A customer survey of Chinese travelers in airport duty-free shops

Case: Finnair Plc & Finavia

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2009 Leppävaara

LAUREA UNIVERSITY OF APPLIED SCIENCES
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A CUSTOMER SURVEY OF CHINESE TRAVELERS IN AIRPORT DUTY-FREE SHOPS
CASE: FINNAIR Plc & FINAVIA

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Degree Programme
in Business Management
Thesis
April 2008

Laurea University of Applied Sciences
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Degree Programme in Business Management
International Business-to-Business Marketing

Abstract

Siu Lan Kwan

A Customer survey of Chinese Travelers; Case: Finnair and Finavia

Year 2008 Page 63

The purpose of this research is to study the purchasing and shopping behavior of Chinese travelers, and evaluate their satisfaction with the service offered by Finnair and Finavia's duty-free shops in Helsinki-Vantaa Airport. In addition, this thesis contributes some insights for case companies to adjust their marketing plan in order to increase sale to Chinese travelers.

The theoretical section of the thesis consists of consumer behaviour and customer service. Existing articles and previous research material from other organizations are included in this section.

The empirical section explains the research setting and methodology used in this thesis; quantitative (questionnaire) was chosen as the basis to study the shopping behaviour of Chinese travelers and evaluate the current service performance of the case companies.

At the end of the empirical research, it profiles the general shopping behaviour of the Chinese customers concerning what, where, when, who and how they buy while they are travelling to or from Finland; and it also reveals their satisfaction towards the current service of the case companies. According to the survey results, they were satisfied with the overall service but the service of the personnel should be improved in the future. Specific suggestions are attached at the end of the thesis.

Key words: shopping behaviour, marketing survey, customer service, outbound Chinese travel

TABLE OF CONTENTS

1. INTRODUCTION

1.1 Structure of the thesis

At the beginning of this section, a layout of the thesis is presented in order to explain the overall structure of this thesis to readers (See Figure 1).

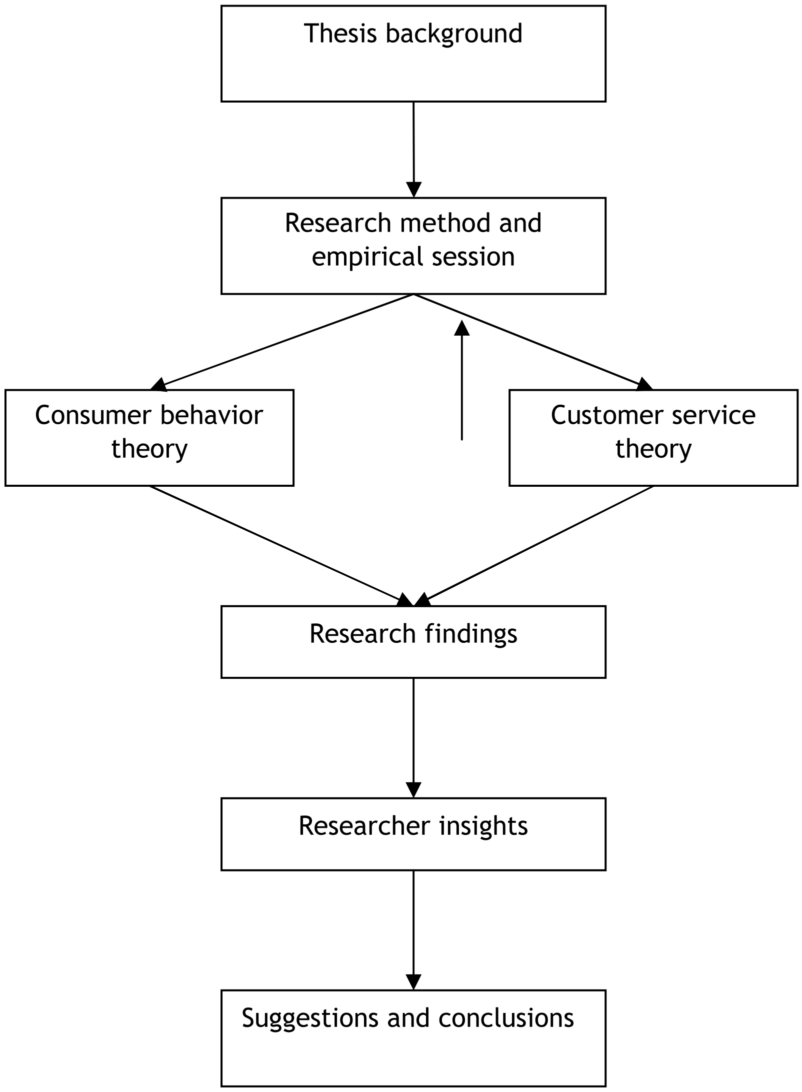

Figure 1 Layout of the thesis

1.2 Scope of the study

This research will study the shopping behavior of Chinese travelers and evaluate their satisfaction with the service offered by Finnair and Finavia's duty-free shops in Helsinki-Vantaa Airport, in order to increase sales to Chinese travelers.

According to a forecast from the World Tourism Organization, China will reach 100 million outbound travelers and become the fourth largest source of outbound travel in the world by 2010 (Chinese Outbound Tourism, 2003). In 2007, the numbers of Chinese travelers in Finland increased by 30 per cent, reaching a total of 94,000 nights spent by Chinese travelers. Meanwhile, Finnish national airline Finnair has increased the frequency of its services for 4 cities of China – Beijing, Shanghai, Hong Kong and Guangzhou in 2006, so Chinese tourism is expected to boost the market in the near future. The growing flow of Chinese travelers not only increases the travel market between Europe and Asia, but also brings many new business opportunities to Finland.

One of the business opportunities is the retail market. According to a survey released by the China National Tourism Administation in 2006, Chinese tourists spent 450 million Euros in the European Union in 2005, mostly in France, Germany, Italy, Austria, Hungary and Finland. On average, Chinese spent 3,000 Euros over the entire holiday, of which 34 percent spent on shopping, 17 percent on air fares, 18 percent on accommodation, nine percent on entertainment and three percent to pay for travel agency services. Obviously, shopping is an important activity for Chinese travelers during their traveling. So the airport as the first and final route on their traveling, it is of high relevance for duty-free shops in Helsinki-Vantaa Airport to improve their services and capture more Chinese travelers.

Chinese travelers are an emerging target group to duty-free shops managers and they have very special demands and preferences than American, European and even Japanese do about products, the shops and the way they wish to be served as customers. So to explore the business opportunity, it is necessary for managers to understand the shopping behavior and preferences of Chinese consumers; and offer the preferred products and service to meet the special demands of Chinese travelers as well as conduct customized marketing and promotion activities.

Based on these theories, the best and most common method is to conduct a customer satisfaction survey. A customer satisfaction survey can be used in order to improve the current service that creates value in the mind of a customer and increases the sales in the long term. By conducting a customer satisfaction survey, managers will have a better understanding in customers' shopping behavior, desires, whims, preferences and motivations. These updates information provides the facts and directions that managers need to make their important marketing decisions.

The findings will have a business value for the case companies. In addition to a similar survey mainly for Finnish citizens and foreign travelers as a whole by the case companies, there is no research on the specific topic of Chinese shopping behavior in Helsinki-Vantaa Airport duty-free shops. As there is no previous research information for Chinese travelers, the research will give a clear indication about the current service performance as well as a basic understanding of the shopping behavior and product preferences of Chinese travelers to the case companies.

1.3 Choice of the research context

There are three reasons for choosing this topic. The main reason is the author of this thesis has been working for other company because of similar reasons. The company the author worked for previously and the case companies of this research have the same interest of expanding their market to Chinese tourists in Finland who have rising spending power. So the author would like to produce useful findings that help the case companies to expand their business and improve their service. The other reason is based on the interest of the author who would like to better understand the buying behavior of Chinese travelers. And the last reason is obtaining information from the case companies is easier for the reasons above.

1.4 Purpose and goals

There is a rapid growth in the numbers of Chinese travelers coming to Finland and they are well-known for spending large amounts of money on shopping. In order to benefit from this business opportunity it is important for duty-free shops' managers to tailor their offer and improve their service for Chinese travelers in Finland.

The overall objective of this study is to better understand of Chinese customers' consuming behavior and their satisfaction towards the service quality offered by the case companies. The main research question is what the preferences of Chinese customers' on products are and how satisfied they are with the current service. Meanwhile, the research also discovers other sub-questions such as the factors which affect their shopping in airport duty-free shops (Price or Product selection or Language help), whether there are huge price differences of products compared to those in China and they are going to do most of their tax free shopping at airport. At the end of the research, the researcher's insights and suggestions will be presented for the case companies to improve their service and increase sales to Chinese customers.

1.5 Limitations of the study

The target group of the research was limited to those Chinese travelers who had visited the specific duty-free shops. The researcher believes that they are the potential buyers and would be the ones who have accurate opinions concerning the service quality. According to the requirements of case companies, the minimum response is 150 questionnaires. The research was made in Helsinki-Vantaa Airport as field interviews.

The subject was limited to the Helsinki-Vantaa Airport duty-free shops as there are many duty-free shops in Finland, for instance in Helsinki center and onboard passenger ships.

2. THEOREY OF CONSUMER BEHAVIOR AND CUSTOMER SERVICE

This section is the frame of the empirical research, theories of customer behavior and customer service will be presented. This section will provide the theoretical base for deciding the questionnaire and final analysis.

1.6 To understand the consumer

According to Mason, Mayer & Ezell (1988, 131), "Sales can only occur when the retailer understands and responds to how consumers buy, what they buy, where they buy, and when they buy". In other words, a retailer needs to offer the right product at the right time, right place, right price and right quality to a specific consumer. Figure 2 shows the framework of how a sale is made and the keys to understand and respond the customer needs, which leads to further studies on the concept of consumer behavior in the following sections.

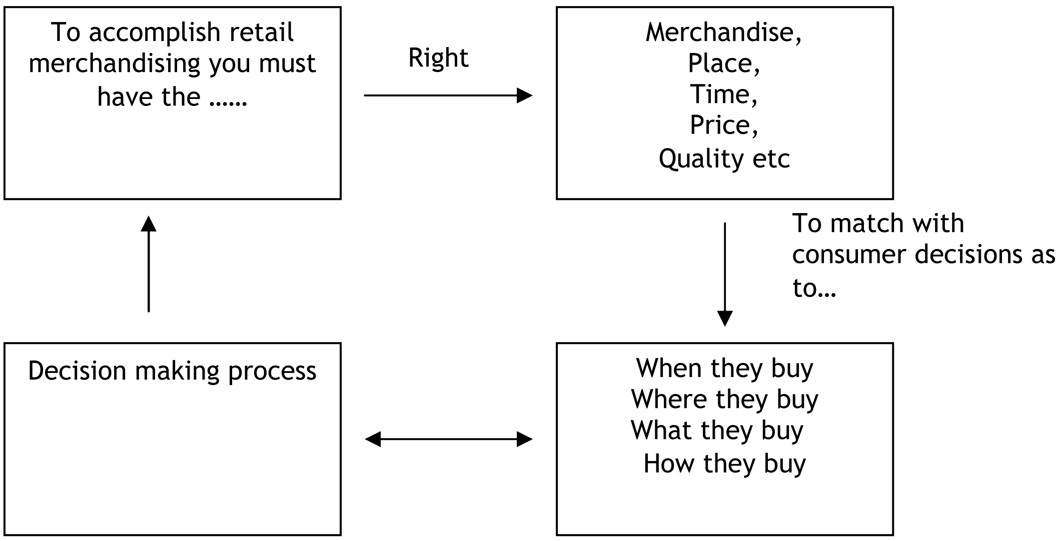

Figure 2 Framework of how a sale is made and the keys to understand and respond the customer needs

Among the questions of how, when, where and what consumers shopping behavior is in Figure 2, "how" refers to the decisions on whether to buy in this shop or somewhere else; "when" refers to the matter of which time and day of the week to shop; while "where" refers to the choice of the locations and stores to shop and "what" includes a number of consumer decisions such as the type of product, brands, level of price and the criteria used in evaluating the alternatives (Mason et al. 1988, 139-140).

1.7 The concept of consumer behavior

"Consumer behavior involves the thoughts and feelings people experience and the actions they perform in consumption processes" (Peter & Olson 2008, 5).

According to Peter & Olson (2008, 6-9), since consumer behavior would change constantly and involve interactions among people's behavior, and exchanges between human beings, so marketers need to understand the questions of what, when, how, and why consumers buy as well as the factors that influence these thoughts, feelings and actions from time to time. Consumer behavior, specifically overt consumer behavior, also refers to the external actions and responses which can be observed and measured directly (Peter & Olson 2008, 194).

1.7.1 Model of buyer behavior

Marketing stimuli	**Other stimuli**
Product	Economic
Price	Technological
Place	Political
Promotion	Cultural

(Black Box)

Buyer's Characteristics	**Buyer's decision process**
Cultural	Problem recognition
Social	Information search
Personal	Evaluation of alternatives
Psychological	Purchase decision
	Postpurchase behavior

Buyer's decisions
Product choice
Brand choice
Dealer choice
Purchase timing
Purchase amount

Figure 3 Buying behavior model (Kotler 2000, 161)

The buying behavior model is also called stimulus-response model. According to Meldrum and McDonald, the buying behavior model describes the interaction between a series of external factors and internal factors that influence the buying decision as well as the final buying decision choices made.

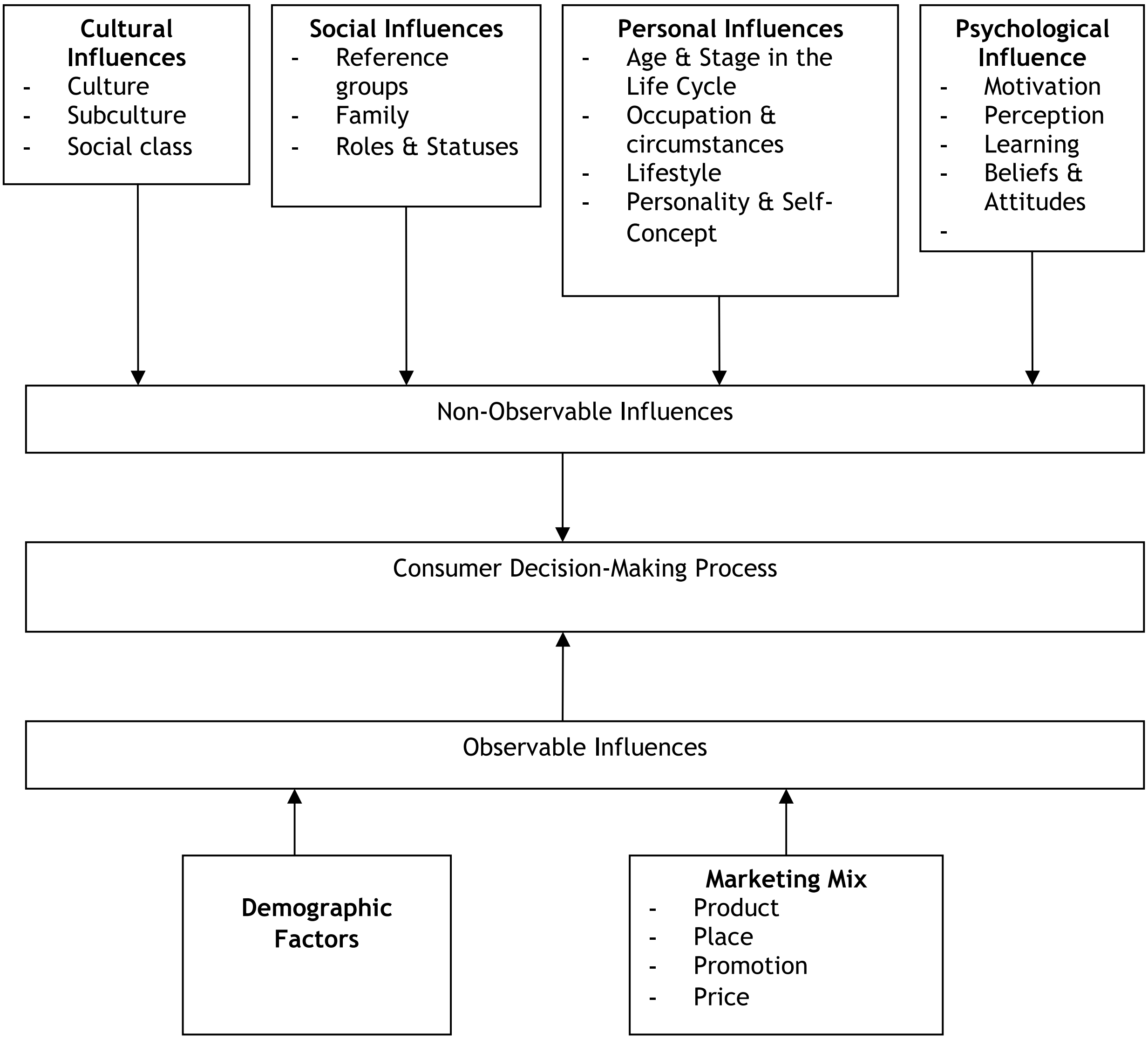

Figure 4 Buyer Characteristics (Kotler 2000, 161-175; Mentzer & Schwartz 1985, 139)

In figure 3, a model of buyer behavior is presented (Kolter 2000, 161). The external factors which will affect the buyer refer to the marketing stimuli - 4 P's (Price, Place, Production and Promotion) and environmental issues such as economic, technological, political and cultural influences; afterwards the buyer will enter to a phase called "black box" and produce a certain response from the buyer's point of view. Inside the "black box", a number of buyer's characteristics such as cultural, social, personal and psychological factors (See Figure 4) undergo in the process that influences how the buyer perceives the external factors. In other words, it provides an understanding of the decision making process in the mind of consumer to marketers. At the end, the decision process determines what buying behavior is undertaken (Meldrum & McDonland 1995, 97).

1.7.2 Buyer's decision process

According to the typical buying process model in figure 5, consumers have to experience five stages before the actual purchase happens, which are problem recognition, information search, and evaluation of alternatives, purchase and postpurchase behavior (Kolter 2000, 179).

This model supposes that a consumer undergo every stage in buying a product. But it is different in reality, a consumer need not experience all the stages; they can omit or reverse some stages in the model.
When the customers first realize that they have a need to fulfill or a problem to solve, they will engage in the buying process. Once the consumers recognize their needs or problems, they will start information searching. After collecting the needed information, they will evaluate and analyses the available alternatives in order to make their buying decisions. Then consumers will experience some level of satisfaction or dissatisfaction towards the purchased products. Their satisfaction or dissatisfaction will decide whether they will buy the products or the same brands again.

Figure 5 Buying process model

1.7.3 Buyer's decision

As shown in figure 3, consumers have to make decisions in the final stage of the buyer behavior model, which includes product choice, brand choice, dealer choice, purchase choice and purchase time as well as purchase amount. To understand how consumers actually make their buying decisions, it is necessary to identify the different roles influencing the buying decisions. The roles can be distinguished as initiators, influencers, deciders, buyers or users.

An initiator is a person who first suggests the idea of buying the product or service. The buying process may start when the initiator suggests it; the influencer is the person who has power to influence the buying decision; while the decider is the one who decides whether to buy or not, what to buy, how to buy or where to buy; a buyer is the one who makes the actual purchase and the user is the one who consumes or uses the product or service (Kolter 2000, 176).

