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# MEASURING CUSTOMER SATISFACTION:

A Sonera store Case Study

Contractor: Telia Sonera



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## MEASURING CUSTOMER SATISFACTION: A SONERA STORE CASE STUDY

This thesis concentrates on the customer satisfaction of Sonera's customers in Finland. Sonera is one of the major telecommunication service providers in Finland. Telecommunication industry has grown to be one of the most competitive industries worldwide. It is important for competition to assess customer satisfaction levels every so often to see how the company is doing and how satisfied the customers really are.

The objectives of this research were to find out the current customer satisfaction level of Sonera's customers and any improvement to be made. The method for the research was to conduct a survey, by using an online questionnaire inside the Sonera stores around Finland's major cities.

Theories used in the study were the gap model and service quality model as well as loyalty and brand theories were used to support the case study.

The results of the research were overall very positive, but there were some aspects that need improvement. Service quality, including professional and friendly service was among these things that need attention, and also one of the major aspects that is highly ranked in importance to positive customer experience.

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## ASIAKASTYYTYVÄISYYS TUTKIMUS:

## SONERA KAUPAT

Tämä opinnäytetyö keskittyy Sonera Kauppojen asiakkaiden asiakastyytyväisyyteen. Sonera on yksi suurimmista tietoliikenne -ja telekommunikaatio alan yrityksistä Suomessa. Tämä ala on kasvanut yhdeksi kilpailutetuimmista aloista maailmassa siksi on tärkeää tutkia asiakastyytyväisyyttä aika ajoin, selvittääkseen kuinka tyytyväisiä asiakkaat oikeasti ovat ja kuinka hyvin yrityksellä menee.

Tutkimuksen tavoitteena oli selvittää nykyinen asiakastyytyväisyystaso ja mahdolliset tarpeet parannuksille. Tutkimus suoritettiin online kyselylomakkeen avulla, joka jaettiin Suomen isoimpien kaupunkien Sonera Kauppoihin.

Teoriat joita käytettiin tukemaan tutkimusta keskittyivät asiakastyytyväisyyteen, palvelun laatuun ja lojaalisuus sekä brandi elementteihin.

Tulokset osoittivat korkeaa asiakastyytyväisyyden tasoa suurilta osin, mutta tulokset kertoivat myös parannusten tarpeesta. Palvelun laatu, mikä pitää sisällään asiantuntevan ja ystävällisen palvelunkäyttämisen, oli yksi asioista johon ei oltu täysin tyytyväisiä. Tähän olisi hyvä kiinnittää enemmän huomiota jatkossa, sillä mm. palvelun laatua pidetään yhtenä tärkeimpänä perusteena hyvän asiakaskokemuksen saavuttamiseksi.

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## 1. INTRODUCTION

This thesis was commissioned by TeliaSonera Finland. TeliaSonera is one of the biggest telecommunication companies in Europe. Customers are mainly private consumers but also many major and minor companies in Finland are using Sonera's services daily. In this thesis the author refers to TeliaSonera Finland (as well as the Sonera store) as simply Sonera to avoid any confusion so forth.

Conducting a customer satisfaction survey was current since TeliaSonera had gone through some major changes in the store concepts and wanted to see if it had resulted in better customer satisfaction and how well it was received by the consumers as well as to identify the possible gaps between expected customer satisfaction level and the actual perceived level by the customers. Sonera values customer satisfaction above all since it is one of their pride and joy to consider themselves as one the best quality service providers in the industry. Through this ongoing change in their store concept the main objectives were to bring the customer service closer to the customers and this happened by making the stores more customer friendly by providing more efficient ways to interact with new devices and services as well as to improve the environment the customers are in while visiting the stores.

Other aspect of the brand concept change was to improve TeliaSonera's visibility internationally and become more globally recognized company in the countries it is operating.

The theories used in this research paper are the gap model of service quality (RATER) and customer loyalty and branding theories.

### 1.1 Background and the choice of study

I have chosen TeliaSonera as the subject of my thesis work mainly because I have worked for them in the Sonera Stores around Turku area, so I have a good understanding of Sonera's customers as well as their way of doing business and what they are expecting from customer service and the satisfaction levels of their customers to be.

Sonera has always been very conscious of their service quality and tried to maintain that as one of their prime assets of competition against other telecommunication companies. Customer loyalty is also valued highly at Sonera and that is also something that the company can be proud of since they have the most loyal customers in Finland.

### 1.2 Research problem

In this research paper I will try to find out the level of customer satisfaction of Sonera's customers by conducting customer surveys in the stores around Finland for private consumers who have visited the stores in the past months after the store renovations and will try to find out how it has affected customer service quality and satisfaction.

