiola General's branch offices will be examined next. When analyzing these results, some individual replies will be looked at more closely to acquire a better understanding of the quality of the reply and the overall customer service experience having taken place with the customer representative.

In the table below can be found all the replies obtained from Tapiola General's branch offices. The replies are categorized by question and by type of reply. When observing the table, it can be seen that the category of replies "The Web recommended as the primary choice" is the category with the majority of the replies (seven replies). The category with the remaining replies (two replies) is "The Web recommended as the secondary category". The other categories, "The Web not recommended" and "Wrong answer/ No knowledge of Web services" are left with zero replies. In total, this is a very positive result when considering the overall results of the branch office service channel.

Table 2: Replies obtained from the branch offices

Branch Of-fices (9)	Wrong an-swer/No knowledge of Web services	The Web not recommended	The Web rec-ommended as the secondary choice	The Web rec-ommended as the primary choice
Changing the excess			X	XX
Filing a claim				XXX
Cancelling a policy			X	XX

The results obtained from the branch offices are next examined by question and by grade. In figure number 7 below, it can be observed that two out of three replies to questions concerning changing the excess of an insurance policy and canceling an insurance policy have been graded Excellent with the remaining two replies having been graded Good. The replies to the question about how to file a claim for damages have been uniquely graded Excellent. There is no dispersion of significance among the replies. Altogether, the results from the branch offices can be said to be very positive with the most common grade being Excellent.

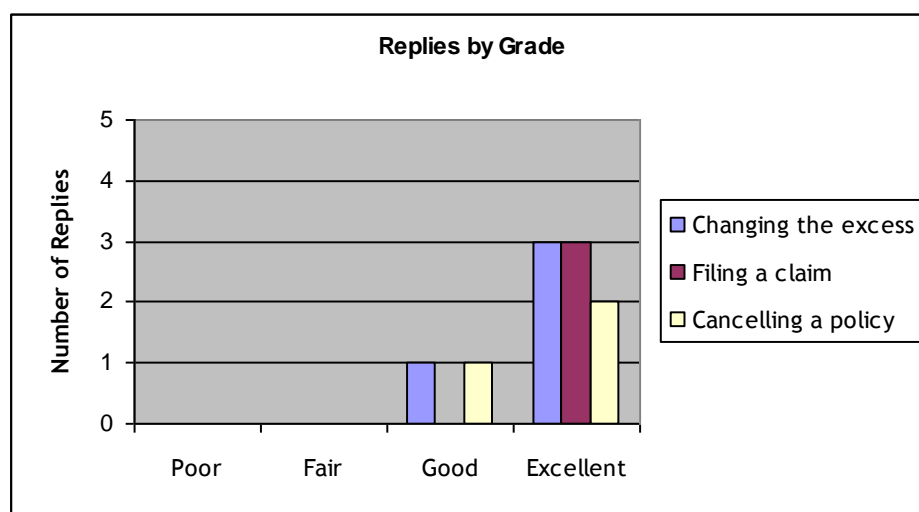


Figure 7: Replies obtained from the branch offices by grade

In figure number 8 on the next page, the graded replies to the question regarding the changing of the excess of an insurance policy can be found. What is noteworthy is that two replies out of three were graded to be Excellent with one being graded Good. The general grade for the replies to this question is thus Excellent. Next, a reply to this question that was obtained during a visit to a branch office will be looked at more closely.

When asked whether the excess of a dog's veterinarian expenses policy could be changed online, the customer representative was not certain and had to therefore call the animal insurance department to check the matter. In addition to verifying the matter, she also had the price of the policy calculated with the lower excess, as in after the possible change. The representative then checked, whether the person asking the question had a personal insurance account, or if he was just talking about Tapiola General's Web pages.

After having checked the matter, the representative recommended making the alteration through the "messages" section found in the customer's personal account. She advised that the change wouldn't come into effect until the beginning of the next insurance period.

This reply was assigned the Excellent grade even though the customer representative could not directly provide the person asking the question with an answer. However, she verified the matter and advised to make the wished alteration to the policy online. Also, she provided the mystery shopper with some additional information by having the price of the policy with the lower excess calculated.