According to Mason et al. (1988, 139), a retailer can influence consumers' behavior during their information search and evaluation stage of the decision's process. As mentioned in the beginning of this section, the more retailers know about consumer behavior, the better they responses consumer needs for information during the search and evaluation efforts. Using their understanding of consumer behavior, numerous effective marketing strategies can be developed.

1.8 Customer service

Nowadays, retailers attempt to differentiate themselves from competitors by offering good or even better customer service. According to Turban et al, 2002, "Customer service is a series of activities designed to enhance the level of customer satisfaction – that is, the feeling that a product or service has met the customer expectation", which can be done before, during and after a purchase.

Customer service in other words can be viewed as relationship marketing, which indicates the relationship between the supplying organization and its customers. Figure 6 shows how the relationship can be managed through the activities in marketing mix delivery. In addition to the four P's of product, price, promotion and place, people and processes are added to the marketing mix, since processes are the structure of an organization's activities which create and deliver the goods or services to the customer; and people represents the whole organization which responsibles for the organization's performance experienced by consumers. So it is important to consider these two additional elements when delivering customer service (Meldrum & McDonald 1995, 21-23)

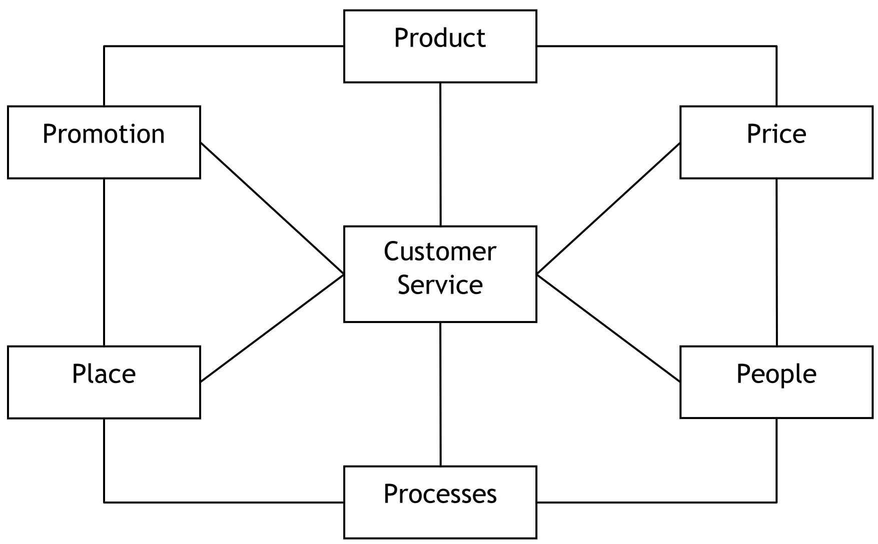

Figure 6 Expand marketing mix (Meldrum & McDonald 1995, 23)

1.8.1 Customer value

According to Kolter (2000, 34), “Customers will buy from the firm that they perceive offers the highest customer delivered value” (See Figure 7).

Customer delivered value refers to the difference between total customer value and total customer cost. Total customer value refers to non-price benefits, such as quality or relative performance of a given product or service from customers’ perspectives; while total customer cost refers to a number of monetary or non-monetary sacrifices which customers are willing to pay in evaluating, obtaining, using and disposing of the product or service. (Kolter 2000, 34)

A retailer needs to have a basic understanding of how his/her own offer in buyer’s mind among the competitors. This can be done by assessing the total customer value and total customer cost of each competitor’s offer and comparing them with his/her own offer. If the retailer is at a delivered-value disadvantage, he/she has two alternatives to improve this situation by either increasing total customer value or decreasing total customer cost. To increase total customer value, the retailer can try to strengthen the benefits of his/her product, services, personnel and image offered. Vice versa, he/she can try to lower a buyer’s costs for obtaining the offer, for instance, reduce the price, simplify the ordering and delivery process or sustain some buyer’s risks. (Kolter 2000, 36)

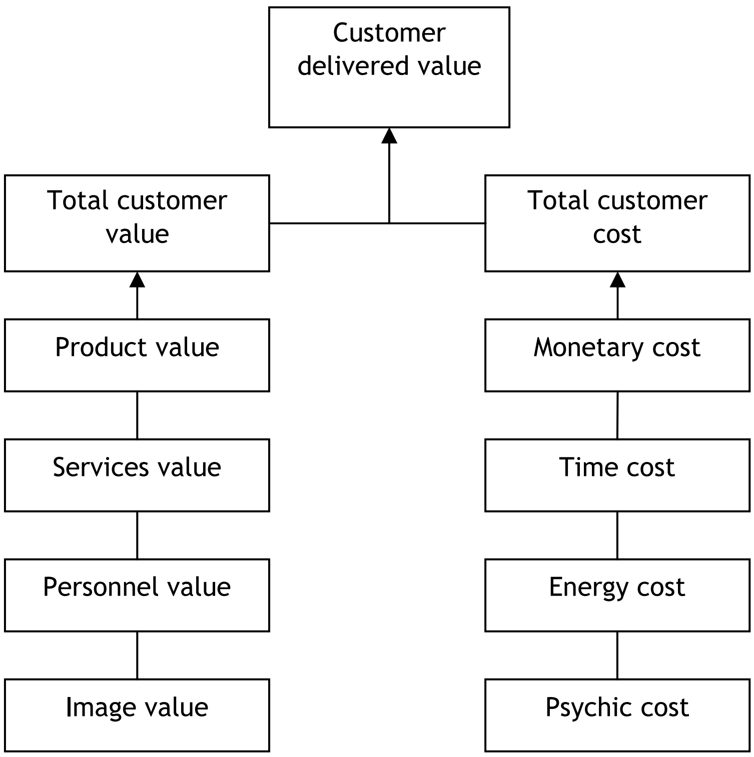

Figure 7 Customer delivered value

1.8.2 Customer Satisfaction

Customer satisfaction refers to "a person's feeling of pleasure or relation to the buyer's expectation resulting from comparing a product's perceived performance in relation to his or her expectations" (Kolter 2000, 36) or refers to "a judgement of a pleasurable level of consumption-related fulfillment, including levels of underfulfillment or overfulfillment" (Arnould et al. 2004, 755). In other words, the level of customers' satisfaction depends on how the perceived performance of the offer complements the expectation of the customer.

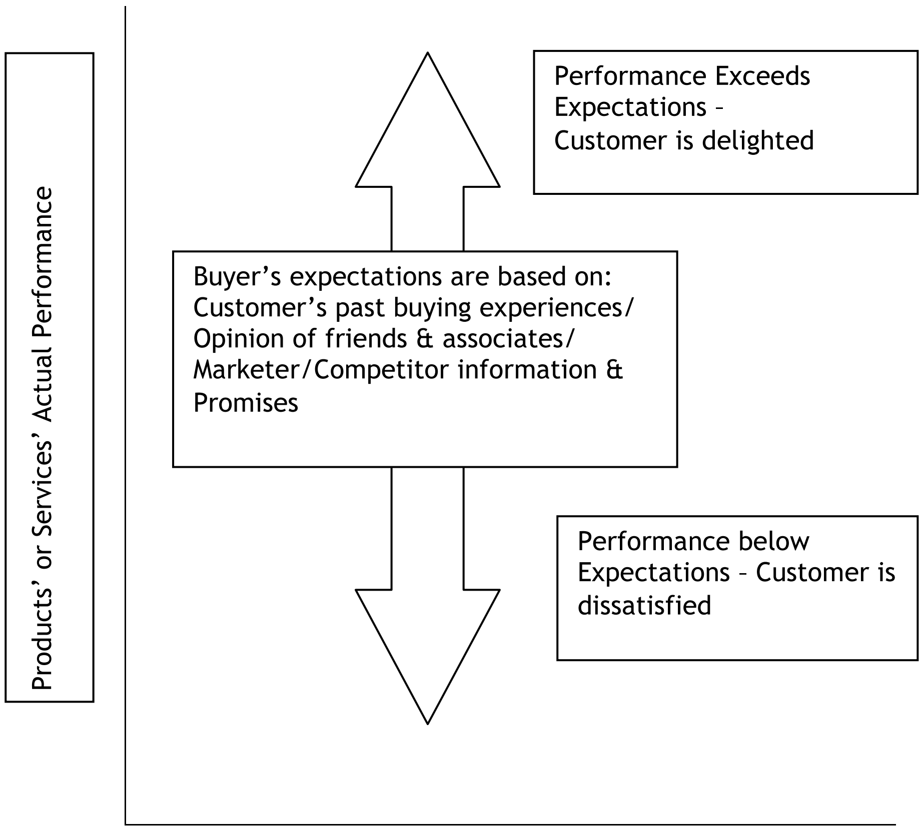

Figure 8 Customer satisfaction level

From Chakrapani's perspective, "customer satisfaction is in the context of service quality delivery" (Chakrapani 1998, 3-5), which assumes there is a relationship between service quality and customer satisfaction. Since retailers have to evaluate how well their performances are while delivering service quality, so customer satisfaction measurement can be the index for the evaluation. In other words, "customer satisfaction measurement can be perceived as a subset of service quality measurement".

According to Arnould et al. (2004, 755-757), all aspects of product and service experience will lead to satisfaction judgments which can be both positive and negative emotions. Since satisfaction judgments are connected to or together with one's life experience, and these can be influenced by cultural values, meanings, beliefs, emotions, group relationships and conflicts, so different customers will have different satisfaction judgments towards the same level of product or service performance, and their satisfaction will vary from the change of current concerns and customers' life projects.

In figure 8, the level of customer satisfaction is presented. A customer will be satisfied if the performance meets the expectations; vice versa, the customer is dissatisfied. Or the customer is delighted when the performance surpasses expectations (Kolter 2000, 36). As a result of customer satisfaction, the retailer can benefit from both the increased customer loyalty and the positive word-of-mouth communications, which will bring more repeat purchases and more new customers. To deliver customer satisfaction, retailers have to offer quality products and services (Guiltiana, Paul & Madden 1997, 6-7).

1.8.3 Satisfaction judgments models

According to Arnould et al. (2004, 767-768), fulfillment or the feeling of being satisfied and expectations are the two standards for satisfaction judgments. Expectancy-disconfirmation model is the model that has been used for understanding the relationship between standard and satisfaction.

1.8.3.1 Expectancy-Disconfirmation Model of Satisfaction (EDM)

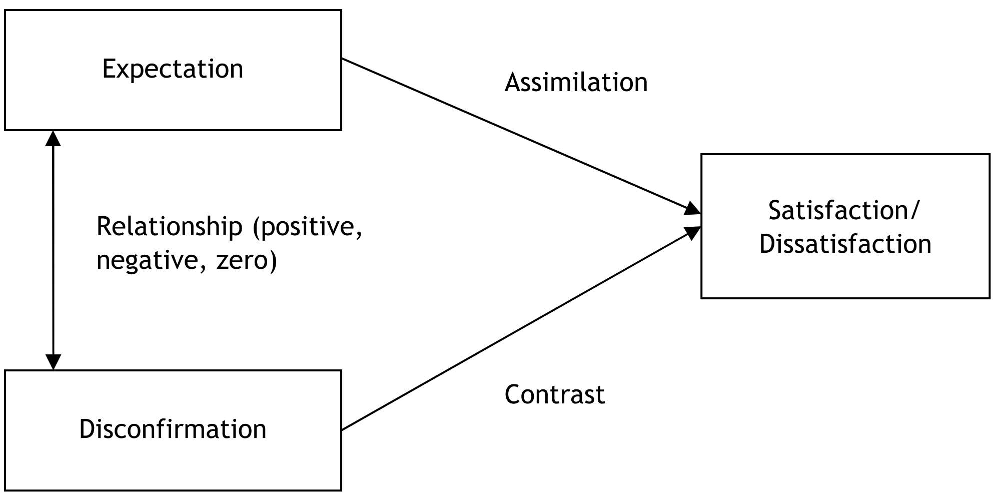

Figure 9 Expectancy-Disconfirmation Model of Satisfaction

The expectancy-disconfirmation model of satisfaction (EDM) indicates that the disconfirmation of pre-consumption expectations has the most influence on consumer satisfaction. As shown in Figure 9, the operation of both expectations and disconfirmation will determine the satisfaction levels. If performances exceed expectations, positive disconfirmation will occur and the possibility of consumer satisfaction will increase too. However, if performances are lower than expectation, negative disconfirmation will occur and the possibility of consumer dissatisfaction will increase immediately. The difference of the subjective disconfirmation felt by the consumer and the one measured by the retailer provides useful information for marketing strategy planning (Arnould et al. 2004, 768-772).

1.8.3.2 Desires model of satisfaction

Arnould et al. (2004, 772-773) identify consumers' desires are another possible standard for satisfaction. In a desires model, satisfaction refers to "a function of the consumer's assessment of the degree to which a product meets or exceeds his or her desires, the outcome being called desires congruency". In other words, it means that consumer believe that product will deliver high-level values.

1.8.3.3 Fairness model of satisfaction

As Arnould et al. (2004, 773-774) claim that in addition to EDM and the desires model, consumers' satisfaction is also affected by perceptions of the fairness. The fairness concept refers to the comparison of the outcomes customers gain and the investment they pay as well as the comparison of their perceived outcomes with other individuals or groups.

In Figure 10, the relationships between three dimensions of fairness and satisfaction or dissatisfaction have shown. Procedural fairness refers to the manner in which the outcomes are delivered. It states that consumers' satisfaction will increase if they both participate in and influence the outcomes of service delivery. Interactional fairness refers to the ways the consumer is served by the marketer, which means how the service provider provides an explanation, shows empathy and respect as well as the actions takes to correct service failures quickly. Distributional fairness refers to how rewards or outcomes are divided among the participants in an exchange. Three of them are important for judging fairness of satisfaction.

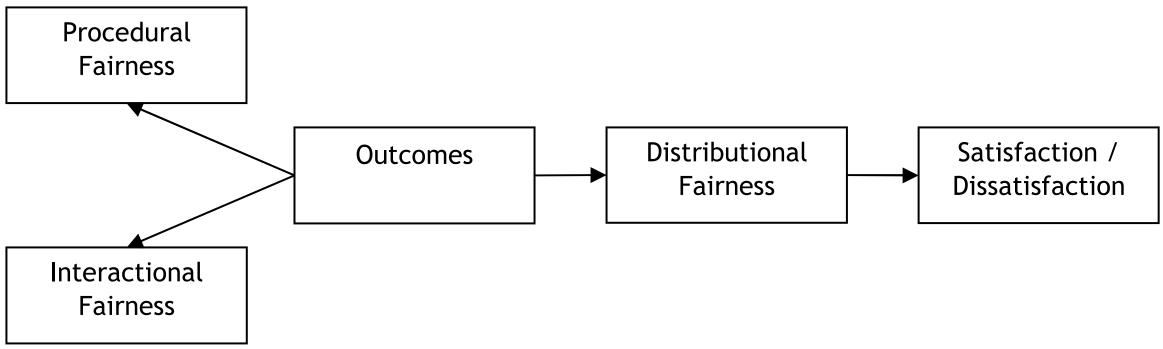

Figure 10 Relationship between three dimensions of fairness and satisfaction or dissatisfaction

1.8.4 Quality

Due to the global competition and modern communications revolution, the economy becomes more service oriented and businesses have to differentiate themselves by quality in addition to product quality (Chakrapani 1998, 3). Therefore, retailers have to offer quality in their goods and services if they would deliver customer satisfaction. According to Guiltiana et al. (1997, 6), “quality represents to all the dimensions of the product offerings that result in benefits to the customer”. Quality can also refer to the word of value which represents the relative quality of an offering by taking the price of the product or service into consideration.

From Chakrapani’s (1998, 3-5) point of view, if consumers’ enjoyment exceeds their perceived value of the money they paid for a product or service, the product or service then has a quality. In other words, the product or service provides the greatest enjoyment with the highest quality. To further develop the concept, a product or service that enhances customer enjoyment is one that consistently meets customer needs and expectations. So in addition to the aspects of the product or service, the definition of quality should be related to customer satisfaction too.

A quality-oriented view of customer satisfaction refers to please customers by providing a level of benefits that exceeds rather than matches expectations. This can be done by following any of the eight dimensions of quality: performance, features, reliability, durability, serviceability, aesthetics and perceived quality (Guiltiana et al. 1997, 7).

Performance refers to the basic operating characteristics of a product or service. Features refer to the additional and special characteristics that strengthen the use of experience such as a receipt together with a pack of bread. Reliability refers to the possibility of product failure within a given time frame. Durability refers to the amount of time a product can be used before replaced. Serviceability refers to the manner of service personnel such as serving speed, politeness, ability and qualification. Aesthetics refer to how a product looks, feels, sounds, tastes or smells. Perceived quality refers to the quality that is presumed from a seller's reputation (Guiltiana et al. 1997, 7-8).

As defined, a customer is the main focus while delivering qualified service. Figure 11 shows how retailers can increase customers' enjoyments by offering a faster service, cheaper price (have better value at the same price) and exceeds expectations.

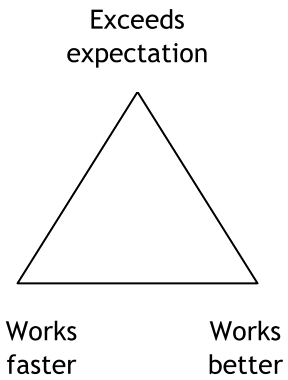

Figure 11 Factors influencing customers' enjoyments

From consumers' perspective, their wants in three basic psychological domains: cognitive, conative and affective must be fulfilled, and the features of fulfillment can be viewed as quality. As Figure 12 shows, customers' enjoyment is based on the continuous improvement of these three dimensions. When retailers try to fulfill consumers' wants, they will enhance consumers' enjoyment and provide high-quality service at the same time.

Continuous Improvements in the Three Basic Psychological Domains			
Domain	**Deals with**	**Relevant Dimension**	**Relevant Consequence**
Cognitive	Perceptual aspects	Time	Works faster
Conative	Behavioral aspects	Work	Works better
Affective	Feeling aspects	Delight	Exceeds expectations

Figure 12 Continuous improvements in the three basic psychological domains

Delivering service quality is not a one-time task; in contrast it requires continuous improvement. Retailers should execute continuous improvement especially in the areas of customer focus, process improvement and total involvement of their businesses (Tenner & DeToro 1992), which means they should move their focus from product features to customer enjoyment, from employee-dependent service to process improvement, and from fragmental implementation of quality initiatives to total involvement with customer and the process (Chakrapani, 1998, 3-5).

1.9 Previous studies on Chinese travelers' shopping behavior

Since the case companies did not conduct any previous studies for their Chinese customers, the author collects some related studies or research papers on this specific topic which have been conducted previously through library databases and the internet.

There is a lack of previous research on this specific topic. Only two research reports were considered relevant. They were named "Chinese Consumers As Travel Retail Consumers" and "Project Great Wall III: Chinese Outbound Travelers' Travel Retail Behaviour" from Tax Free World Association (TFWA). Although the studies were not specifically for airport duty-free shops, the author finds the results useful as reference materials for the case companies. The former study was conducted in 2006 to better understand and profile Chinese outbound travelers and their shopping habits while the latter was investigating their travel retail behavior and shopping behavior in specific product categories in particular to its members. Since the author is not one of the members of TFWA, she does not have the rights to read the full report but the executive summary.