*What is the current level of Sonera stores customer satisfaction and service quality?*

*How can Sonera improve their customer service and satisfaction?*

### 1.3 Research objectives

The objective is to find out possible gaps between the company's expected satisfaction level of their customers and the actual perceived level of satisfaction the customers. As well as to find out possible ways to close the gaps and improve customer satisfaction via better and faster customer service as well as to discover other areas that need improvement. I also want to find out what are the main elements that consumers pay attention while visiting the Sonera stores.

### 1.4 Limitations of the research

This thesis will focus on how customer satisfaction can be improved on national level in Finland and can be applied to other companies operating in the same industry. The thesis will only focus on telephone and broadband customers and leave out the landline consumers, since it is already an outdated service and will not be subjected on any changes in the future except termination.

The interviewees and the respondents of the surveys are all urban residents, living in major cities around Finland. These people will represent the sample of the population as a whole.

The language of the surveys and the interviews will be in Finnish but they will be translated and analyzed in English.



## 2. GENERAL INFORMATION OF THE STUDY OBJECT

### 2.1 Company presentation

“Founded in the 1850’s we are pioneers of the telecom industry, one of the inventors of mobile communications and founders of GSM. We are committed to continue to drive the information society and to constantly take our customers one step further. We have evolved from local operators into Europe’s fifth largest – in less than 20 years”.  
([www.teliasonera.com](http://www.teliasonera.com))

TeliaSonera’s mission is to provide network access and telecommunication services that help people and companies communicate in an easy, efficient and environmentally friendly way.

We create value by focusing on delivering a world-class customer experience, securing the quality of our networks and having an efficient cost structure.

TeliaSonera is an international company with a global strategy, but wherever we operate we act as a local company. This gives us advantages in terms of knowing the local culture and market better than others ([www.teliasonera.com](http://www.teliasonera.com), 11/2011).

### 2.2 Objectives of the company

TeliaSonera is Finland’s market leader in telecom services and will work on keeping that status current. They have moved their focus from price to content and customer

loyalty and this way gained a major market share and the most loyal customers in the telephone industry in Finland as well as managed to increase the usage of telephone services among its subscribers.

The main objectives are to deliver high quality customer service, maintaining the high quality of their network systems and still manage to have a cost effective structure.

One of the biggest changes after the merger of Telia and Sonera, happened in the May of 2011, when TeliaSonera united itself under one symbol and identity, by creating a new brand logo and store concept. Even though they are an international company, they all have their own local stores and customers, but this renewal will unite them further than just sharing a common company strategy.

You can see the change in your local stores here in Finland with new store concepts, including the new purple symbol and new interior to match the symbol and also to bring more relaxed working environment and to bring the customers closer to the brand.

### 2.3 Financial overview

In SEK millions, except per share data	2010*	2009*	2008
Net sales	106,979	109,550	103,585

(<http://www.teliasonera.com/en/investors/telia-sonera-i-brief/financial-overview/>)

The year 2011 has been a good year for Sonera and they have introduced many new services including the 4G network and also new broadband services for mobile phones. They are owned by the shareholders and have over 164,4 million subscribers over the world.

## 2.4 Competitors

The telecommunication industry and the competition inside the industry are very fierce. In Finland there are 2 major competitors threatening Sonera, and they are DNA and Elisa. This means Sonera has to find new ways of keeping the interest of the new customers as well as keep the loyal old customers satisfied.

Even though the competitors of Sonera have chosen lower prices as their main competitive advantage, Sonera has maintained its foothold as a market leader by providing quality and innovative services and solutions to its customers and using this as their main competitive assets against the cheaper operators. Of course most of the consumers are price-oriented which has meant that Sonera still has to keep the prices moderate but not as one of their main marketing tool.

Differentiation is the key of staying ahead in this competitive industry. Unfortunately differentiation has become harder along the many competitors emerging in the market. Differentiation is short lived in telecommunication industry, since all the competitors catch on and catch up, market leaders have to invent new products and services, or add new features to existing services, or do something that isn't being done by someone else right now. Sonera has been able to differentiate itself in the past, by bringing new services and ideas on the market first, becoming a pioneer of the telecom industry here in Finland.

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*Figure 1: Main competitors of Sonera in telemarketing industry in Finland*

### 3. LITERATURE REVIEW

#### 3.2 CUSTOMER SATISFACTION

We have all been customers more than once and we all know the value of good customer service. Some people are more demanding than others but the basic need for good quality and value for our money is essential no matter what we are buying or whom we are buying from.

There are almost as many different definitions on customer satisfaction as there are customers but they all have the same thing in common. Customer satisfaction is a great tool for increasing profits and resulting to consumer loyalty but if customers are not satisfied with what you can offer them you will loose them and many more to come.