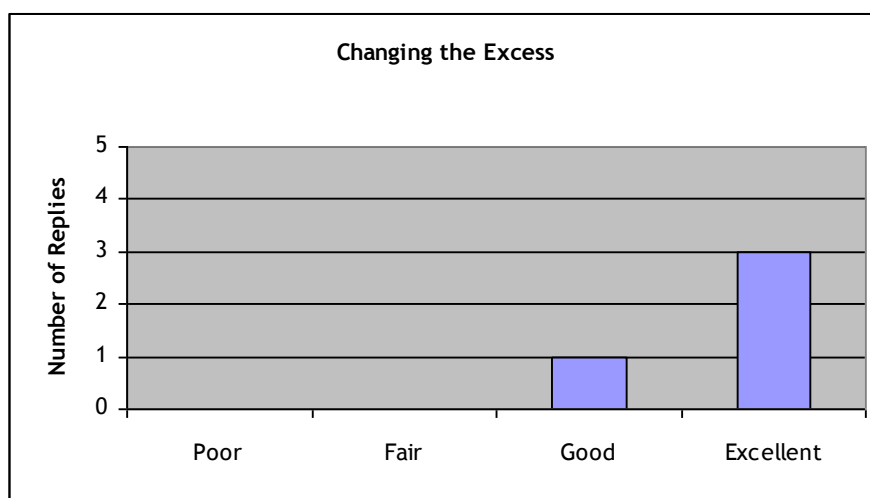


Figure 8: Changing the excess

In figure number 9 on the next page can be seen the replies obtained from the branch offices to the question concerning the filing of a claim. This is the question to which all of the replies were evaluated to be on an excellent level. One factor that is likely to have contributed to this is that there are no claims processors working at the branch offices and the customer representatives working there must assist customers in completing claims documents or then direct the customers to file a claim either through the company's Web pages or by calling a claims department, so the customer representatives could not as such take care of the matter themselves. Next, two replies obtained to this question will be observed in more detail.

When presented the question on whether it is possible to file a claim on insurance policies taken out for a pet, the customer representative informed the mystery shopper that a claim could be filed either through Tapiola General's Web pages or then while logged on to a customer's personal insurance account. The representative showed the mystery shopper the path of links on her computer through which a claim can be filed on the company's general Web pages. In addition, the representative advised that Tapiola General implements a guaranteed reply time of 24 hours to messages sent through a customer's personal account. It was because of this swift reply time that she advised the mystery shopper to rather file a claim while logged on to the personal account than through Tapiola General's Web pages. She also suggested the personal account be rather used to file a claim than making it by telephone by calling the animal insurance claims department of Tapiola General.

During another visit, the customer representative told the mystery shopper that filing a claim on an insurance policy online was possible, and instructed the mystery shopper to choose the option "claims and damages" to get to the page "home and other property", where the link "dog insurance" should be clicked on. She also advised the mystery shopper that a claim can be filed electronically, but all possible receipts and documents need to be posted to Tapiola General.

Both of the replies above were graded to be Excellent due to their informative nature and the fact that customer representatives recommended making use of the company's Web services. It should be noted also that in the first reply the representative recommended the online service channel over the telephone service channel due to its speediness. What was positive about the second reply was that the customer representative was able to provide the mystery shopper with the specific links on Tapiola General's Web pages through which a claim can be filed.

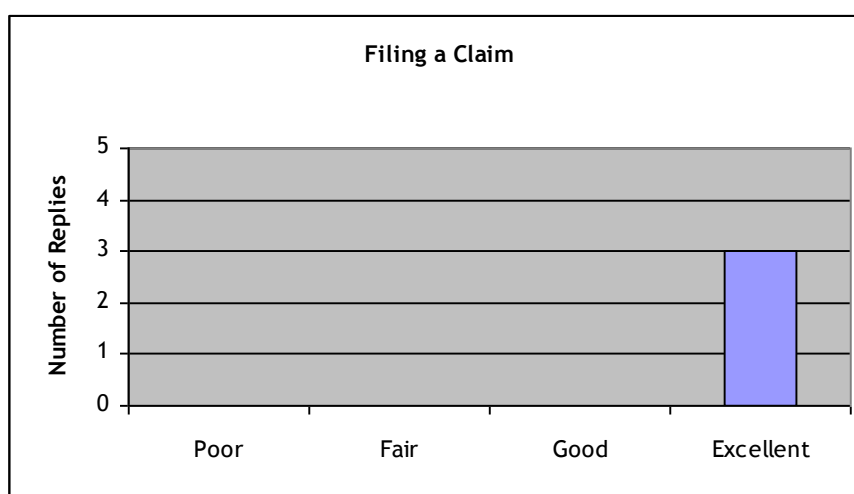


Figure 9: Filing a claim

The replies to the question regarding the canceling of an insurance policy can be found in figure number 10 below. In accordance with the level of quality of other replies obtained from the branch offices, the overall level of quality of replies to this question was also very high with two replies having been graded Excellent and one having been graded Good. One of these replies will be next examined more in detail.