According to the executive summary of the 2006 study, the total number of Chinese outbound travelers reached to 34 million people in 2006; and this trend continues to grow year on year, which will exceed 100 million people by the year 2020 based on the estimation of the World Trade Organization (WTO). It also noted that although shopping is not always a main purpose of their traveling abroad, most Chinese travelers considered shopping a prioritized activity during their traveling. They spent an average €725 on shopping alone during their outbound trip, which accounts for 80 percent of their average monthly household income. The items they generally purchased are luxury or international branded confectionery, fashion, fashion accessories and cosmetics.

Based on the executive insights of the 2007 research, Chinese travelers were young working professional and semi-professionals aged from 20 to 39 years old, who are well-educated with tertiary education and with household monthly income above €485. Their average shopping spending had 50 percent increase from €725 in 2006 to €1,081 per person per trip in 2007, which was at least 25 percent more than in 2006 across all destinations. Spending in Europe was the highest among other investigated destinations which was €1,734. It also noted that Chinese travelers are knowledgeable and know where to shop and what to buy. Most of them made a shopping list before the traveling. Luxury or branded fragrances, perfumes, cosmetics, jewelry and watches were the most popular purchased items in duty-free shops, for self use and family as well as friends. In general, male and female travelers spent similar amounts overall, but female shoppers appeared to spend more on fragrances, perfumes and cosmetics.

In conclusion the author of the 2006 research stated that “besides benefiting from the increasing numbers of Chinese travelers in general, with almost half of the total shopping budget spent in duty-free shops, duty-free businesses have opportunities to increase that share of consumer spend”.

As seen in the findings of the TFWA research, the author believes that the case companies would benefit from the recent growth of Chinese travelers coming to Finland or transiting to other countries via Finland too. To attract more Chinese customers and increase their spending in the shops, there is a need for the case companies to conduct similar or small scale research as TFWA to better understand the shopping habits of their Chinese customers and improve their current service quality.

1.10 Framework

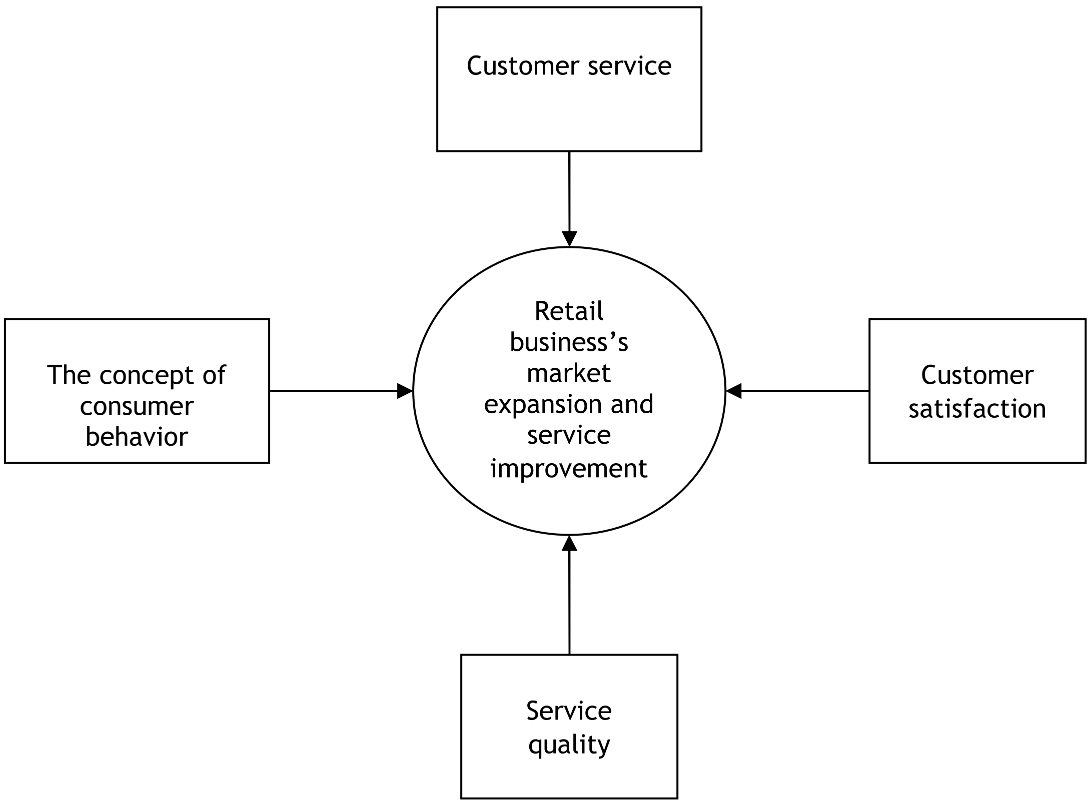

Figure 13 Framework of the study

The subject of this thesis is Chinese travelers’ buying behavior and their satisfaction of the current service which provided by the case companies. The theoretical part is connected to four main areas, which are consumer behavior, customer service, customer satisfaction and service quality (See Figure 13). The subject of the thesis is penetrating each section of the theories and the foundation of the study has been established through the theory description.

3. METHODOLOGY

1.11 Research Setting

According to Kelley (1999, 2-3 & 22-25), the use of quantitative and qualitative methodology is determined by the scale of measurement used in processing data such as the questions of who, what and how will be measured as well as the areas which need further definition. In other words, it refers to how the researcher chooses to process and analyze the collected data. To further explain the concepts, quantitative research refers to numbers and measurement in the collection and analysis of data, for instance to measure how many people feel, think or act in a particular way; while qualitative research is used to measure words rather than numbers which collects in-depth information such as how people feel and why they feel as they do (Kelley 1999, 22). Based on the Kelley's definitions, a quantitative methodology would be the option for this descriptive study, which aims to profile the shopping characteristics of Chinese consumers (Arnould, Price & Zinkhan 2004, 226).

According to Bryman & Bell (2007, 11, 28,154 & 402), quantitative research is deductive. In deduction theory, a hypothesis first is deduced from a particular domain the researcher is interested in and the theories related to that domain; then the hypothesis will be subjected to an empirical study afterwards while induction lead to a pattern construction and the discovery of a hypothesis from the collected data. In other words, deduction is used for testing theory while induction is to generate theory. This thesis is categorized as deductive research since the purpose of this research is to profile the shopping habits and preferences as well as service satisfaction of Chinese consumers.

Quantitative research is a process of presenting and interpreting numerical data. Its results often contain descriptive statistics and inferential statistics. Descriptive statistics include measures of central tendency (averages – mean, median and mode) and measures of variability about the average (range and standard deviation). These give the reader a concept of the data collected and used in the research project. Inferential statistics are the outcomes of statistical tests, helping deductions to be made from the data collected, to test hypotheses set and relating findings to the sample or population.

1.12 Literature Study

The research commences by studying previous studies on this specific topic. It provides the author the indication and direction to define the research topic and research problem. Meanwhile, the author also studies the general theories of consumer behavior, customer service, customer satisfaction and service quality, the author has a basic knowledge of the research topic and thoughts about the questions to ask in the questionnaire. Laurea's database, especially ABI/Inform (ProQuest) and the search engines of different internet actors have been used at the beginning to define the research scale and topic. Moreover, most of the relevant literature used in the research is from libraries of Laurea University of Applied Sciences and Helsinki School of Economics School. The World Tourism Organization, Tax Free World Association and Finnish Tourist Board (MEK) have also been important sources of information. Their publications offer a comprehensive view of the Chinese outbound tourism market and travel retail behavior.

1.13 Validity

The definition of validity in a research means an accurate measurement, in order words it means a measure which leads to valid conclusions or inferences. So validity can be seen as a theoretical oriented issue which brings the question of "valid for what purpose"; when there is a purpose, a valid measure can be summarized as a question of whether a research measures what it is supposed to measure and the degree to which the evidence supports that interpretations of the data are accurate and that the manner in which the interpretations are used is appropriate. However, measurements may contain errors; therefore there is a need to assure the validity in advance. Accurate and relevant questions give qualified and correct answer to the research question (Carmines & Zeller 1981, 11-17).

1.14 Reliability

Reliability refers to the stability of the measure. It means that a reliable measure should give consistent results across repeated measurements under different measuring procedures or conditions. The reliability of the measuring procedure is higher if more the same results given by repeated measurements. The researcher can increase the reliability of the research by using similar questions in the questionnaire, professional literature and reliable documentation (Carmines & Zeller 1981, 11-17).

1.15 Empirical Research

Due to the nature of the study, personal interviews were chosen for collecting data. All the interviews were made in the shops of the case companies in Helsinki-Vantaa Airport during March 15 to 20, 2008.

1.15.1 Selection of respondents

Since the airport is a special place, there is a possibility not finding enough respondents from each background category, so no specific criteria is made for the selections of respondents in this case at all. The only criteria is asked all the Chinese travelers when they walked out from the shops.

1.15.2 Questionnaire

The questionnaire was divided into two parts. The first part was standard questionnaire same as the Finnish and Swedish ones required by the case companies. The standard questionnaire had been used several times to study service quality to Finnish, Swedish and English speaking consumers previously. The second part was added to collect a better understanding of Chinese consumers' preferences and shopping characteristics.

Since the case companies provided the first part of the questionnaire, the author did not participate in the questionnaire design at all but translated it into Chinese, so there was no theory concerning the questionnaire design in this section. For the second part of the questionnaire, the author contributed some suggestions for the questions asked in the preliminary questionnaire, which is relevant and interesting questions concerning the shopping behavior and product preferences of Chinese travelers. The final questionnaire was made after some changes and approval by the case companies.

The structure of the questionnaire can be seen in Appendix 1.

1.15.3 General remarks regarding the interview design

Because of the nature of the research and time limitations, most of the questions of the questionnaire were closed questions which provided a set of fixed alternatives for respondents to choose. But the author also wrote down some useful information during the interviews for later analysis.

1.15.4 Analysis methodology

The data analysis is completed by using the Statistical Package for the Social Sciences (SPSS windows). If the data entry was input correctly, the output of the data should be correct. All the analysis work was based on the outputs and figures from SPSS.

Moreover, the analysis did not follow the order in the questionnaire, the author reorganize it by choosing the relevant questions that match the two research problems. The findings were presented in a more logical way.

4. EMPIRICAL FINDINGS

1.16 Background information of respondents

1.16.1 Gender and age distribution

As can be seen from Figure 13, men were the biggest group in the target group during the interviews. Two third of the respondents were men while one third were women. This is not a normal distribution in shopping. This big difference is due to the high refusal of female respondents. As shown in Figure 14, respondents aged between 20 to 50 years old were the biggest age distribution group of the interviewees. It seems that people younger than 20 and aged over 50 were the groups that had the smallest distribution in the interviews.

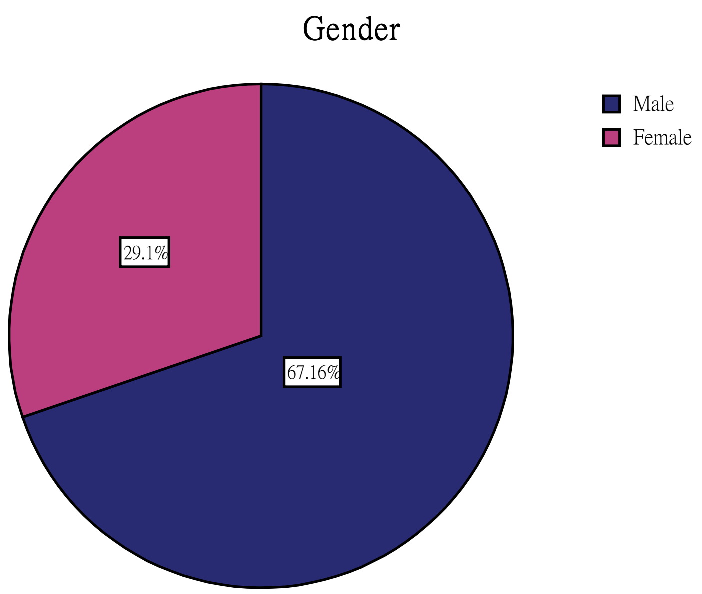

Figure 13 Gender

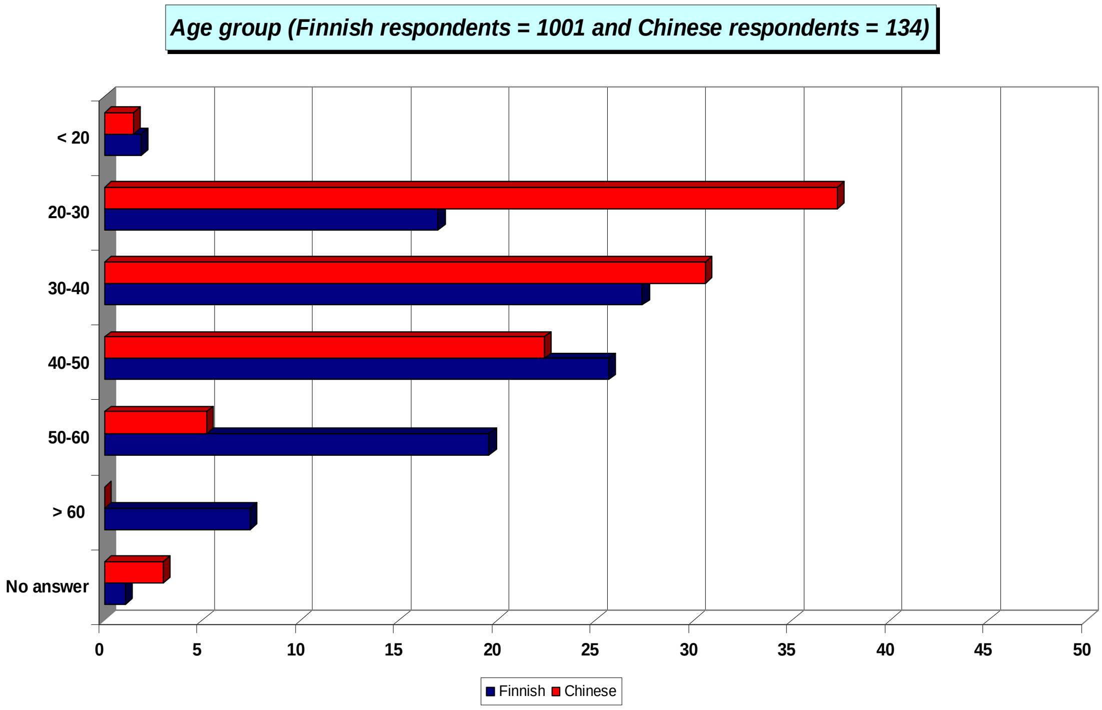

Figure 14 Age distribution

1.16.2 Nature of travel

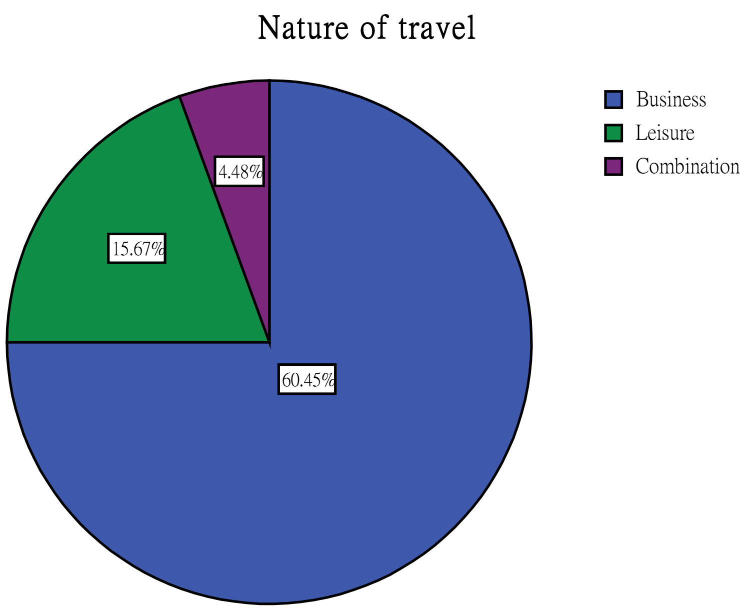

Figure 15 Nature of travel

As shown in Figure 15, 60.45% of the respondents came to Finland for business while 15.67% for leisure travel and 4.48% for both business and travel. It should aware that the results only apply to the time when the interviews were completed, since the distribution will be different in summer time which is known as the peak season for leisure travel or the combination of business and travel.

1.16.3 Shops

Figure 16 Shops

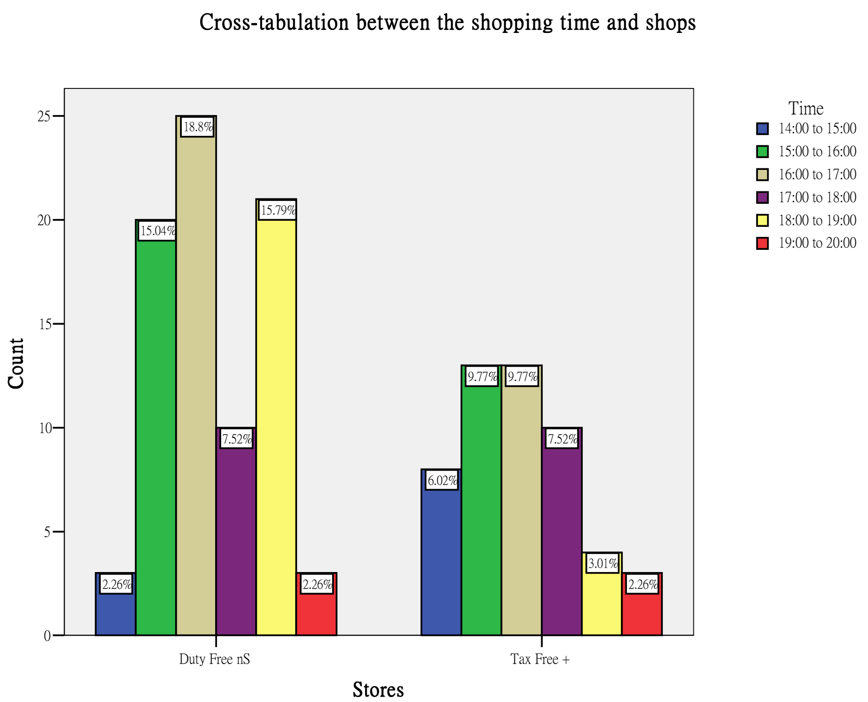

Figure 17 Cross-Tabulation between the shopping time and shops

61.19% of the respondents did their shopping in Finavia's duty-free shop while 38.06% of them in Finnair's duty-free shop (See Figure 16). This difference may be caused by the locations of the departure gates of Asia flights. There were two situations: in the first situation, most of the respondents preferred to go through to the passport control first, so they might not do their shopping in the shops in Schengen areas; in the second situation, there might be flight delay, they had more time than they thought in non Schengen areas, so they usually spend their time by shopping in the shop.