The thing that counts today is customer satisfaction. If your customer is not satisfied, he or she will stop doing business with you. All the things you do to achieve quality and provide excellent service are not important at all if you do not work to satisfy the customer (Gerson and Machosky, 1993, p.5).

Quality and service are the means to the ends of satisfaction and retention. Your overall goal in business should not be to produce a quality product or service, or to provide superior customer service. Your main goal should be to produce a satisfied and loyal customer who will stay with you over time. Therefore, providing high quality and superior customer service are givens when you consider your ultimate goal (Gerson and Machosky, 1993, p.6).

There is a distinct relationship among quality, customer service and customer satisfaction. This becomes even more apparent when you consider that quality and service are whatever the customer says they are, not what you say they are.

And satisfaction is the customer's perception that his or her expectations have been met (Gerson and Machosky, 1993, p.12).

“Within research on both customer value and satisfaction, researchers suggest that customers' perceptions of service attributes vary over time. Woodruff (1997) argues that customers may perceive value differently at the time of purchase than during or after use. Oliver (1997) suggests that customers consider somewhat different attributes and consequences when purchasing versus when using a product” (Gustafsson, 2005, p.152).

### 3.1 The Gap Model

The service quality gap model, developed by Parasuraman, Berry and Zeithaml in 1985 has influenced the way we perceive and measure customer satisfaction. The service model gap theory defines service quality by the difference between customer's expectations and perceptions and what the company is expecting their service quality and customer satisfaction level to be at. Service quality is something all companies should be aiming for hence it is the ultimate goal for creating satisfied customers.

There are five gaps in this theory:

- Gap 1 is the distance between what customers expect and what managers think they expect

The most critical step in delivering customer service. The company must think outside in, in order to truly understand customer's needs.

Reasons for gap 1 existing are (1) lack of marketing research, (2) inadequate upward communication and (3) too many levels on management (Parasuraman, Berry and Zeithaml, 1990, p. 51).

- Gap 2 is between management perception and the actual specification of the customer experience- Managers need to make sure the organization is defining the level of service they believe is needed

Once gap 1 is covered the next step is to set service quality standards for the company, these standards should match or exceed customer expectations.

Reasons for gap 2 existing are (1) inadequate commitment to service quality, (2) lack of

perception feasibility, (3) inadequate task standardization, and (4) absence of goal setting (Parasuraman, Berry and Zeithaml, 1990, p. 71-72).

- Gap 3 is the service performance gap, it means the difference between service specifications and the actual service delivery. When the employees are not willing and/or unable to perform the service at the desired level.

Companies operating in highly interactive, labor intensive and performed in multiple locations are especially vulnerable to service performance service gap.

Reasons for gap 3 are (1) role ambiguity, (2) role conflict, (3) poor employee-job fit, (4) poor technology-job fit, (5) inappropriate supervisory control systems, (6) lack of perceived control, and (7) the lack of team work (Parasuraman, Berry, Zeithaml, 1990, p.90).

- Gap 4 is the gap between the delivery of the customer experience and what is communicated to customers - All too often organizations exaggerate what will be provided to customers, or discuss the best case rather than the likely case, raising customer expectations and harming customer perceptions.

Reasons for gap 4 existing are (1) inadequate horizontal communication among operations, marketing and human resources and across the branches, (2) propensity to overpromise in communications (Parasuraman, Berry, Zeithaml, 1990, p. 116-117).

- Gap 5 is the gap between a customer's perception of the experience and the customer's expectation of the service - Customers' expectations have been shaped by word of mouth, their personal needs and their own past experiences. Routine transactional surveys after delivering the customer experience are important for an organization to measure customer perceptions of service.

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decompressor  
are needed to see this picture.

*Figure 2 : The service quality model, 5 gaps model*



There are also other models that could have been used as a theoretical base when evaluating the service quality. One of these models is the very popular Grönroos model, that attempts to understand how, the quality of a given service is perceived by customers. It divides the customer's perception of any particular service into two dimensions:

Technical quality - What the consumer receives, the technical outcome of the process.

Functional quality - How the consumer receives the technical outcome, what Grönroos calls the "expressive performance of a service" (Grönroos, 1984, p. 39).

This theory needs more qualitative research approach to get valid results and due to the nature of such a large population and sample size of the respondents, it would have been too complicated to conduct this kind of a research and analyze the results and this is one of the reasons why the author has chosen not to use this theory.

The author has chosen to use the service quality gap model theory as a base of her theoretical framework, because it covers many aspects of customer satisfaction as a measurement tool. The author has chosen research questions using servqual model as a base of her research to find out customer perceptions about service quality and what dimensions they are satisfied with and what they are dissatisfied with and needs to be improved. Servqual model is a great tool to assess this kind of information.