When asked, whether a travel insurance policy could be cancelled using the company's online service channel, the customer representative was not sure of the matter, and had to call the travel and health insurance department. The customer representative advised the mystery shopper that canceling the policy could be done by sending a free form message through the "messages" section with the customer being logged on to his/her personal insurance account. She also advised the mystery shopper that the cancellation would become effective the same day or any day in the future, depending on the customer's wishes.

In spite of the customer representative not knowing at first whether it was possible to cancel an insurance policy online or not, she did not offer some other means for taking care of the matter, such as putting the cancellation into effect herself. In addition, she informed the mystery shopper of the specific link path on a customer's personal insurance account through which the cancellation could be put into effect. It is because of this that this reply was assigned the grade Excellent.

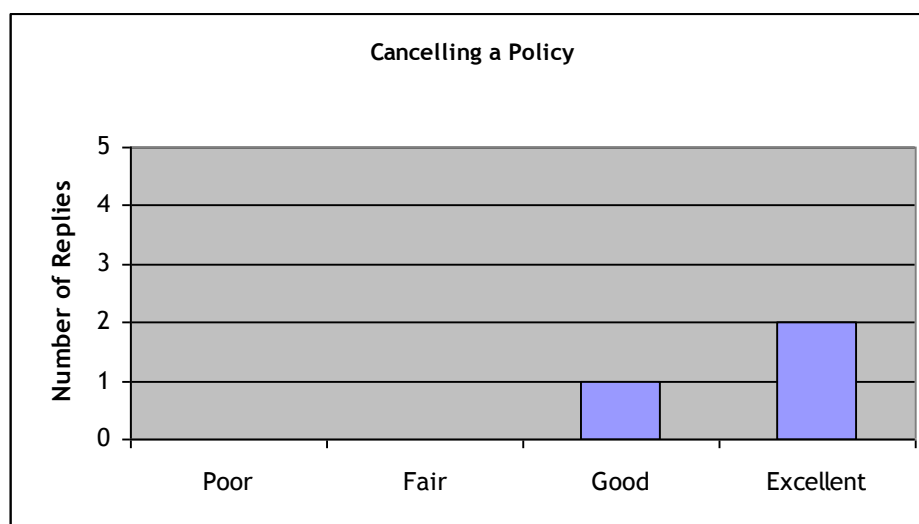


Figure 10: Cancelling a policy

## 5 CONCLUSIONS

### 5.1 Findings

When considering the results of the conducted study, it can be observed that the overall level of online services-related competence of customer representatives working at Tapiola General's customer interface is good, if not very good with an approximate 51 % of the replies to study questions having been graded Excellent and an approximate 28 % having been graded Good. This can be observed in figure number 11 below.

In other words, in roughly half of the replies obtained the Internet and Tapiola General's online services were primarily recommended as a means for the mystery shopper, that is, the presumed customer, for taking care of the task at hand. The Internet and the online services were recommended as the secondary option, after some other means for solving the customer's problem had first been suggested, by one third of the respondents. In this perspective, the results were in accordance with the hypotheses, since the overall level of competence was above the grade Fair. In fact, the results were more positive than what was anticipated.

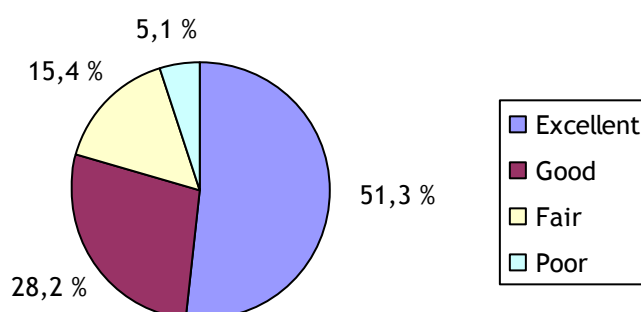


Figure 11: Overall level of competence at the customer interface

In approximately 15 % of the instances the Internet and the online services were not recommended by the respondent at all. Still, the supposed customer was presented with some alternative means of solving his/her problem.

What can be seen as positive for Tapiola General in the results of the study as well is that only an approximate 5 % of the replies were assessed as Poor, indicating that although the Internet and the online services were not recommended as the primary or even the secondary



choice by all the customer representatives involved in the study, an incorrect answer was provided by a customer representative in few instances only.