There are three flights going to China everyday as follows: Guangzhou/Hong Kong (departure at 16:55), Shanghai (departure at 17:50) and Beijing (departure at 20:10). Figure 17 shows most of the shopping is happened between 15:00 to 17:00 and 18:00 to 19:00, which is one or two hours before departure. So they have plenty of time to do their shopping.

1.17 Research results of Chinese customers' shopping behavior and product preference

1.17.1 Time spending in the shop

More than half Chinese respondents tend to stay in the shops more than 10 minutes. The finding is predictable as shopping is the most popular activity for Chinese travelers when they go traveling, especially in tax free shops. They were not only looking for those products which did not buy yet on their shopping lists, but also comparing the price even they bought the same products somewhere else already or search for whether there is something special and worth to buy, or seeing the same products for few times before they made the decisions. These reasons are probably the major factors that caused them staying in the shops more than 10 minutes (See Appendix 2).

1.17.2 Type of products would like to buy at the airports generally

Perfume/Cosmetics, Candy/Chocolate, Liquor and Tobacco are the four popular product categories out of nine that Chinese travelers would like to buy at the airports (See Appendix 3). By gender, male and female travelers have the same product preferences, the only difference lies in the rank order of the category Tobacco and Food (See Appendix 4). In addition to those specific product categories, less than one then of the respondents answered other product categories. The other products they prefer to buy are varying from the products for children, art and handcrafts, watch, knife, small and cheap souvenirs. However, many of them did not know what other products they prefer to buy in airports.

The reason why the category Perfume or Cosmetics is in the top of priority for female respondents is understandable, but for male respondents, it believes that they were buying for their wife or girlfriends in most cases. And travelers always have to take some gifts back for their relatives and colleagues after their trip; since there are many of them, so Candy or Chocolate would be the best choice when considering the price and weight. For Liquor, the price is much cheaper in foreign countries than in China due to the import tax, and it has better guarantee of quality and choice of brands, so many of them would buy liquor at the end of their trips. About Tobacco, it is a must for male travelers as most of them are smokers, the price is cheaper than in China in some extend and there are always something they have not or seldom tried before such as small tobacco or cigars made in Cuba.

1.17.3 Type of products buying or looking for in the shop

Chinese travelers were looking for or buying Candy, Chocolate, Perfume, Cosmetics, Tobacco and Liquor from the shops (See Appendix 5). By gender, male and female respondents were looking for or buying similar products, the only differences lie in the rank order of the four product categories, and the preference on tobacco and food. In addition to this, one ten of the respondents answered other product categories which were excluded in the question, for instance, watches, healthy products and knifes. And many of the respondents said that they did not plan to buy anything. This can explain why the numbers of respondents and responses are lower than the previous question. The results could match the findings of the questions of "What types of products they would like to buy at airports generally".

1.17.4 Type of products would like to buy but could not find in the shop

In addition to the specific product categories in the questionnaire, some respondents would like to buy Chinese cigarettes, handbags (Gucci or Prada), jewelry, electronic products, international branded fashion, skin care or cosmetics (L'Oreal for men, Elizabeth Arden and Estee Laurder), health products, special local products (made in Finland), watches, shoes and underwear (from the well-known brand) and toys for children (See Appendix 6).

1.17.5 Importance of luxury brands and brands preference

According to the previous studies of "Project Great Wall III: Chinese Outbound Travelers' Travel Retail Behaviour" from Tax Free World Association (TFWA) mentioned in section 2.4 "PREVIOUS STUDIES ON CHINESE TRAVELERS' SHOPPING BEHAVIOR", luxury or branded products such as fragrances, perfumes, cosmetics, jewelry and watches were the most popular purchased items in duty-free shops (See Appendix 7). However, the results were different from the previous studies. Two third of them stated that luxury brands are not important while only one third of them felt it is important. Based on the previous observation of the author who was working in Viking Line tax free shops, Chinese travelers usually bought luxury or branded items such as Lancome, Dior, Gucci, Swatch, Martell, French wine and so on, they would not buy those brands they never heard. So it believes that they still would buy branded items they have heard in most cases.

1.17.6 Tax free shopping places

When asking where the respondents would like to have their tax free shopping, one third of them have the same preference for Helsinki airports or other airports; another one third tended to shop in other airports, and one third of the respondents would shop in Helsinki airports and do not know where to shop. Overall the respondents prefer to shop in other airports rather than Helsinki airports according to the results (See Appendix 8). However, the results do not reflect the situation in practice. Since most of the respondents are departure from Helsinki-Vantaa Airport, so they do not have the opportunity to shop in other airports unless they transit to other European countries via Finland by flight, or there is a possibility that they shop in the downtown duty-free shops. Therefore, if they fly back to China from Finland, they would choose to shop in Helsinki-Vantaa airport.

1.17.7 Global/Domestic (Finnish) brands' preference

Two third of the Chinese respondents prefer to buy global brands both when they are going abroad and home, and one third of them interested in buying domestic (Finnish) brands (See Appendix 9). The difference between brands preferences on their way home and broad may due to the lack information concerning domestic (Finnish) brands. Some respondents told the researchers that they did not know any well-known Finnish brands, so they would buy global brands which they knew normally even they are interested in Finnish brands.

1.17.8 For whom they buy

The products the respondents brought from the shops, which were for their friends, relatives, parents, self use and for wife in rank order (See Appendix 10). Since gift giving is a traditional culture in China, so when Chinese travels to other countries, it is necessary for them to bring back gifts not only for their family, but also for their friends, colleagues and boss as well.

These results could match the findings in the question of "what their main shopping reasons are" (See Appendix 11). The findings show that their main reasons of shopping are looking for presents and buying luxury for self use. It seems that the respondents did not consider the price, special offer, good sales work and good service before their shopping. But these reasons may affect how many products they would buy during their shopping.

1.17.9 Purpose of their visit to the shop

Half of the respondents visit the shops for some other reasons, and the other half of them visit the shops because of specific needs and advance shopping plan (See Appendix 12). As it mentioned in section 4.2.1 “Time staying in the shop”, shopping is the popular activity for Chinese, it can be a way for them to spend time or to see whether a product worth to buy and so on. There are many other reasons to explain their behavior in addition to the specific needs or the planned shopping lists. At the same time, the findings of this question can explain why respondents stayed in the shops for more than 10 minutes. Separated results of the purpose of the visit to the shop by nationality can be seen in Appendix 13.

1.17.10 Value of purchase

Half of the respondents spent less than 50 euros in the shop, and another one third of them did not buy anything but only spending their time in the shop (See Appendix 14). It seems that they did not spend much money in their shopping even they were in the shops more than 10 minutes. One possibility is that they already bought most of the products or gifts needed in other places during their trips. So they bought the products or gifts that they did not find outside the airport or there were not enough gifts, they still had to buy some more. It can explain why the purchase value is low.

1.17.11 Price comparison of global brand products between Finland and China

From respondents’ point of view, most of the respondents did not know or could not indicate the price differences of the specific product categories such as liquor, tobacco, candy or chocolate, perfume, jewellery, electronics and clothes in the questionnaire.

As it shown in Appendix 15, the respondents thought that the jewelry, electronics, clothes are more expensive in Finland when compared them to China. Candy or Chocolate and Perfume or Cosmetics are in between of favourable and expensive. Liquor is the only product which price is more favourable for them. In certain levels, these findings have connections with their shopping behavior and product preferences of their duty-free shopping at the airport. The price level is one possible reason which influences their shopping behavior and product preferences.

1.18 Chinese customers’ feedback of the service quality of the shop

1.19 Contacts with the personnel

Figure 18 shows the customers' contacts of the personnel in the shops. More than half of the Chinese and Finnish respondents bought products from the shops, but it seems that the personnel's attitude to the Chinese and Finnish respondents was different. Both Chinese and Finnish respondents had the first contact with the personnel when they entered the shop, the personnel seem not to have further contacts or discussions with the Chinese respondents anymore but maintained certain interactions with the Finnish respondents.

From Appendix 16 shows the customer's impressions of Finnair and Finavia's shops individually. Concerning the result whether the Chinese respondents were noticed by personnel, it may not as accurate as it should be in some extend, because some respondents indicated that they did not pay attention to the personnel when they entered the shops. So there is a possibility that the personnel discovered them but the respondents did not notice.

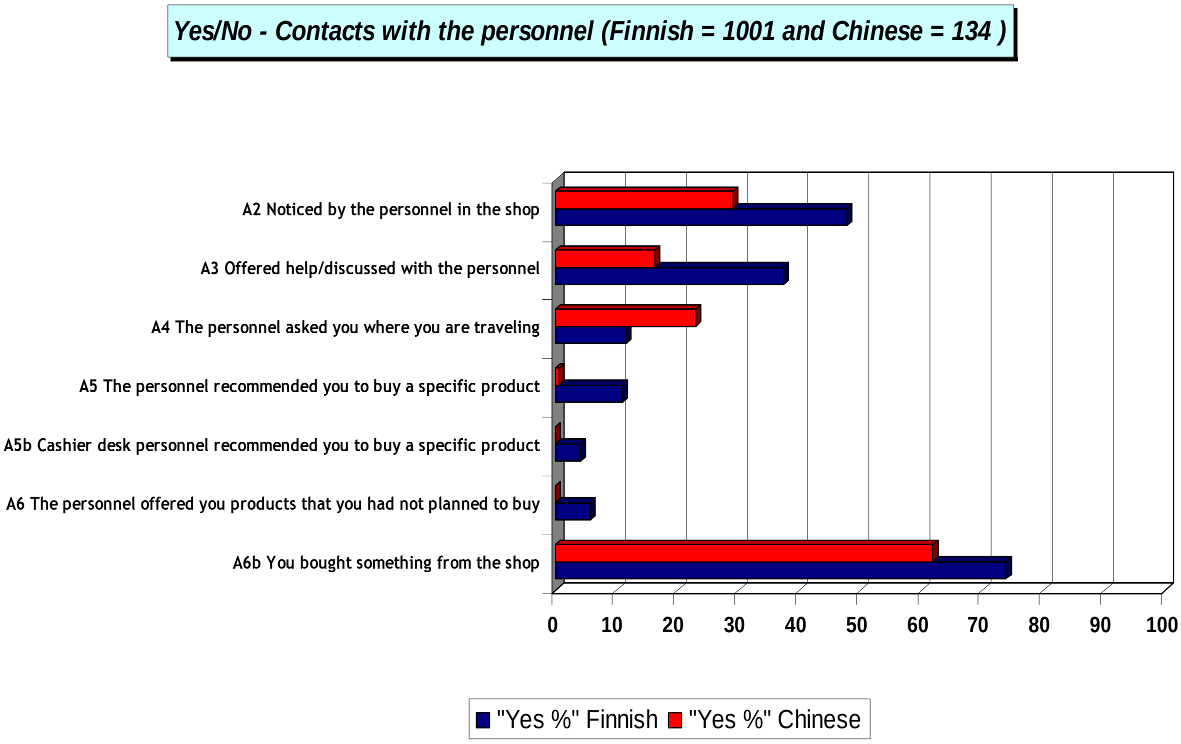

Figure 18 Service quality of the personnel

And there are less than 20% of the Chinese respondents were offered or have discussions with the personnel, language problems and lack of personnel in the shop could be one of causes of this result. As some respondents told that the personnel did talk to them but they did not understand, and some other respondents said that they did not see any personnel or there were only few personnel who were serving other customers. By observation, the researcher also found that sometimes there were more personnel than it used to be or vice versa; especially Finavia's shop, there were no extra personnel at all but the personnel in the cashier desk.

However, the finding of the interaction between respondents and personnel will affect the results in other questions related to the service quality of personnel. For instance the questions of whether the personnel ask where the respondents are traveling (See Appendix 2), whether the personnel in the shop recommend them to buy a specific product (See Appendix 2), whether the personnel offer them products that they had not planned to buy (See Appendix 2) and whether they were offered campaign products by the personnel (See Appendix 2). The respondents who were not offered help or have discussions with the personnel, means that the personnel did not serve the Chinese respondents the same ways as the Finnish respondents.

1.19.1 Service quality

Figure 19 shows the customers' evaluation of the service quality in the shops. As it shown on Figure 19, the score of the service of the shop on a general level by Chinese respondents is almost 4.5 (Scale 1 to 6, 1 stands for quite poor and 6 stands for very good)and by Finnish is between 4.5 and 5 (Scale 1 to 6). And the score of the overall service quality in Figure 19 is at least 3.5 (Scale 1 to 6), which means the service quality is at least better than ordinary from the views of both Chinese and Finnish respondents. However, as can be seen in Figure 19, the score of the overall service quality by Finnish respondents is higher than Chinese respondents; it seems that Finnish respondents are more satisfied with the service quality than Chinese respondents. In Appendix 17, it shows the customers' evaluation of the service quality of Finnair and Finavia's shops individually.

1.19.2 Service expectations

Figure 20 shows the results of the service expectations of both Chinese and Finnish respondents. As shown in Figure 20, the service in the shops met the expectations of both Chinese and Finnish respondents, in other words, it means that the respondents are satisfied with the service. However, according to Guitiana et al (See section 5.4 Quality), it is not enough to have satisfactory service in long term. To please customers, the case companies should provide a level of benefits that exceeds rather than matches the exact expectations. It can be done by fulfilling consumers' wants and continuous improvement on service, price and expectations. Separated results of Finnair and Finavia's shop can be seen in Appendix 18.

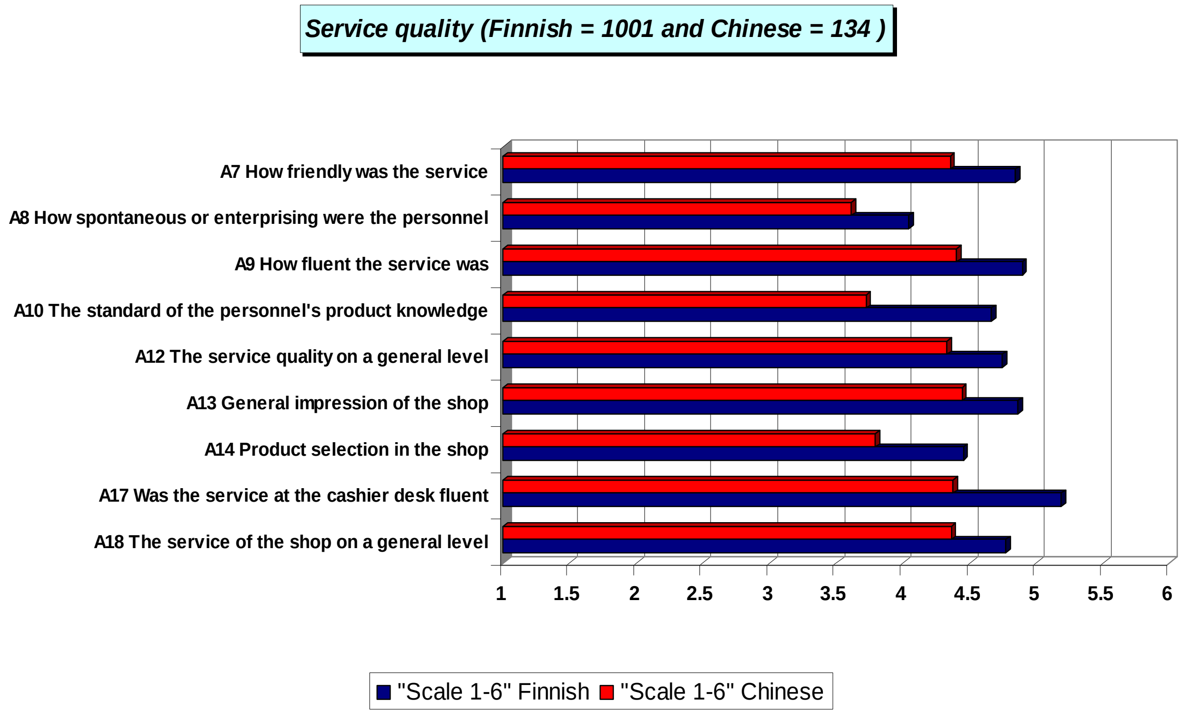

Figure 19 Service quality

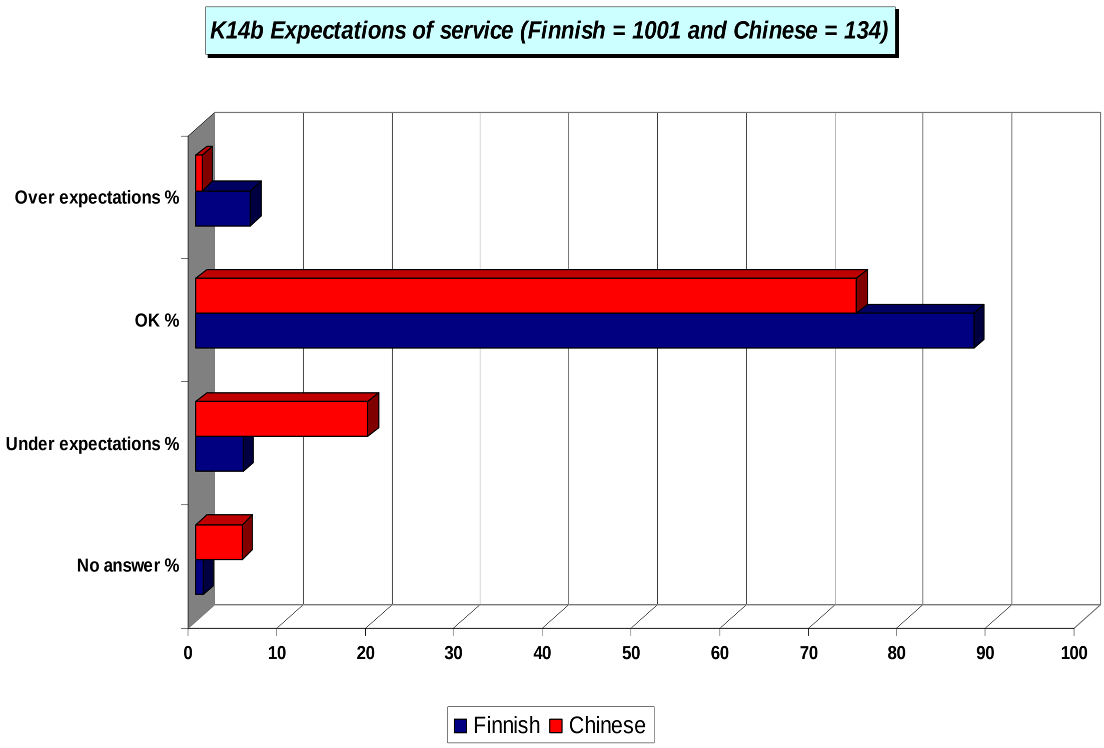

Figure 20 Expectations of service

1.19.3 Price expectations

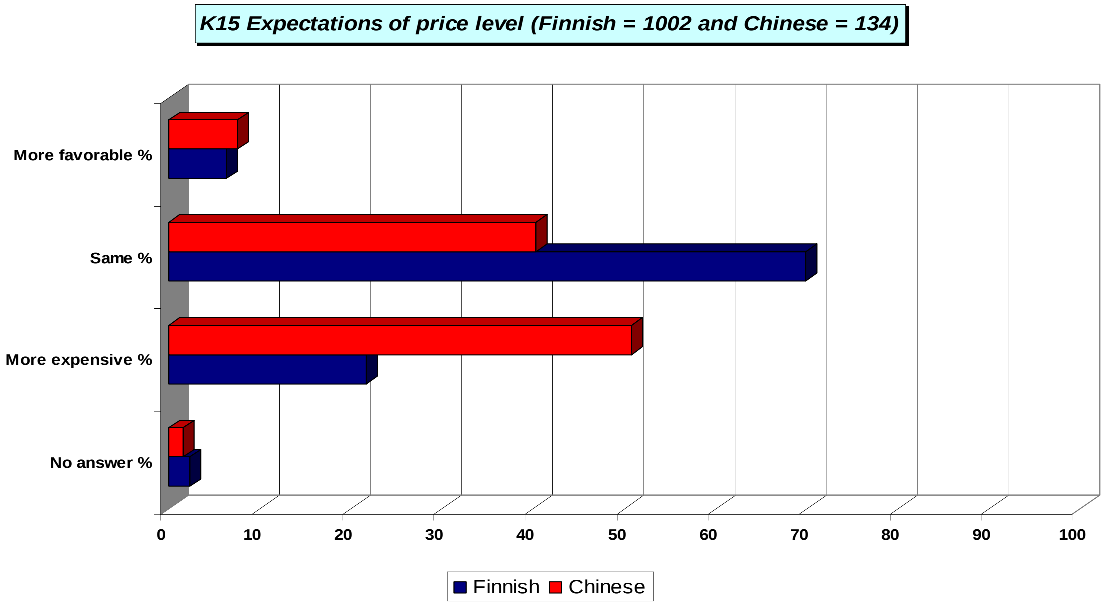

Figure 21 Expectation of the price level

Figure 21 shows the results of price expectations of both Chinese and Finnish respondents. As it shown in Figure 21, the price level met the Finnish respondents' expectations; more than half Chinese respondents felt the price level met their expectations while less than a half of them felt the price level in the shop the same as they expected. Separated results of Finnair and Finavia's shop can be seen in Appendix 19. These can be explained by the perception of the Chinese respondents. Since some of the respondents may have the perception of high living standard in Finland, so they would feel everything is expensive in Finland automatically when compare to other European countries such as France. For those respondents who answered "the price met their expectations", would feel the price reasonable as long as the price is cheaper than in China.