### 3.2 Measuring customer satisfaction

There are many things that influence customer expectations such as the word of mouth, past experience, personal needs and external communications. How to measure how well have these expectations been fulfilled is an important tool for companies to find out how satisfied their customers really are. The main object is to gather information on how to improve in the future. The most commonly used way is to conduct a customer survey and analyze the results and take actions to improve the satisfaction based on those results.

There are 7 reasons defined by Gerson and Machosky that clarifies the importance of

measuring customer satisfaction and how it affects the actions businesses should take.

*Reason number 1:* To learn about customer perceptions

The perceptions you are trying to identify include: what they look for in a business such as yours; why they do business in your industry; what has caused them to change suppliers or providers in the past.

*Reason number 2:* To determine customer needs, wants, requirements and expectations

Your customer satisfaction measurements not only must determine how customers feel about the product or service they purchased and the service they received, the measurement must also identify what the customers need and want from you. You must also find out what they require of you in the way of product/manufacturing specifications or program content, as well as what they expect you to provide during the overall sale and service encounter.

*Reason number 3:* To close the gaps

There are many gaps that exist between customers and providers, and measuring these gaps is the only way to close them. All the gaps are based on differences in perception between what the business believed it had provided and what the customer perceived to have received.

*Reason number 4:* To inspect what you expect in order to improve service and customer satisfaction

You must set standards of performance, inform your staff and customers of those standards and then measure your actual performance against those standards. The improvement comes from knowing where you are compared to where you want to be or should be, and then taking the steps, based on the measurements, to improve your performance. Since your standards were developed in conjunction with customer perceptions, your meeting or exceeding those standards, as well as falling short, will give you a good indicator of how satisfied your customers will be and what you must do in the future.

*Reason number 5:* Improved performance leads to increased profits

It is a safe assumption that if you improve your service quality performance and delivery, you will probably benefit from increased profits. More people will want to buy from you, thereby increasing the volume contribution to profits.

*Reason number 6:* To learn how you are doing and where you go from here

There are many very good reasons to measure your service-quality performance and customer-satisfaction levels. This one may be the most important of all. While you must know what gaps may exist and how to close them, what your customers need and expect and how they perceive the world, you need to know how you are doing right here, right now. Plus, you must be able to gather information on what you should be doing in the future.

*Reason number 7:* To apply the process of continuous improvement

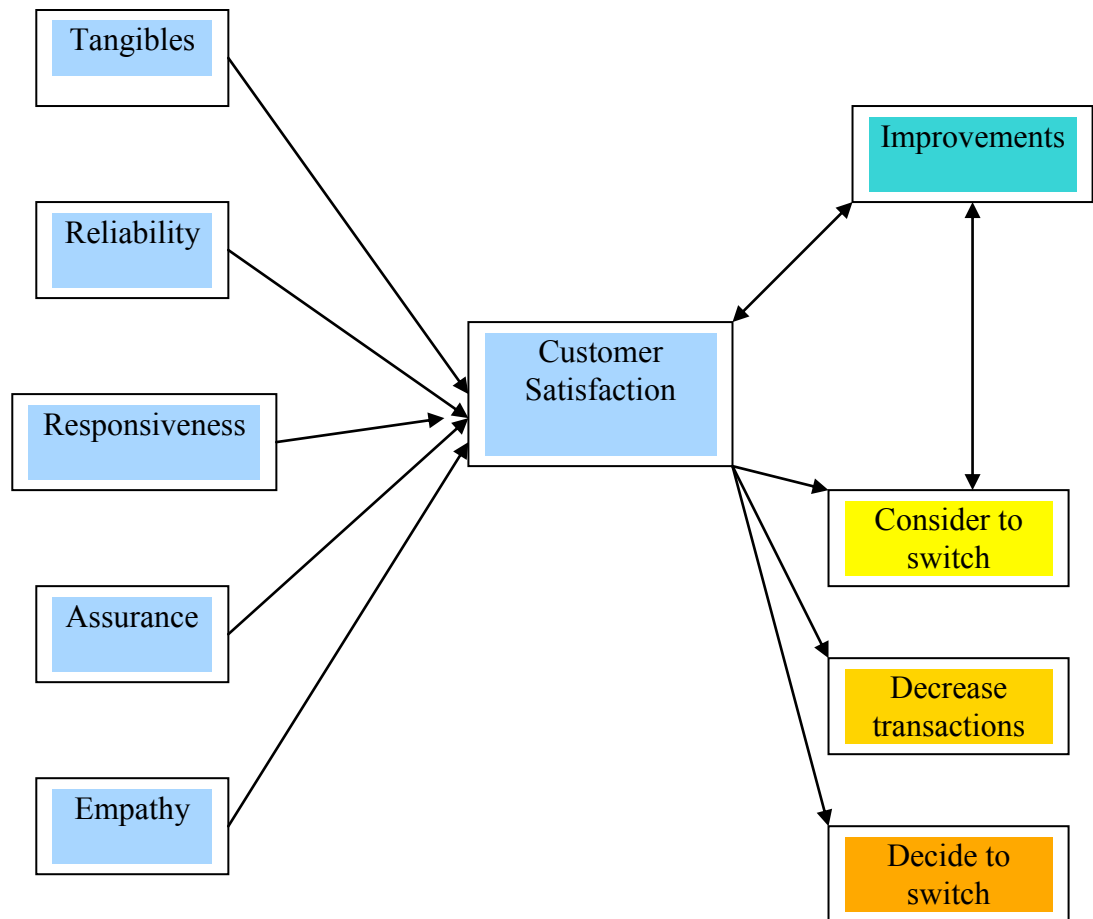
If you do not try continuously to improve your service offerings, someone else will, and then your customers will be their customers. You must measure everything you do in relation to your own production of goods and services and your delivery of them to your customers (Gerson, Machosky, 1993, p.24-30).