When reviewing the overall results of the study, however, the differences between the results obtained from the contact center and the branch offices should be taken into account. As was hypothesized in the framework previously, the representatives working at the branch offices were found to be somewhat more knowledgeable about Tapiola General's services found online relative of the representatives working at the contact center. The results obtained from the branch offices only are illustrated in figure number 12 below.

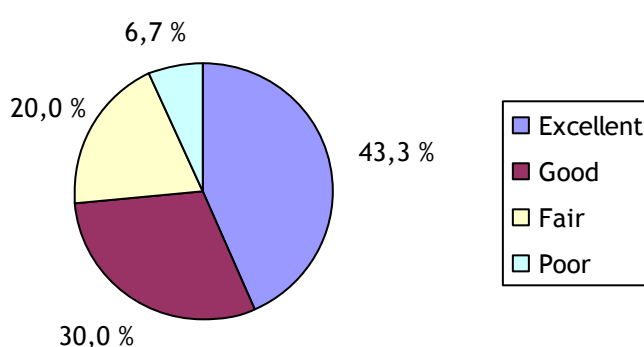


Figure 12: Level of competence at the contact center

If the results obtained from the branch offices were not taken into consideration, the percentage of replies having been graded Excellent would in effect decrease to an approximate 43 %. In addition, approximately 20 % of the replies would have been graded Fair only. In other words, in one out of five instances the respondent would not have advised the mystery shopper to make use of the Internet or the online services at all. Also, the percentage of replies having been graded Poor was slightly higher when reviewing the replies obtained from the contact center only. Even though the percentage difference is not very considerable, it is an indication of a difference in the level of competence between the two service channels. Whether a reply should be graded Excellent, Good or Fair can be argued, but the incorrectness of a wrong answer is indisputable.

Despite the smaller sample size of the replies obtained from the branch offices and hence the potentially lesser validity of these replies, the difference in the level of competence observed between the branch offices and the contact center should not be overlooked when assessing the results of the study. This is further supported by the qualitative data achieved by analyzing the replies obtained from the branch offices, bearing witness to the high level of competence extant in the branch office service channel.

When making comparisons between the replies obtained from the contact center and the branch offices, however, the different empirical research set-ups of these two samples should be taken into account. For example, the replies from the contact center were obtained by telephone, where as the replies from the branch offices were obtained in person. Therefore, caution should be exercised when making conclusions based on comparing the results from the two separate service channels.

## 5.2 Managerial implications

Based on the results of the study conducted, it is possible to make a number of managerial implications. These implications will enable Tapiola General's management and the persons in charge of developing the company's online services to determine how the customer interface should possibly be taken into consideration when planning the online service channel. The results of this study may also be of use when revising the company's future strategy concerning the online services.

In light of the empirical research conducted, the online-related competence in Tapiola General's customer interface is at the present on a good or very good level. Still, taking into account the difference detected in the level of competence between the contact center and the branch offices, the results obtained from the former service channel having been to some extent inferior, some recommendations for the organization of the contact center in the future can be made.

More emphasis should be placed on the online services in the training of personnel working at the contact center. This would enable these representatives to better guide the company's customers in using the online service channel and, in particular, recommend using these services. Having a better understanding of the company's services found online would potentially further encourage the representatives to assume their role as part-time marketers of these services. Furthermore, the importance of the online service channel is likely to increase in the future. In this context, delivering consumer service of high quality will require an increasing amount of seamless multiple channel capabilities on the part of the customer representatives, regardless of the service channel.

As could be seen with the replies obtained to the study question pertaining to drafting a power of attorney, for example, the Internet was recommended as the primary choice for drafting a power of attorney in under half of the replies obtained from the contact center. Instead, the customer representatives either advised the person calling to go to one of Tapiola General's branch offices or offered to post a form to be completed by the caller, the two of

which are the alternative means of drafting a power of attorney. Yet, drafting a power of attorney online making use of Tapiola General's Web pages would often be the fastest and easiest way for the customer to take care of this task. All together, using the online channel would also be the most cost-efficient method for Tapiola General.

In instances such as drafting a power of attorney, additional training in the field of online services could potentially enhance the efficiency of the contact center and, in general, customer service. This would be important for Tapiola General on a strategic level as well, as it is a part of the company's business strategy to increase the percentage of customers tending to their insurance needs using the online service channel instead of turning towards the more traditional, and often costly, service channels.

### 5.3 Theoretical linkages and future research challenges

This study raises a number of important questions that are linked to different streams of literature including consumer behavior, total quality management, and strategy. In aiming at improving Tapiola General's business processes and overall service quality, experienced by the customer both online and offline, these questions present interesting challenges for future research.