1.19.4 Marketing of campaign activity or special offer

Figure 22 shows the comparison results of noticing a campaign or special offer in the shop by Chinese and Finnish respondents. As can be seen in Figure 22, most of the Finnish respondents noticed that there was a campaign or special offer in the shop; but it is not the case for Chinese respondents, most of the Chinese respondents did not notice any campaign or special offer in the shop. Separated results of Finnair and Finavia's shop of Chinese respondents can be seen in Appendix 20.

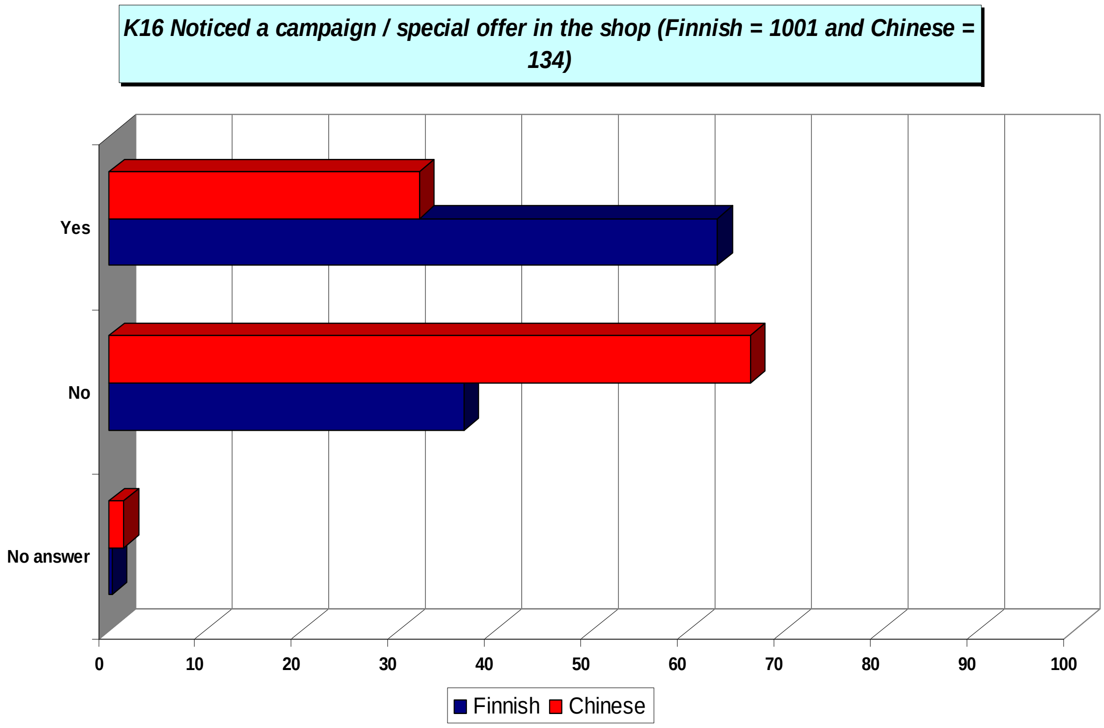

Figure 22 Noticed a campaign or special offer in the shop

It seems that the case companies succeeded to catch the Finnish respondents' attention towards the campaign but not Chinese respondents. However, having their attention is half success of the campaign activity; if the respondents buy the campaign or special offer products after, it is then a successful campaign. As it shown in Appendix 21, most of the respondents (both Chinese and Finnish) did not buy any campaign products. It is strange that most of the Finnish respondents noticed a campaign in the shop but they did not buy any of the products.

Overall, the campaign activity is not successful. The case companies should re-evaluate their advertising channels, advertisements and language used in the campaign activity and special offer; and finds the appropriate marketing tool to promote products for both Finnish and Chinese customers. Concerning the low attention and sales of campaign products, the case companies should also aware the contribution of their personnel. As shown in Appendix 22, most of the Chinese and Finnish respondents were not offered any campaign products by the personnel. So there is a need for the case companies to better use their personnel's effort in promotions.

1.19.5 Language problems

It is surprising that three-fourth of all Chinese respondents did not face any language problems during their shopping. While one-fourth of them have products not bought in the shop due to language problems. When comparing the Figure 23 with the date, as remembered there were Chinese speaking personnel in the shop on March 13 and March 20. So it is possible that they offered help from those personnel, which decreased the possibility of products not bought by the Chinese respondents because of language problems. However, the difference between responses is big, it still could not explain the situation on March 14, 15 and 19 (See Appendix 23).

Among those respondents who had language problems during their shopping, most of them said that it is because of no Chinese service (See Appendix 24), while half of them said that it due to no Chinese signs (See Appendix 25).

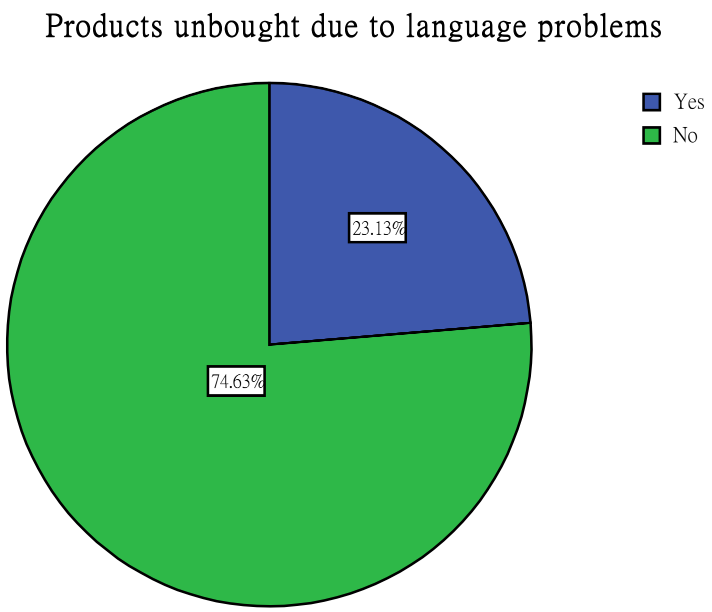

Figure 23 Had products not bought due to language problems

5. SUGGESTIONS AND CONCLUSIONS

In this section, a conclusion will be presented in order to answer the research questions and fulfill the purpose of the thesis. Before presenting the conclusion, the purpose of the thesis is reviewed once again in this section. The purpose of the thesis is to have better understanding of the consuming behavior of Chinese travelers and their satisfaction towards the service quality offered by the case companies.

1.20 Chinese travelers’ shopping behavior and product preference

1.20.1 Background information

The research reveals that business travel is the main reason that brings the Chinese respondents to Finland; the Chinese respondents tend to be young and mature travelers, aged between 20 to 40 years old and the shopping usually happened one or two hours before departure.

Since there are a lot of business travelers, the personnel in the shop can advise them products with nice package or classify as good taste which match their status; and the Chinese respondents have their shopping one or two hours before the departure of Asian flights, the case companies can send Chinese personnel in the shops at that time.

1.20.2 Shopping behavior

Chinese respondents tend to spend more than 10 minutes in the shop; the products the Chinese respondents buy are usually for friends, relatives, parents, and wife as well as own self; buying presents and luxury for themselves are the main motivations of their shopping. Chinese respondents visit the shops due to some other reasons in addition to buying something on their buying list or specific needs; Chinese respondents spend less than 50 euros on shopping in the shop; and they have the same preference to do most tax free shopping in Helsinki or at other airports.

Since Chinese travelers maybe not the one using or buying the products, most of the time they help their friends to bring back products to China. So there could be a pre-order online service for duty-free shopping. If there is a pre-order online service, their friends can order the products from the website directly and ask the respondents to pick up and pay their order in the duty-free shops before they leave to China.

1.20.3 Product preference

Candy, Chocolate, Perfume, Cosmetics, Tobacco and Liquor are the popular categories in the shop and at the airports; men and women have similar preference but the difference lies in the rank order of category Tobacco and Food. Other than that, Chinese cigarettes, Swarovski, bags (Gucci or Prada), toys for children, international fashion brands, watches (well known brand such as Fosso), shoes, glasses, gloves, jewelry, healthy products, electronic products, special local products or souvenirs, more product selection within cosmetic brands (such as L'Oreal for men, more different products from Estee Lauder and products of Elizabeth Arden) are other products they would like to buy or they are looking for in the shops and at the airports. And luxury brands are not important to Chinese respondents, but they would prefer global brands both when they are going abroad and home.

Since the case companies notice the most typical items that sought by the Chinese travelers, they should keep large stocks of those items so as to satisfy the needs of an entire tour group. Besides, the Chinese respondents are not interested in domestic (Finnish brands) because of lacking information about them. To increase the sale of domestic brands, there can be more advertisements or product catalog in Chinese concerning the domestic branded products.

1.20.4 Price comparison between Finland and Chinese

Chinese respondents feel that product category of jewelry; electronics and clothes are more expensive in Finland if compared to China. Candy or Chocolate and Perfume or Cosmetics are in between of favourable and expensive. Liquor is the only product which price is more favourable to them. The case companies can have special offer of the favourable products of Chinese respondents.

1.21 Comparison of customers' satisfaction of Finnish and Chinese respondents

1.21.1 Contacts with the personnel

There are too few interactions between the service personnel and the respondents. It seems that the service personnel maintain some interactions with the Finnish respondents, but have no interactions with the Chinese respondents at all. Overall, the service personnel and the personnel in the cashier desk have not made many recommendations to the respondents, but the Finnish and Chinese respondents are satisfied with the service quality delivered by the personnel on a general level.

Although some respondents may like to look for the products themselves, it is better for the personnel at least to have the first contact with the respondents and make sure that they do not need any help. And instead of having Chinese personnel in the cashier desk, it is better to have them serving around the shops.

1.21.2 Finnish and Chinese' satisfaction towards the service quality

Both Chinese and Finnish respondents are satisfied with the service of the shop on a general level. By comparing the results from Finnish and Chinese respondents, Finnish respondents tend to be more satisfied with the service than the Chinese respondents.

To increase the respondents' satisfactions, the case companies should strengthen their personnel's (both Chinese and Finnish personnel) knowledge of Chinese travelers' consuming behavior, so the personnel will have better understanding of what products the Chinese respondents are looking for usually and their preference.

1.21.3 Service and price expectations

Concerning the service in the shops, the service meets the expectations of both Finnish and Chinese respondents. By price level, the price level in the shop is the same as what Finnish respondents expected, but it is more expensive than what Chinese respondents expected. Since it is difficult to adjust the price level, the case companies can try to arrange special offer to specific products which buy from Chinese travelers frequently, in order to shorten the difference between the price level in the shop and Chinese respondents' expectations.

1.21.4 Campaign activity or special offer

Both of Chinese and Finnish respondents were not offered any campaign or special offer products by the personnel. Even the Finnish respondents noticed that there was a campaign activity or special offer; they did not buy any of them. For Chinese respondents, they did not notice that there was a campaign activity or special offer, so they did not buy any campaign or special offer products.

To increase the sales or attentions of ongoing campaign activity or special offer, the personnel in the shops should put more effort on promoting the campaign activity; or to have the attentions from Chinese respondents by offering Chinese advertisement of the campaign or special offer.

1.22 Possible future research

Since it is the first time of the case companies to add Chinese travelers into the survey as target group, so there is no comparison can be made between two surveys to investigate the performance of the case companies to Chinese respondents. Therefore, the case companies should conduct similar or the same survey next year, in order to make the comparison and have concrete results of their performance.
In addition, the case companies could consider shortening the questionnaire or separating the questionnaire into two and conduct the two questionnaires individually. As the questionnaire is too long, many respondents were not willing to be interviewed or some of the respondents rejected to finish the questionnaire in the middle of the interview.

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7. FIGURES

8. APPENDIX

1.23 Appendix 1 Questionnaire used for interviewing with Chinese customers at the airport

Hello ! We are doing a survey about the service quality of the shop you just visited.
The customers' opinions are very important when we develop the service concept.
May I please interview you, regarding the service quality of the shop? It will only last for about 2-3 minutes.

A. Questionnaire of service quality

1. **How long would you estimate that your visit to the shop lasted?** (<5 minutes/5-10 minutes/>10 minutes)
2. **Were you noticed by the personnel in the shop?** (Yes/No)
3. **Were you offered help or did you discuss with the service personnel in the shop?** (Yes/No)
4. **Did any of the service personnel ask you where you are traveling? bef. Cash desk** (Yes/No)
5. **Did any of the service personnel in the shop recommend you to buy a specific product?** (Yes/No)

5b **Did the service personnel at the cash desk recommend you to buy a specific product?** (Yes/No)

6. **Did the service personnel offer you products that you had not planned to buy, on beforehand?** (Yes/No)

6b. **Did you buy anything from the shop?** (Yes/No)

Now I will present questions to which you should answer by giving a value on a scale from 1-6, where 6 stands for "very good" and 1 for "quite poor"

7. **How friendly would you say that the service was** (on a scale from 1 - 6)?
8. **How spontaneous or enterprising would you say that the personnel were** (1-6)?
9. **How fluent would you say that the service was** (on a scale from 1- 6)?
10. **How would you classify the standard of the personnel's' product knowledge** (1-6)
12. **How would you classify the service quality on a general level, that was delivered to you by the personnel** (again on a scale from 1 - 6)?
13. **How would you classify your general impression of the shop** (scale 1 - 6)?
14. **How would you grade the product selection in the shop** (scale 1-6)?

14b. **Did the service in the shop meet your expectations?** (Over expectations/Okay/Under expectations)

15. **Did the price level in the shop meet your expectations?** (More favorable/Same/More expensive)
16. **Did you notice a campaign or special offer in the shop?** (Yes/No – If yes, which?)

16d. **Were you offered any campaign products by the personnel?** (Yes/No)

16e. **Did you buy any campaign products?** (Yes/No)

16c. **What was the purpose of your visit to the shop?** (Buying list/Specific need/Other)

17. **Was the service at the cashier desk fluent** (scale 1-6)?

18. **How would you score the service of the shop on a general level** (1-6)?

19. **Purchase value** (<25€ / €25-50 / €51-75 / >€75)

Nature of travel (Business/Leisure/Combination)

Nationality (Finnish/Other/Chinese)

Age group	<20 / 20-30 / 31-40 / 41-50 / 51-60 / >60
Sex	Male / Female
Shop	Duty-free S / Duty-free nS / Kotimaa / Tax Free + / Tax Free Arr / T2 Arr
Date	Tue 11.3 / Thu 13.3 / Fri 14.3 / Sat 15.3 / Wed 19.3 / Thu 20.3
Time	6.00 – 7.00 / 7.00 – 8.00 / 8.00 – 9.00 / 9.00 – 10.00 / 13.00 – 14.00 / 14.00 – 15.00 / 15.00 – 16.00 / 16.00 – 17.00 / 17.00 – 18.00 / 18.00 – 19.00 / 19.00 – 20.00

B. Questionnaire of Chinese shopping behavior

1. What type of products do you generally/normally want to buy at the airports?

- liquor /wine/ beverage
- candy /chocolate
- perfume/cosmetics
- electronics
- tobacco
- food
- jewelry/fancy
- clothes
- other what?

2. What type of products where you now looking for/buying in this shop?

- liquor /wine/ beverage
- candy /chocolate
- perfume/cosmetics
- electronics
- tobacco
- food
- jewelry/fancy
- clothes
- other what?

3. Is there any product that you would have liked to buy, that you didn't find in this shop?

(Yes / No) If yes, what is it?

4. **Are luxury brands important to you? If so, what luxury brands would you like to buy from this shop?** (Yes / No) If yes, what is it?

5. **Did you leave any products unbought in the shop due to language problems?** (Yes / No)

6. **What is your opinion about the price level of global brand products here at the airport, compared to their prices in China?**

- liquor /wine/ beverage (More favorable / Same / More expensive)
- candy /chocolate (More favorable / Same / More expensive)
- perfume/cosmetics (More favorable / Same / More expensive)
- electronics (More favorable / Same / More expensive)
- tobacco (More favorable / Same / More expensive)
- food (More favorable / Same / More expensive)
- jewelry/fancy (More favorable / Same / More expensive)
- clothes (More favorable / Same / More expensive)

7. **Is it easy for you to evaluate the price level of the products when they are given in Euros?** (Yes / No)

8. **Where are you now traveling?** (Home / Abroad: Where?)