### 3.3 Measuring service quality

What to measure? That is the question that every survey maker needs to consider carefully. The dimensions you want to study need to be decided first. In the book of Delivering Quality Service (1990), the authors Parasuraman, Berry and Zeithaml have suggested to use and choose from ten evaluative dimensions to develop an instrument for measuring customer's perceptions. These dimensions include tangibles, reliability, responsiveness, competence, courtesy, credibility, security, access, communication and understanding the customers. Out of these ten dimensions, three were highlighted to have a distinct importance to consumers and two new dimensions (assurance and empathy) were discovered to cover the broader meaning of courtesy, credibility, security, access and communication all together.

- Tangibles are the physical outcome of the product or service itself, it can be the physical facility where the company operates, the personnel or communication materials (Parasuraman, Berry, Zeithaml, 1990, p. 21). This was experienced to be the least of importance to consumers out of these three main dimensions.
- Reliability is the ability to perform the promised service dependably and accurately. This was considered to me the single most important dimension of them all. Problems with service or products affluence the reliability dimension the most. Unsolved problems or customer complains can lead to negative results in customer satisfaction, that is why it is always important to react to complaints especially in the telecommunication industry, but we will get back to that on the next chapter.
- Responsiveness is the willingness to help customers and provide prompt service. This is determined by the length of time that customers need to wait for service or the flexibility of service provider's willingness to accommodate and modify their services to meet the needs of the customer. This is very important for Sonera to realize that by keeping customers waiting they are making the gap of performance bigger.
- Assurance and empathy is the knowledge and courtesy of employees and their ability to convey trust and confidence and provide caring individualized attention the firm provides to its customers (Parasuraman, Berry, Zeithaml, 1990, p. 26).

(See figure below, figure 3)



*Figure 3: The 5 dimensions of service quality*

### 3.4 Managing customer satisfaction

After collecting all the data needed from the customers to find out where the company stands now with the current customer satisfaction level, it is necessary to decide what kind of improvements needs to be made within the business and what is the desired satisfaction level for the future.

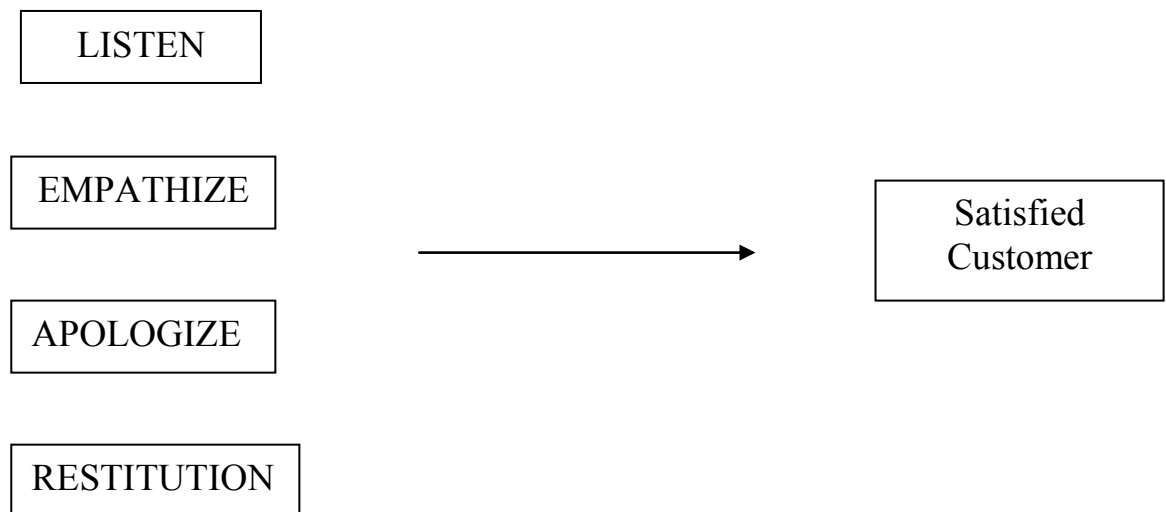
Setting goals and evaluating the strategy might be in order at this stage. Company's goals must be measurable, tied to a specific metric that can be easily measured: how satisfied the customers are with the service given, who is clearly doing it, who is inconsistent, is the company keeping the Service Brand Promise to their customers, how effective the service recovery is, and how can one stack up against the competition (Dijulius, J, 2008, p.85).