Based on the research conducted, the level of online services-related competence at Tapiola General's customer interface is better understood. There is, however, no data regarding how the customers of Tapiola General at the present perceive or evaluate the company's electronic services. Nor is it known whether the customers using the company's online services find the services easy to use, technologically innovative or of value, for example. As is stated by Ray et al. (2005, 633) in contexts such as customer service in insurance companies, the experience of the customer forms the critical competitive performance criterion, instead of the productivity of the process by itself.

Additional research is needed to empirically research the question of how online services can deliver value to customers in the context of Tapiola General's customer service. Value, as stated by Voima et al. (2010, 120) is presently no longer seen as something embedded in units of output and exchange. Rather, it is achieved through the experience by the customer using and activating the service provider's offering and resources. Furthermore, value is a personal construct determined by the customer. It will be illuminating to obtain insight into the subject of how Tapiola General's online services are able to create value to the company's customers, and whether additional value could be created by employing these services.

Finally, a key managerial research question for Tapiola General involves the degree to which the online strategy complements the general business strategy. What kind of investments should be made concerning the service channels? Should the online services and their development be prioritized over the other service channels, or should all of the service channels be equally important in the company's strategy in the future? All of these questions remain to be investigated. Still, for Tapiola General Mutual Insurance Company to be able to deliver superior service quality, its managers must first understand how customers perceive and evaluate not only customer service delivered online, but customer service in its entirety.

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Appendices

Appendix 1: Contact center study questions

DEPARTMENT	QUESTION	NO. OF TIMES PRESENTED PER DEPARTMENT	ANSWER	CATEGORY OF REPLY/GRADE
Animal insurance claims	How can I file a claim for damages?	1		
	I've filed a claim for damages. Can I verify the status of this claim somewhere?	1		
	I would like to update my personal customer data, e.g. telephone number or e-mail address. How can I do this?	1		
	I would like to give my spouse a power of attorney for him/her to be able to tend to my insurance matters. How can I do this?	1		
	Questions specific to individual policies, e.g. checking the excess of a policy or the cover provided by it.	0		
Health insurance claims	How can I file a claim for damages?	0		
	I've filed a claim for damages. Can I verify the status of this claim somewhere?	0		
	I would like to update my personal customer data, e.g. telephone number or e-mail address. How can I do this?	2		
	I would like to give my spouse a power of attorney for him/her to be able to tend to my insurance matters. How can I do this?	2		
	Questions specific to individual policies, e.g. checking the excess of a policy or the cover provided by it.	0		

Appendix 1: Contact center study questions, continued.

DEPARTMENT	QUESTION	NO. OF TIMES PRESENTED PER DEPARTMENT	ANSWER	CATEGORY OF REPLY/GRADE
Motor vehicle insurance claims	How can I file a claim for damages?	3		
	I've filed a claim for damages. Can I verify the status of this claim somewhere?	1		
	I would like to update my personal customer data, e.g. telephone number or e-mail address. How can I do this?	1		
	I would like to give my spouse a power of attorney for him/her to be able to tend to my insurance matters. How can I do this?	1		
	Questions specific to individual policies, e.g. checking the excess of a policy or the cover provided by it.	0		
Home insurance claims	How can I file a claim for damages?	1		
	I've filed a claim for damages. Can I verify the status of this claim somewhere?	2		
	I would like to update my personal customer data, e.g. telephone number or e-mail address. How can I do this?	2		
	I would like to give my spouse a power of attorney for him/her to be able to tend to my insurance matters. How can I do this?	3		
	Questions specific to individual policies, e.g. checking the excess of a policy or the cover provided by it.	0		

Appendix 1: Contact center study questions, continued.



DEPARTMENT	QUESTION	NO. OF TIMES PRESENTED PER DEPARTMENT	ANSWER	CATEGORY OF REPLY/GRADE
Call center	How can I file a claim for damages?	1		
	I've filed a claim for damages. Can I verify the status of this claim somewhere?	1		
	I would like to update my personal customer data, e.g. telephone number or e-mail address. How can I do this?	1		
	I would like to give my spouse a power of attorney for him/her to be able to tend to my insurance matters. How can I do this?	0		
	Questions specific to individual policies, e.g. checking the excess of a policy or the cover provided by it.	5		

The location of Tapiola branch office

Date

Question: I would like to file a claim, Can I do it online?

Answer:

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Question: I would like to change the excess of an insurance policy. Can I do this online?

Answer:

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Question: I would like to cancel an insurance policy. Can I do this online?

Answer:

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