9. **Did you, or are you going to, buy most of your tax free shopping here in Helsinki or at other airports on this trip?**
(Helsinki / Other airports / About the same / Don't Know)

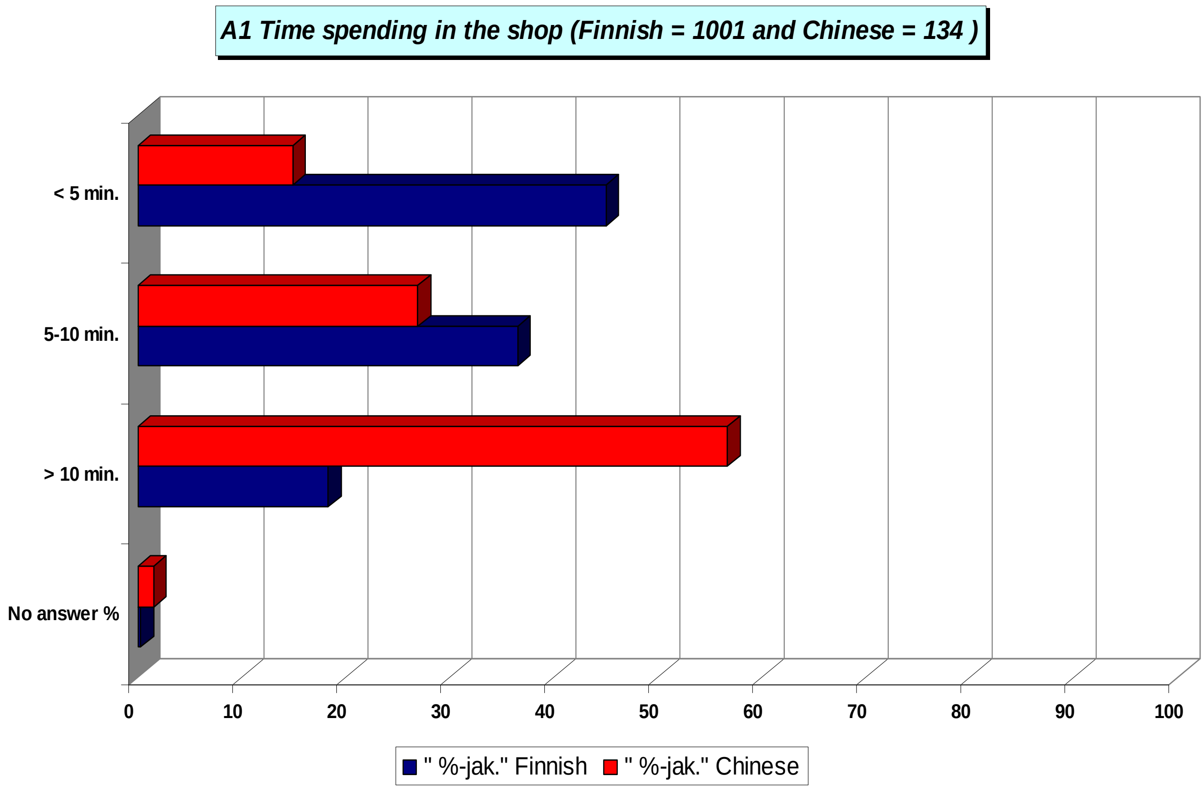
10. **Are you more interested to buy global or domestic (Finnish) brands here at this airport ?**
(Going abroad: Global brands / Domestic brands)
(Going home: Global brands / Domestic brands)

11. **For whom do you (did you) buy products this time**
(Yourself / Wife or girlfriend / Parents / Children / Relatives / Friends / Business people / Other: who?)

12. **What was the main reason for your shopping?**
(Needed presents / Luxury to myself / Good saleswork / Good service / Special offer / Price / Impulse)

13. **Would you recommend this shop to your friends?** (Yes / No)

1.24 Appendix 2 Time spending in the shop



1.25 Appendix 3 Type of products would like to buy at the airports

		Count	Column N %	Responses	Column Responses %	Column Response % (Base: Count)
Type of products you would like to buy at the airports	Liquor	61	45.5%	61	20.0%	45.5%
	Tobacco	49	36.6%	49	16.1%	36.6%
	Candy/ Chocolate	73	54.5%	73	23.9%	54.5%
	Food	17	12.7%	17	5.6%	12.7%
	Perfume/ Cosmetics	75	56.0%	75	24.6%	56.0%
	Jewelry/ Fancy	5	3.7%	5	1.6%	3.7%
	Electronics	3	2.2%	3	1.0%	2.2%
	Clothes	4	3.0%	4	1.3%	3.0%
	Other	18	13.4%	18	5.9%	13.4%
	Total	134	100.0%	305	100.0%	227.6%

1.26 Appendix 4 Type of products would like to buy at the airports by gender

		Count	Column N %	Responses	Column Responses %	Column Response % (Base: Count)
Male	Liquor	44	48.9%	44	21.5%	48.9%
	Tobacco	43	47.8%	43	21.0%	47.8%
	Candy/ Chocolate	45	50.0%	45	22.0%	50.0%
	Food	8	8.9%	8	3.9%	8.9%
	Perfume/ Cosmetics	45	50.0%	45	22.0%	50.0%
	Jewelry/ Fancy	2	2.2%	2	1.0%	2.2%
	Electronics	0	.0%	0	.0%	.0%
	Clothes	2	2.2%	2	1.0%	2.2%
	Other	16	17.8%	16	7.8%	17.8%
	Total	90	100.0%	205	100.0%	227.8%
Female	Liquor	14	35.9%	14	15.9%	35.9%
	Tobacco	3	7.7%	3	3.4%	7.7%
	Candy/ Chocolate	24	61.5%	24	27.3%	61.5%
	Food	9	23.1%	9	10.2%	23.1%
	Perfume/ Cosmetics	28	71.8%	28	31.8%	71.8%
	Jewelry/ Fancy	3	7.7%	3	3.4%	7.7%
	Electronics	3	7.7%	3	3.4%	7.7%
	Clothes	2	5.1%	2	2.3%	5.1%
	Other	2	5.1%	2	2.3%	5.1%
	Total	39	100.0%	88	100.0%	225.6%

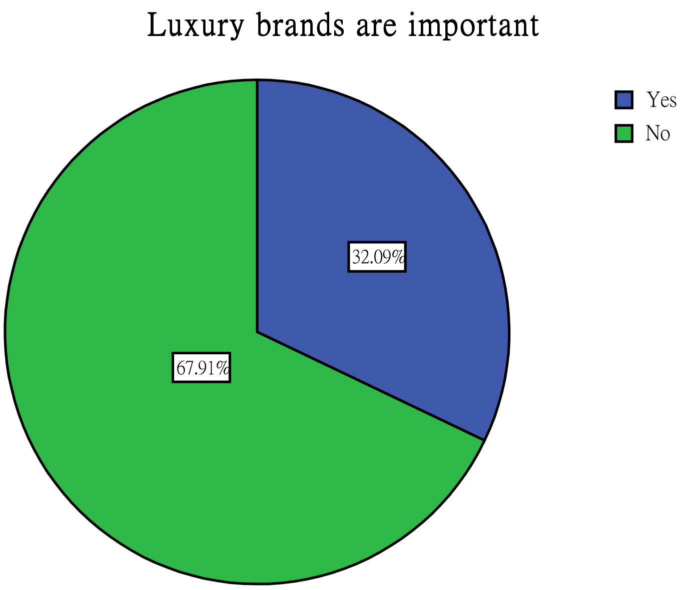
1.27 Appendix 5 Type of products buying or looking for in the shop

		Count	Column N %	Responses	Column Responses %	Column Response % (Base: Count)
Type of products buying/looking for in the shop	Liquor	34	27.6%	34	16.6%	27.6%
	Tobacco	35	28.5%	35	17.1%	28.5%
	Candy/ Chocolate	56	45.5%	56	27.3%	45.5%
	Food	12	9.8%	12	5.9%	9.8%
	Perfume/ Cosmetics	42	34.1%	42	20.5%	34.1%
	Jewelry/ Fancy	4	3.3%	4	2.0%	3.3%
	Electronics	1	.8%	1	.5%	.8%
	Clothes	2	1.6%	2	1.0%	1.6%
	Other	19	15.4%	19	9.3%	15.4%
	Total	123	100.0%	205	100.0%	166.7%

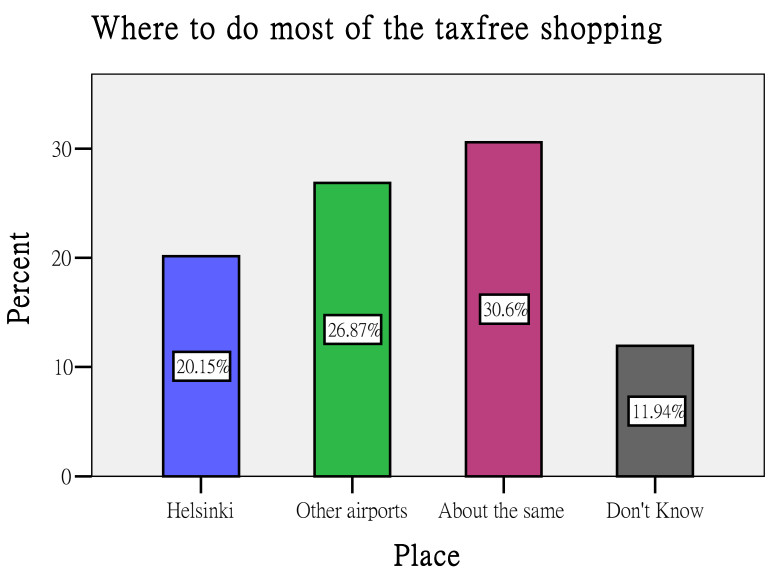
1.28 Appendix 6 Type of products would like to buy but could not find in the shop

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	a lot	1	.7	.7	.7
	bags, jewelry	1	.7	.7	1.5
	bols avocat	1	.7	.7	2.2
	bread / something special made in Finland	1	.7	.7	3.0
	bronze shimmer brick compait	1	.7	.7	3.7
	candy	1	.7	.7	4.5
	chinese cigarettes	6	4.5	4.5	9.0
	cigarettes	1	.7	.7	9.7
	clothes	1	.7	.7	10.4
	electronic products	1	.7	.7	11.2
	elisabeth arden	1	.7	.7	11.9
	fashion magazine	1	.7	.7	12.7
	Fosso ? Watch	1	.7	.7	13.4
	french wine	1	.7	.7	14.2
	glasses, gloves	1	.7	.7	14.9
	Gucci, prada Bags	1	.7	.7	15.7
	healthy	1	.7	.7	16.4
	International fashion brands	1	.7	.7	17.2
	local special products	1	.7	.7	17.9
	loreal	2	1.5	1.5	19.4
	loreal for men	1	.7	.7	20.1
	medicine	1	.7	.7	20.9
	necklace	1	.7	.7	21.6
	no	93	69.4	69.4	91.0
	no; but products they don't have in china	1	.7	.7	91.8
	shoes	1	.7	.7	92.5
	something special that cannot buy outside	1	.7	.7	93.3
	something special, made in finland	1	.7	.7	94.0
	sort of good of estee lauder	1	.7	.7	94.8
	Swarvoksi	1	.7	.7	95.5
	too many	1	.7	.7	96.3
	toys for children	1	.7	.7	97.0
	underwear / bar	1	.7	.7	97.8
	watch	3	2.2	2.2	100.0
	Total	134	100.0	100.0	

1.29 Appendix 7 Importance of luxury brands



1.30 Appendix 8 Place(s) of tax-free shopping



1.31 Appendix 9 Global/Domestic (Finnish) brands's preference

		Count	Column N %	Responses	Column Responses %	Column Response % (Base: Count)
Brand Interests	Abroad: Domestic brands	13	10.2%	13	7.9%	10.2%
	Abroad: Global brands	24	18.9%	24	14.6%	18.9%
	Home: Domestic brands	43	33.9%	43	26.2%	33.9%
	Home: Global brands	84	66.1%	84	51.2%	66.1%
	Total	127	100.0%	164	100.0%	129.1%

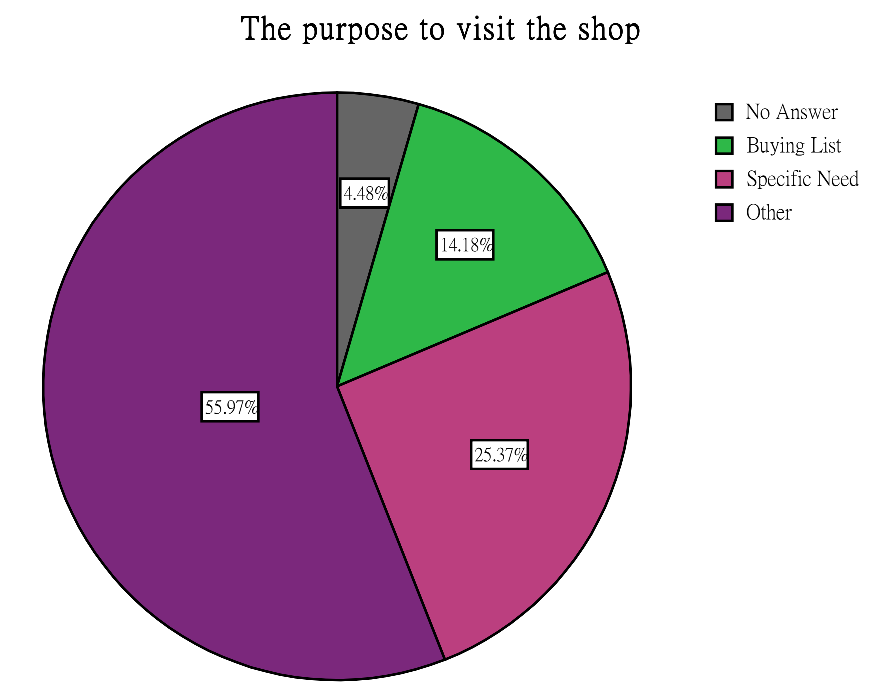
1.32 Appendix 10 For whom they buy

		Count	Column N %	Responses	Column Responses %	Column Response % (Base: Count)
For Whom To Buy	Business People	9	6.9%	9	3.0%	6.9%
	For Children	28	21.4%	28	9.2%	21.4%
	For Friends	85	64.9%	85	28.1%	64.9%
	For Parents	47	35.9%	47	15.5%	35.9%
	For Relatives	51	38.9%	51	16.8%	38.9%
	For Self Use	41	31.3%	41	13.5%	31.3%
	For Wife	39	29.8%	39	12.9%	29.8%
	Others	3	2.3%	3	1.0%	2.3%
	Total	131	100.0%	303	100.0%	231.3%

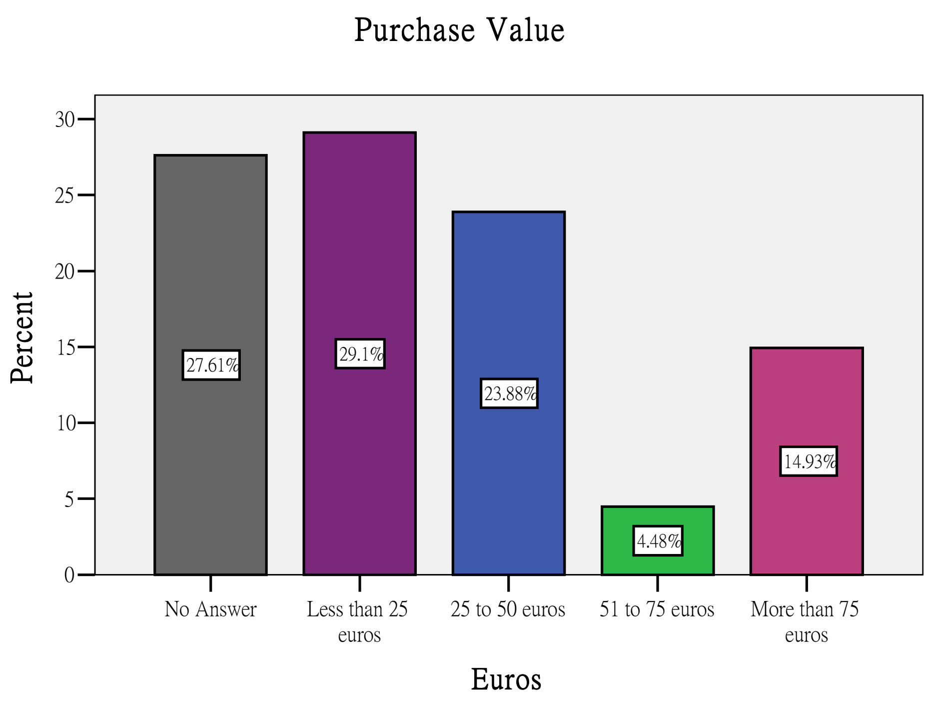
1.33 Appendix 11 Main shopping reasons

		Count	Column N %	Responses	Column Responses %	Column Response % (Base: Count)
Main Shopping Reasons	Impulse	1	.8%	1	.6%	.8%
	Needed Presents	119	90.2%	119	70.0%	90.2%
	Special Offer	4	3.0%	4	2.4%	3.0%
	Price	10	7.6%	10	5.9%	7.6%
	Good Sales Work	3	2.3%	3	1.8%	2.3%
	Luxury for Self Use	32	24.2%	32	18.8%	24.2%
	Good Service	1	.8%	1	.6%	.8%
	Total	132	100.0%	170	100.0%	128.8%

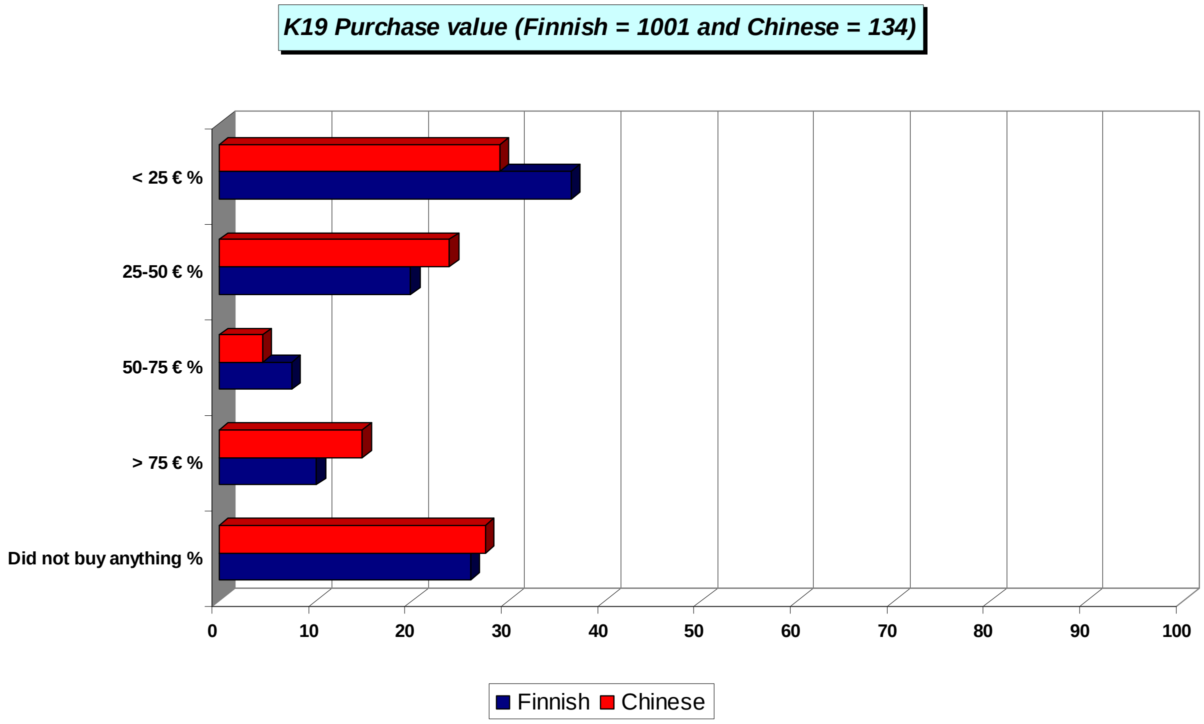
1.34 Appendix 12 Purpose of their visit to the shop