It is also necessary to decide and evaluate, whether to be proactive with the actions or reactive. Taking the proactive approach means that there is a need to look at the business from inside out, what actions can the company and employees take in order to satisfy customers and prevent them from being dissatisfied. If decided to choose the reactive approach, it may cost the company some customers on the way, because waiting too long for your customers to react first and complain before taking any proactive actions to correct the situation is going to cost the company even more customers.

Managing customer complaints is a big part of any company's strategy and customer satisfaction. The ideal situation would be that there is none, but that rarely happens. By being proactive you can probably prevent some of these complaints but nonetheless they will happen. It is how you handle them that matters the most. Unfortunately, especially in telecommunication industry customer complaints are everyday business. If you want to be the best in the market and prevent customer churn, you need a good complaint system that works promptly and effectively.

Each unhappy customer tells an average of 10 or more people. Resolving a problem quickly will turn 95 per cent of unhappy customers into return customers. 40 per cent of your perceived customer service is how well you solve problems (Roberts-Phelps, 2001,p. 175).

Here are some basic steps that you need to keep in mind when dealing with customer complaints:



*Figure 4 : Steps for resolving customer complaints*

(<http://www.eonetwork.org/knowledgebase/specialfeatures/Pages/SixStepstoDealingwithCustomerComplaints.aspx>)

Customers who complain feel annoyed, cheated or victimized. They also feel that their situation is the most important in the world. Understand these feelings and treat your customers accordingly. Dissatisfied customers tell up to 20 friends that they are unhappy with the way you do business. However, if you resolve their problems, 50%-74% of these same customers will do business with you again (Gerson, 1998, p.59).

#### 4. CUSTOMER LOYALTY –A PRIME ASSET

Customer loyalty is something all companies are aiming for and it's the most important thing when talking about long-term customers and profits. It secures the company's future if you have enough loyal customers that bring in the cash flow. Loyalty is hard to earn but once you do, you will probably benefit more from them than you do from new customers. Then again they might be the future loyal customers so you have to be attendant to the new customers as well.

Customer loyalty can be found in different forms, some value the affordable pricing, some value the quality of products or services and some are just loyal for the habit of buying from the same seller or using the same brand of products. Customers who buy your product or service merely because of its price will not continue to do so if they can find a better price elsewhere. The only way to create long-term customer loyalty is to establish a true relationship with your customers, which is based not on financial incentives, but on emotion, trust and partnership (Butscher, S, 2002, p.3).

In Sonera's case most of their loyal customers are the ones that have been using Sonera's services since day one, and are counting for doing so for the next five to ten years. These are the people that are difficult to lure to other companies because for them, the price doesn't matter. It's almost like an emotional bond that keeps them with Sonera.

Customer loyalty is the foundation of Sonera's existence and competitive advantage. It has been for many years now and this is the outcome of Sonera's long market leader position and it's being the first telecommunication service provider in Finland that is still operating nowadays. The most loyal customers represent the older generation and these rules do not apply to the new generation of service users. They are more price



oriented and know the value of quality products and they do not hesitate to change companies when dissatisfied and probability of never coming back is high.

Even though Sonera might have been cozy with their past customer loyalty, it is no news that the competition in business and especially in telecommunication is fierce. And the old generation is not the future of the company but the new generation of customers is. Most of the profit comes from new customers that are willing to spend more money on new products and services and are willing to pay more for contents that is actually satisfying their needs.

Retention is almost always more profitable than acquisition. Most companies lose money on the first sale to a customer. The profits they make are derived from the second and subsequent sales (Hughes, 2003, p.293). Retention is not the same as customer loyalty.