1.35 Appendix 13 Purchase value



1.36 Appendix 14 Purchase value by Nationality

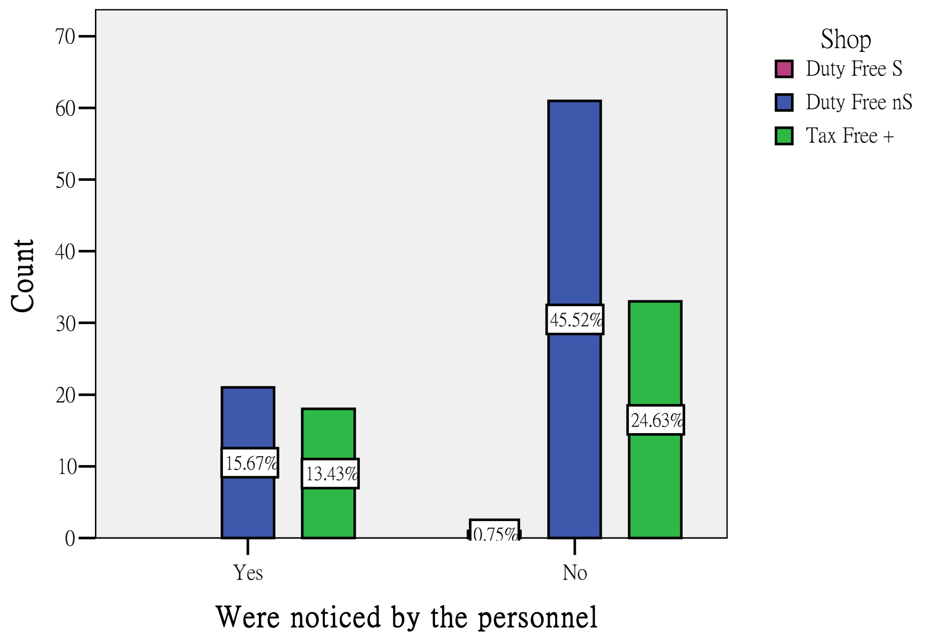


1.37 Appendix 15 Price comparison of global brand products between Finland and China

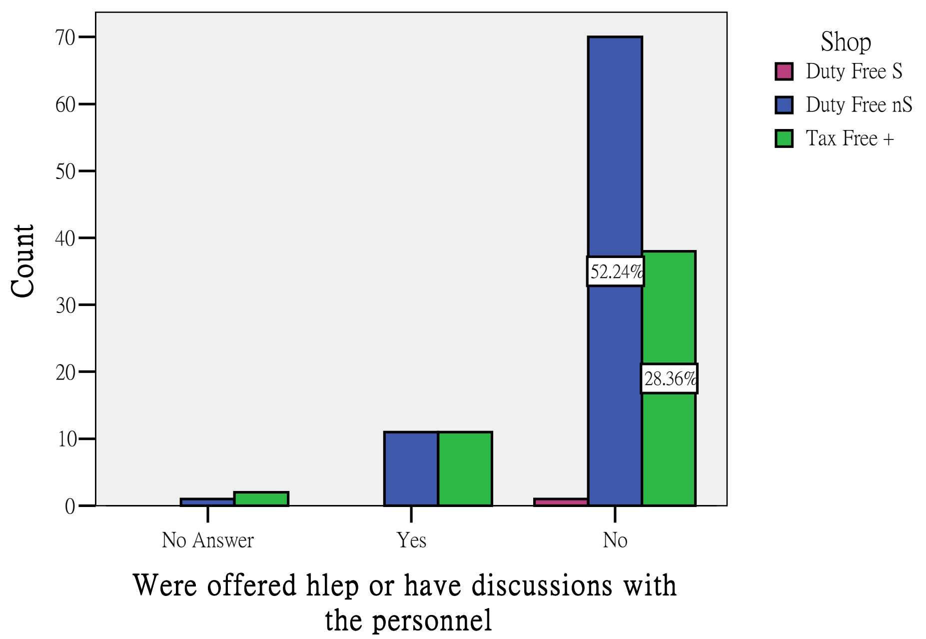
	No Answer	More favorable	Same	More expensive	Total
Price level of Liquor in Finland	51.5%	24.6%	6.7%	17.2%	100.0%
Price level of Tobacco in Finland	56.7%	11.9%	9.0%	22.4%	100.0%
Price level of Candy/Chocolate in Finland	39.6%	22.4%	14.2%	23.9%	100.0%
Price level of Perfume/Cosmetics in Finland	39.6%	27.6%	6.7%	26.1%	100.0%
Price level of Jewelry in Finland	78.4%	5.2%	6.0%	10.4%	100.0%
Price level of Electronics in Finland	76.1%	4.5%	3.7%	15.7%	100.0%
Price level of Clothes in Finland	77.6%	4.5%	2.2%	15.7%	100.0%

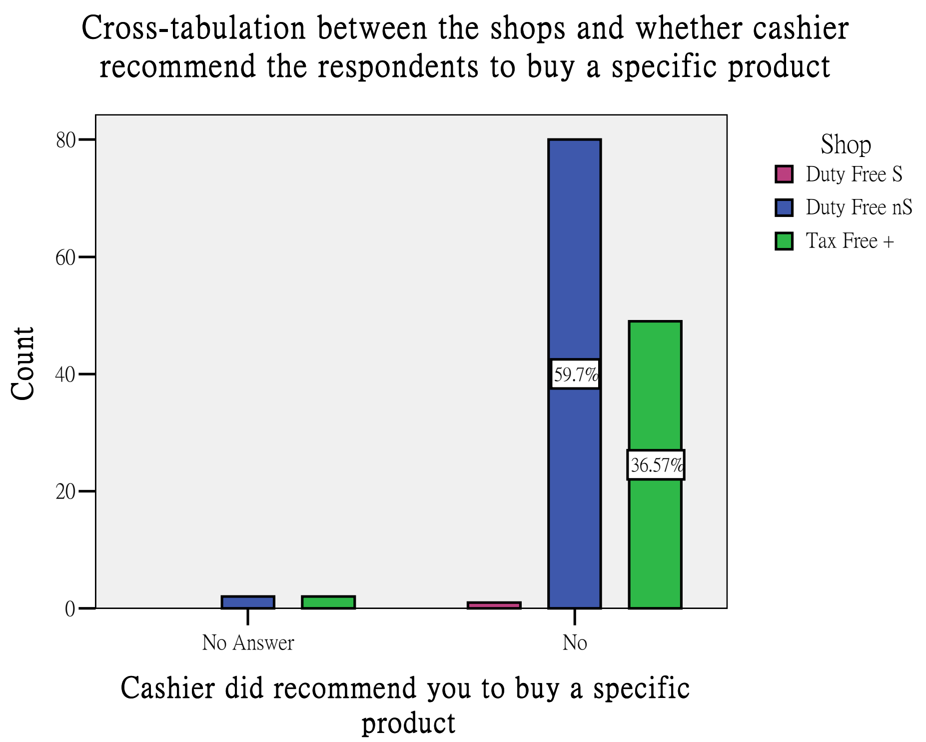
1.38 Appendix 16 Customer's impressions of Finnair and Finavia's shops individually

Cross-tabulation between the shops and whether respondents were noticed by the personnel



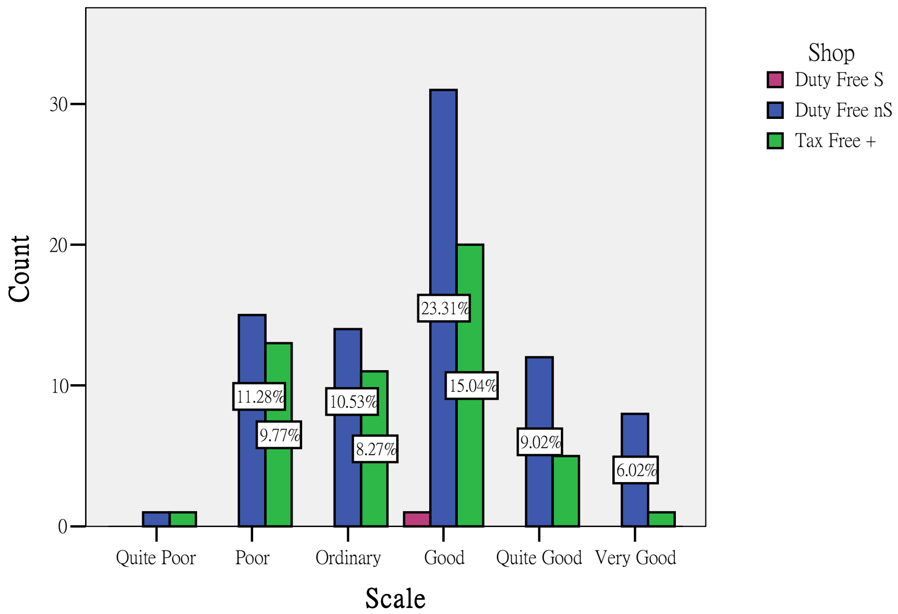
Cross-Tabulation between the shops and whether the respondents were offered help or have discussions with the personnel



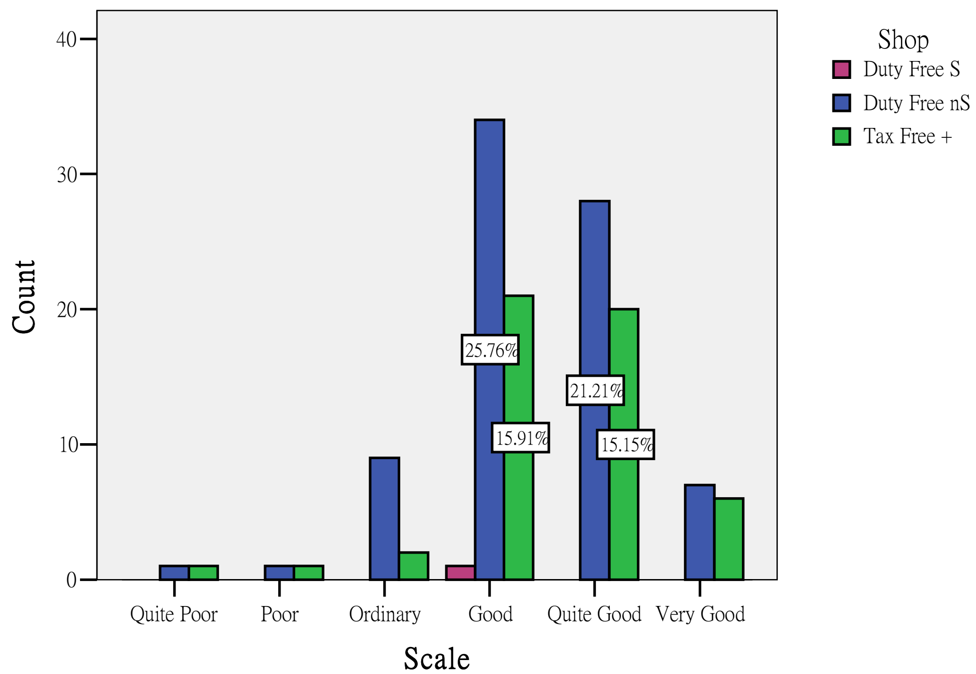


1.39 Appendix 17 Customers' evaluation of the service quality of Finnair and Finavia's shops individually

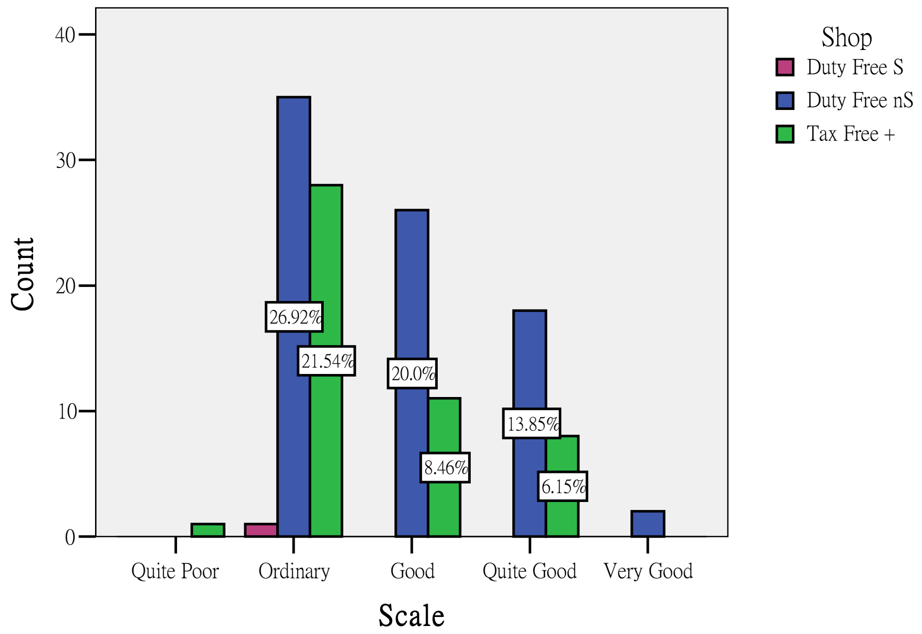
Cross-Tabulation of the shops and how spontaneous or enterprising the presonnel was



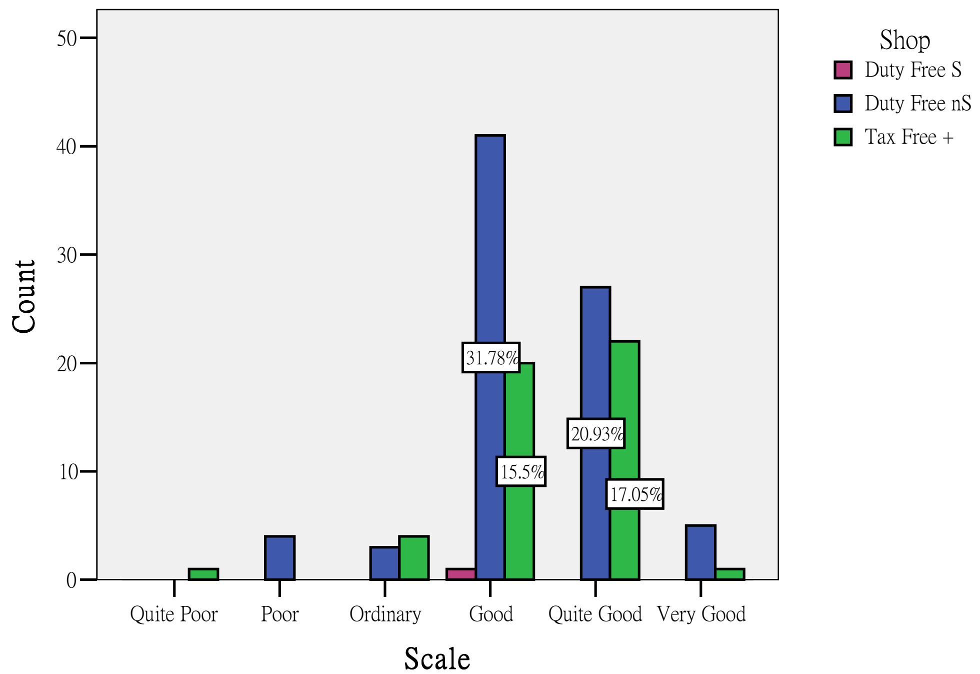
Cross-Tabulation of the shops and how fluent the service was



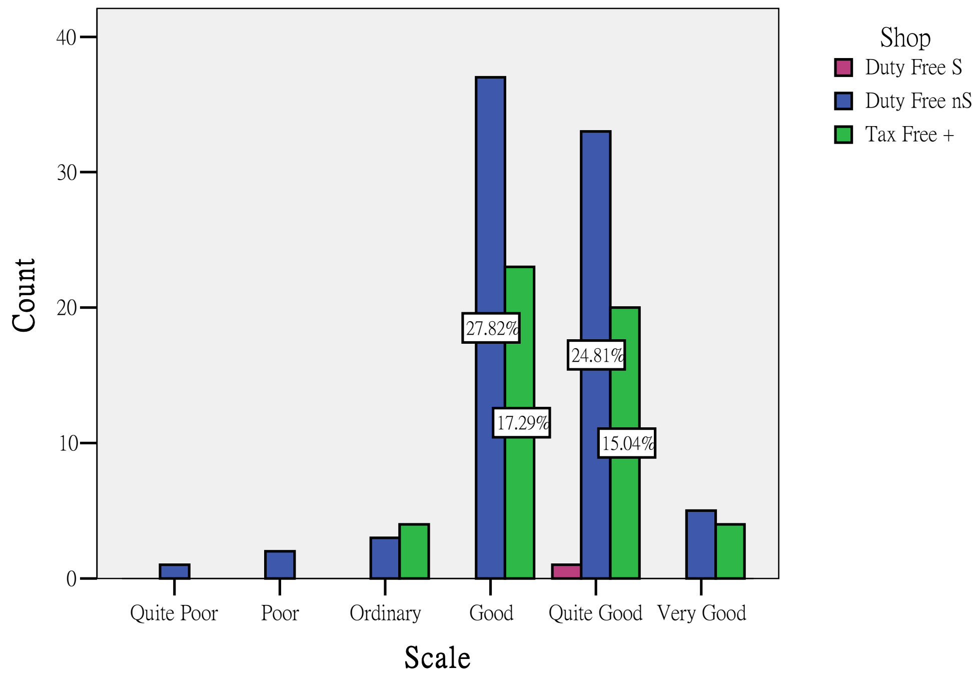
Cross-Tabulation of the shops and the standard of the personnel's product knowledge



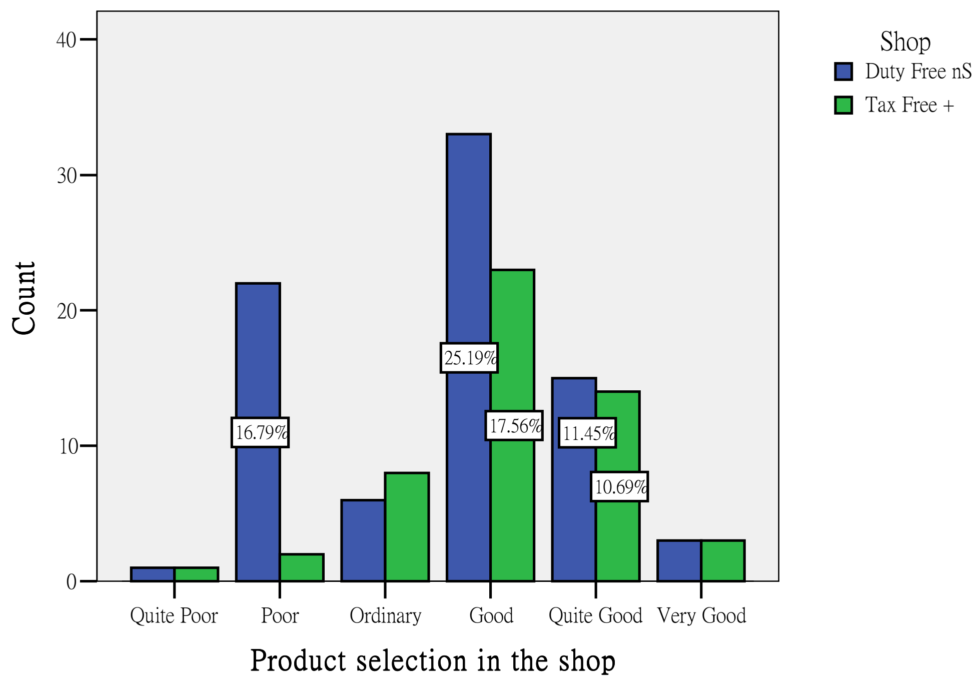
Cross-Tabulation of the shops and the service quality on a general level



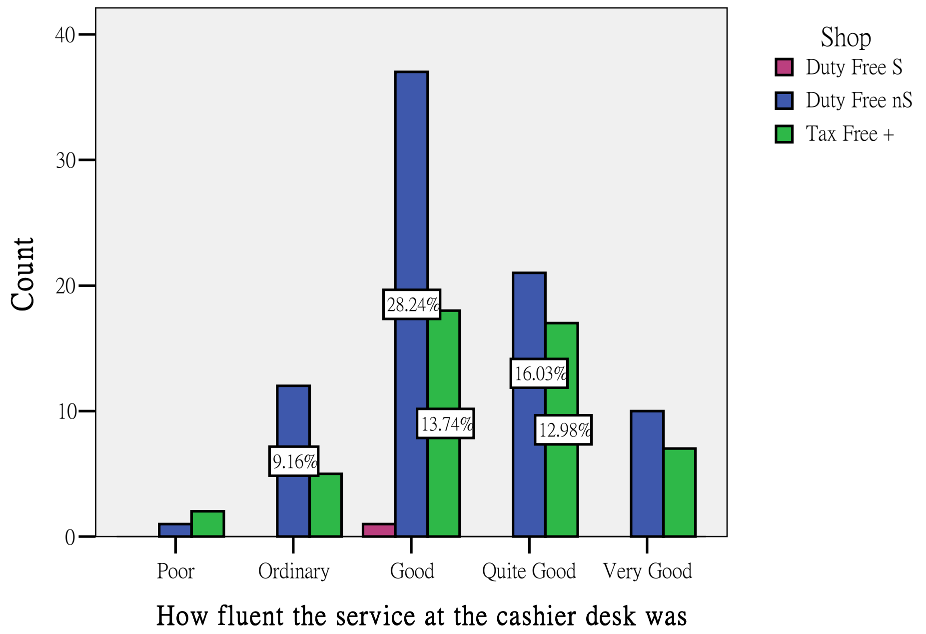
Cross-Tabulation of the shops and general impression of the shop



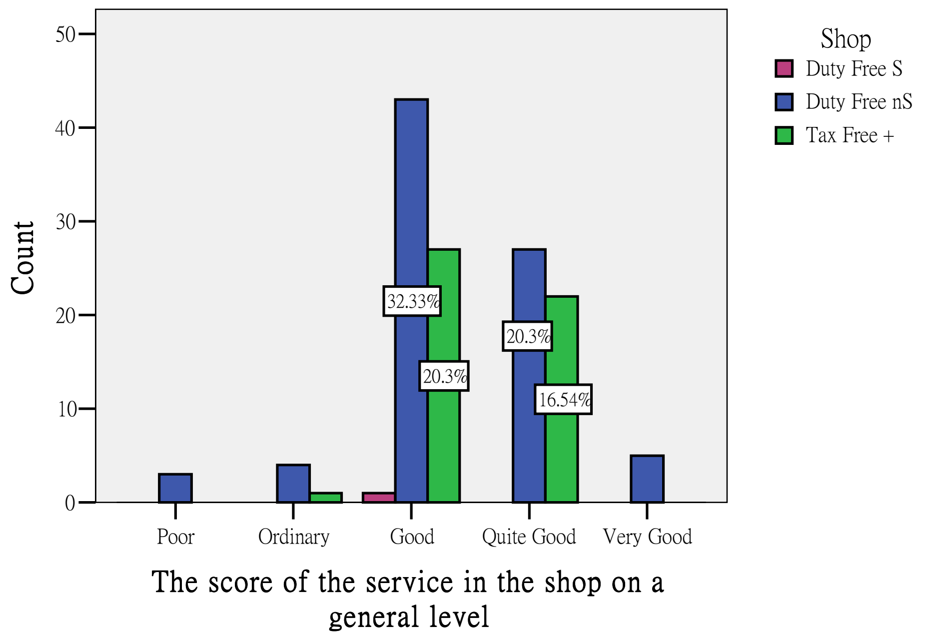
Cross-Tabulation of the shops and the product selection in the shop



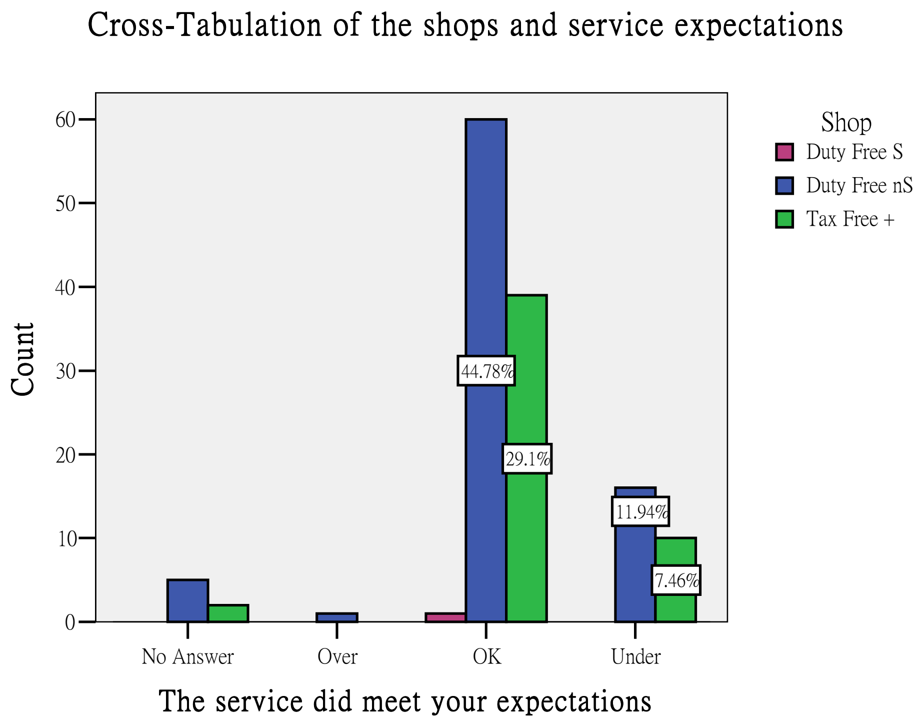
Cross-Tabulation of the shops and how fluent the caskier desk service was



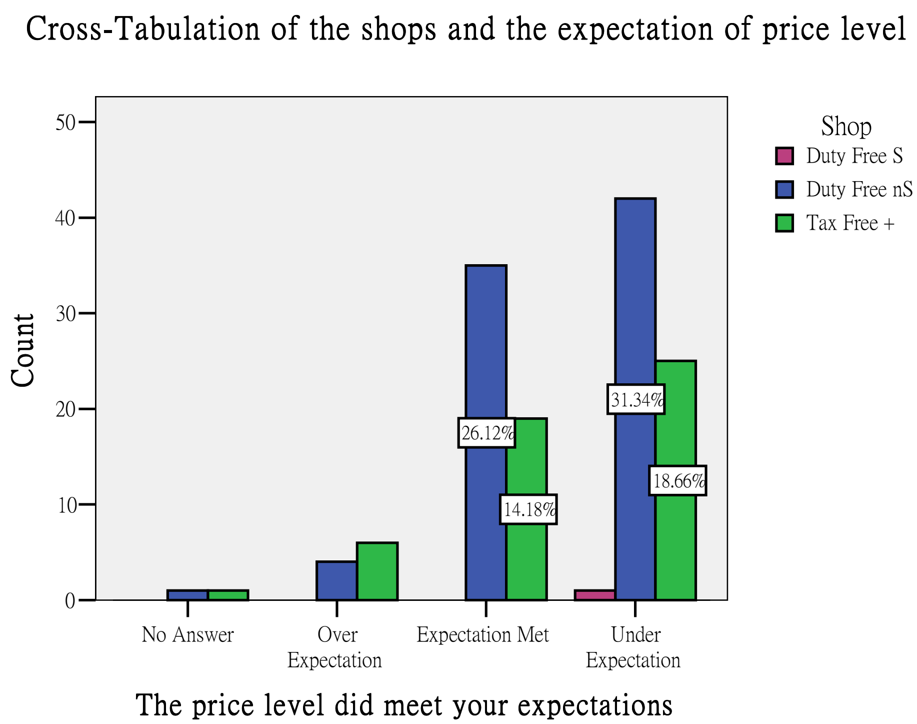
Cross-Tabulation of the shops and the score of the service in the shop



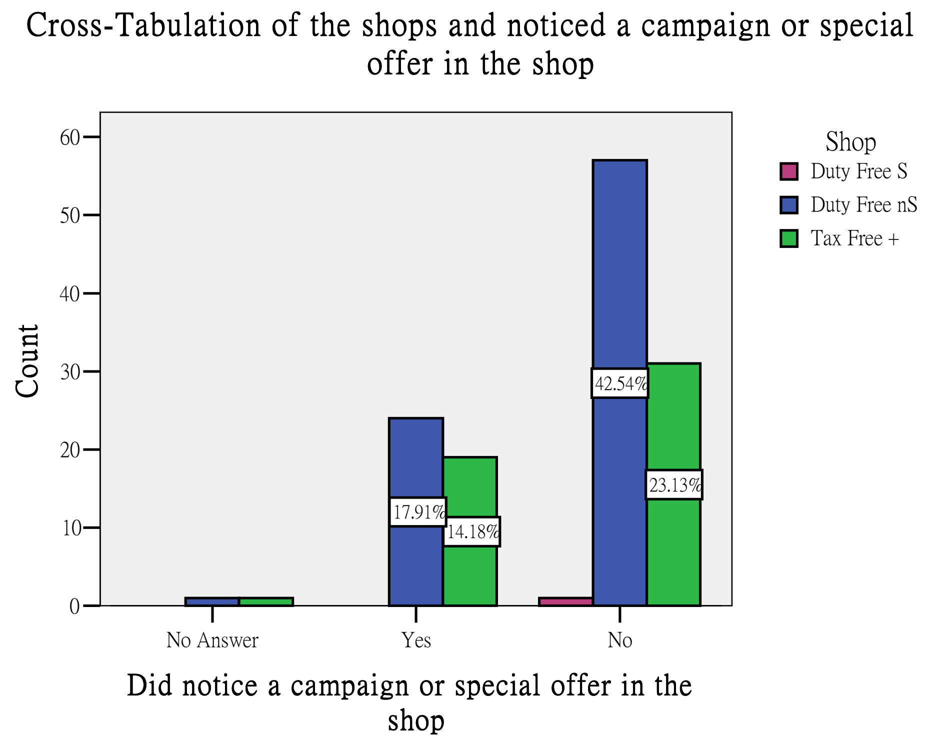
1.40 Appendix 18 Cross-Tabulation of the shops and service expectations



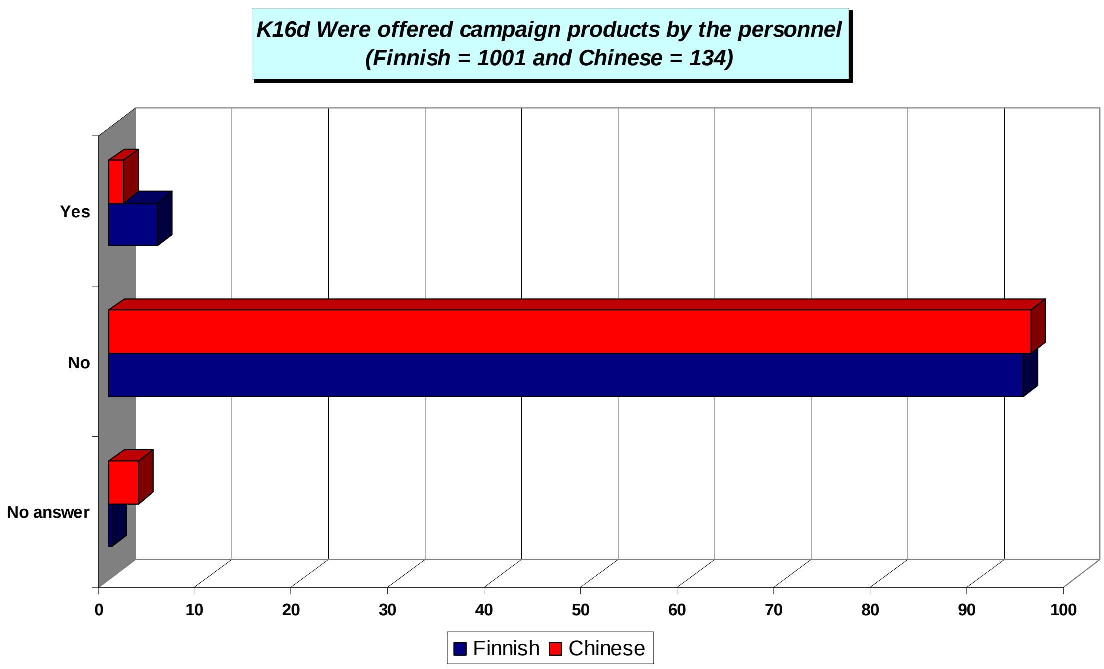
1.41 Appendix 19 Cross-Tabulation of the shops and the expectation of price level



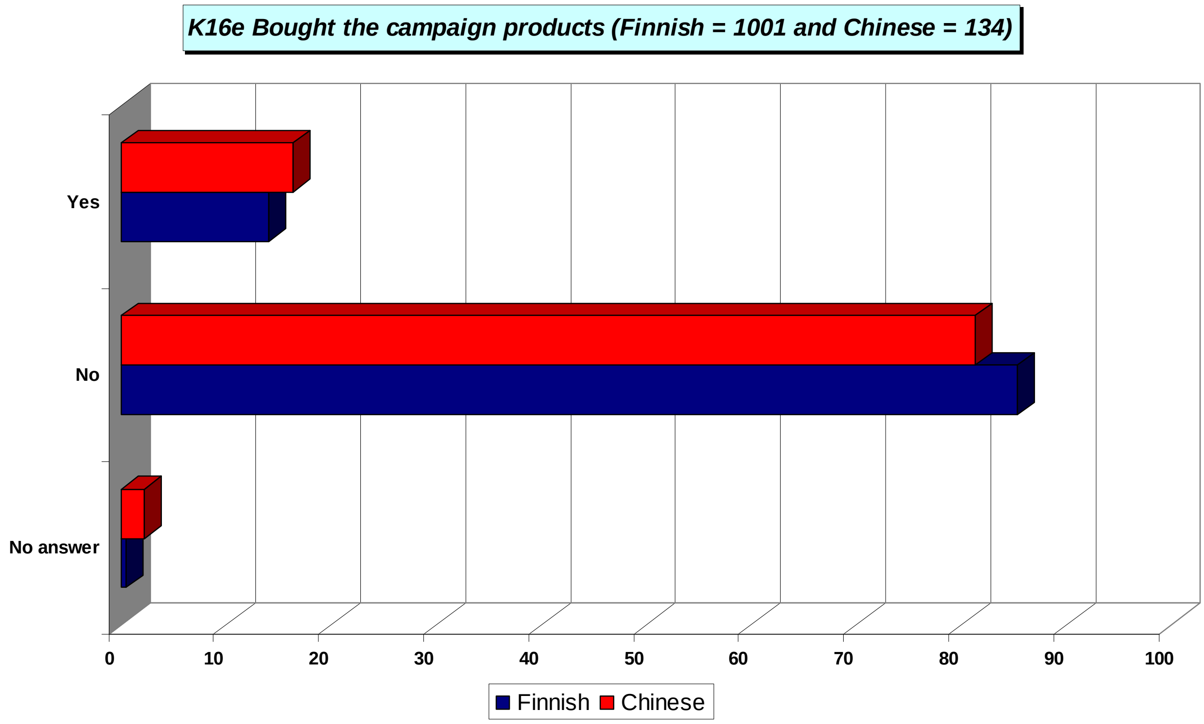
1.42 Appendix 20 Noticed a campaign / special offer in the shop



1.43 Appendix 21 Were offered campaign products by the personnel



1.44 Appendix 22 Bought the campaign products



1.45 Appendix 23 Language problems by date

		Date					Total
		March 13	March 14	March 15	March 19	March 20	
Q5UnboughtYesNo	No Answer	2	0	0	0	1	3
	Yes	8	7	2	6	8	31
	No	32	11	15	21	21	100
Total		42	18	17	27	30	134

1.46 Appendix 24 No Chinese Service

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	No	9	29.0	29.0	29.0
	Yes	22	70.9	70.9	100.0
	Total	31	100.0	100.0	

1.47 Appendix 25 No Chinese Sign

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	No	18	58.1	58.1	58.1.
	Yes	13	41.9	41.9	41.9
	Total	31	100.0	100.0	

1.48 Appendix 26 Researcher insights

Shop Duty-free nS

- They were not noticed by the personnel in the shop.
- Respondents were not offered help or did not have discussion with the personnel.
- The cashier did not recommend them any specific product.
- The service was satisfactory.
- 31% of all respondents felt that the price level was under their expectations while 26% felt that it met their expectations.
- The service quality of the personnel was good a general level
- The service was friendly and quite friendly.
- The personnel were spontaneous or enterprising.
- The service was fluent and quite fluent.
- The standard of the personnel's product knowledge was ordinary and the tendency of the results was towards the positive side.
- The service at the cashier desk was fluent.
- The service quality was good on a general level and tended to be quite good.
- The general impression of the shop was in between good and quite good.
- The product selection in the shop was good but poor in some extend.
- 43% of all respondents did not notice a campaign or special offer in the shop while only 18% did notice.
- Most of the respondents did not have products unbought due to language problems.

Tax Free +

- They were not noticed by the personnel in the shop.
- Respondents were not offered help or did not have discussion with the personnel.
- Cashier did not recommend them a specific product.
- The service was satisfactory.
- 19% of all respondents felt that the price level was under their expectations while 14% felt that it met their expectations.
- The service quality of the personnel was tended to be good and quite good on a general level
- The service was friendly.
- The personnel was spontaneous or enterprising but tended to be more on ordinary and poor side when consider the overall results.

- The service was fluent and quite fluent.
- The standard of the personnel's product knowledge was ordinary.
- The service at the cashier desk was fluent and it was tended to be better.
- The service quality was in between good and quite good on a general level.
- The general impression of the shop was in between good and quite good.
- The product selection in the shop was good.
- 23% respondents did not notice that there was a campaign or special offer while only 14% did.
- Most of the respondents did not have products unbought due to language problems