True value of a customer =	Individual purchase value X	Value of maintaining purchase item X	Expected customer loyalty period
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( Whalley, Headon, O’Conor, 2001, p.110)

Retention starts from the first contact with the customer and last a lifetime. Retention programs are an efficient way to keep customers satisfied and made them turn into loyal customers. New customers are always a chance to create more profit but if you cannot maximize their usage and/or they will switch companies after the first transaction you could actually loose money than gain profit. For new customers telecom companies are usually offering discounts and extra promotions but the existing customers are left with paying the full price and not receiving any promotions. This can lead to customer dissatisfaction and eventually loosing the customer to another competitor, but with the right retention program the customers can be saved.

From author’s personal experience as a customer service representative and a sales person for telecommunication companies, customer acquisition plays more important role than retention programs. Even though acquisition of new customers is vital for company’s success and profits and it limits the churn rate, which is a very important

factor when comparing profits and success, the retention of customers is not given enough attention that it should be.

Sonera has internal systems with separate departments dealing with customer retention and contacting them individually and offering i.e. promotions, but only when the customer has already made the decision or impressed his/her desire to switch companies. Sonera is not being very proactive to prevent retention and in many cases the retention efforts are too little too late from the customer's perspective. So this is a good example how important it is to be proactive in customer retention programs and to create that extra value for the customer, so he/she is willing to stay as a customer and maybe even become a loyal customer after being so satisfied with the retention program and the service he/she is given.

## 5. BRANDING THE IMAGE

People are looking for brands with an international flavor— brands that can span the globe (Stiff, 2006, p.29).

“Brands are built around an emotional connection people make that transforms the literal attributes of a product or service into something more. As a brand evolves, the "something more" that is created is a personality. This personality is the essence of the brand's promise. Over time, the brand promise leads people to start looking for certain things when they encounter the brand. The promise as they perceive it drives their feelings, behaviors and expectations. The expectations they develop are all the little things they look for --- some on a conscious level and others more intuitively.

The traditional rules of brand positioning state that the most effective approach to brand building is to find a hole and fill it --- to lay claim to unoccupied territory in the minds of customers. At its best, this is not a matter of owning a particular product attribute. Instead, what is important is connecting to emotional needs and benefits and having a strong understanding of what really drives consumers in a given product category”.

([www.brandbeaconconsulting.com](http://www.brandbeaconconsulting.com))

Brand power is a quality possessed only by the strongest international brands. A power brand is characterized by the distinctive nature of its brand personality, by the appeal and relevance of its image, by the consistency of its communication, by the integrity of its identity and by the fact that it has stood the test of time (Stobart, 1994, p. 19).

This is what TeliaSonera was aiming for when they announced their new brand concept, to unite TeliaSonera corporation under one brand and image, internationally and worldwide. I see Sonera as a company going for the merits of Fortune Magazine's "Most Admired companies" that includes the following:

Ranking is a function of eight key attributes that are directly tied to the way they conduct business internally and the overall performance of their business externally: In short, they are admired as a leader in innovation, in their financial soundness, for having strong employee talent, their use of corporate assets, the long-term investment value they provide, the level of social responsibility they embrace, the quality of management they have, and the level of quality their products and services provide (Fortune Magazine, 2002, p.1-2, Stiff, 2006, p.30).

Sonera also markets itself as a top quality brand and not comparable to other brands like DNA who competes with prices. They want to be seen for their innovative and quality services and products and a company that has everything for middle income level customers as well as high end consumers with high needs, such as companies and business consumers. The raise on income levels in Finland has resulted in buying more and more often and Sonera has been there for these times, i.e. to be the first to offer iPhone for the Finnish market and upgrading its brand image by doing so.

"The technology industry, including the telecommunications services sector, experiences pressure from customer demand beyond that in other industries. First, technology businesses are intensely competitive, so investing to meet anticipated demand for services not yet on the market— adding to the growth routinely occurring for existing technology-based services— is necessary simply to remain viable in the marketplace" (Strouse, 2004, p.55).

Service quality is part of the brand image. Not only is service quality a fundamental component of the customer's experience, poor coverage and other indicators of quality are a significant cause of churn. Though the marketing function does not control the network itself, marketers can provide important feedback to network planners to improve the customer's experience and perception of the brand. Marketers can also use advertising and other branding venues to swing customer opinion by connecting the brand with a positive image of quality (Strouse, 2004,p.158)

## 6. METHODS USED

There are two types of data, primary data and secondary data. In this research both primary and secondary data have been used to get a clear understanding of the subject under study.

For gathering primary data, which is the solid base for this research, a quantitative method has been used, which is most suitable for gathering descriptive data.

Generally, quantitative methods are designed to provide summaries of data that support generalizations about the phenomenon under study. Using qualitative method also makes it possible to compare results if needed to other similar researches and data. Quantitative method provides numerical descriptions of the data that is usually shown in different histograms and charts. The disadvantage of this method is that it does not show a good sense of people's opinions. This is why the researcher has included some opinion metrics in the questionnaire to measure subjective variables as well.

Structured survey with close-ended and direct questions was the researcher's approach. The advantages of this method were, that is was low cost and quick to do, also eliminating the limitations of consumer's lack of time as well as accuracy of the responses since they can leave the feedback right after dealing in the stores so the customer service experience will be fresh in their minds. Limitations are the validity of the responses, since some customers might not want to give negative results and the

researcher has no control over whom answers the survey and due to the lack of time, people might not be very thorough when reading through the different alternatives.

This survey questionnaire was sent to every major city in Finland and conducted in their biggest Sonera stores. Almost 300 customers took part in this survey. Simple random sample was used out of Sonera's customer base, so every respondent had a known and an equal chance of being selected.

For the collection of the secondary data, books and Internet sources were used when applicable. ([http://www.ihmctan.edu/PDF/notes/Research\\_Methodology.pdf](http://www.ihmctan.edu/PDF/notes/Research_Methodology.pdf))

### 6.1 Validity of the research

Conclusions drawn from analyzing survey data are only acceptable to the degree to which they are determined valid. Validity is used to determine whether research measures what it intended to measure and to approximate the truthfulness of the results.

There are different types of methods to measure validity. Statistical conclusion validity is the determination of whether a relationship or co-variation exists between cause and effect variables. It requires ensuring adequate sampling procedures, appropriate statistical tests, and reliable measurement procedures. This is the degree to which a conclusion is credible or believable. Other method is external validity, which is important in this kind of a research. It means that the results of a study can be generalized beyond the sample. Which is to say that one can apply the findings to other people and settings. It is the degree to which a result can be generalized.

The survey for Sonera was to determine the level of customer satisfaction as well as the opinions and expectation of their customers about their services provided. The survey was conducted among Sonera's customers and the sample size represents well, the different customers and product users around Finland. This ensures the validity and reliability that the survey results reflect the true opinions and feelings of their whole customer base and can be applied to it when needed.

## 7. RESULTS OF THE RESEARCH

In order to get high response rate in limited time frame, the researcher and Sonera decided it was best to conduct the questionnaire nationwide and anonymously to get the best results that are reliable and non-biased. Sonera did the final proofing for the questionnaire and did some changes to add simplicity and removed negative statements from the questionnaire.

In this stage of analyzing the results, the author has used the primary data collected in the form of a questionnaire and also the secondary data she has been given by Sonera.

The questionnaire included 7 questions and the first part (first 3 questions) was made to supply information about the background of the customers and also the secondary data were given to support the background information and add the reliability of the research.

### 7.1 Background of the customers

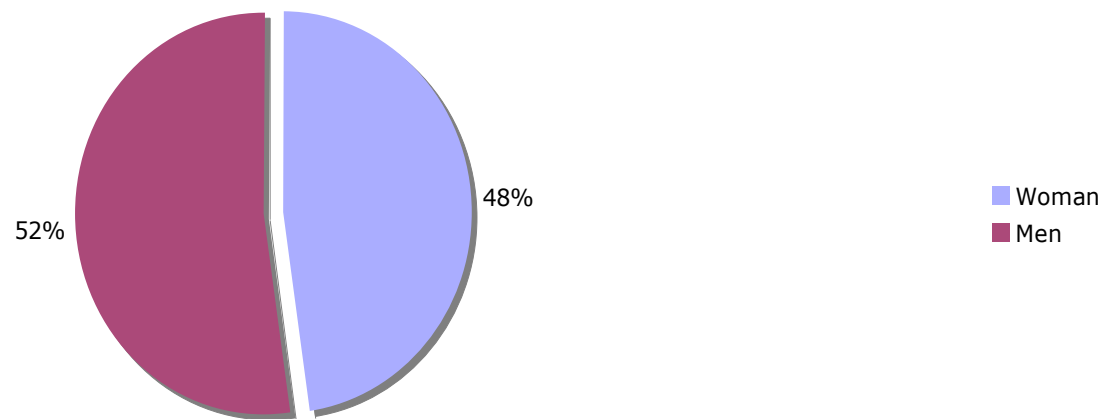


Chart 1: The gender of the respondents

52 percent of the respondents were men and 48 percent were women, so we can easily conclude that the customer base of Sonera is very heterogeneous which is important when comparing results and now we can get reliable results hence both women and men took part in the survey equally and can be represented equally in the analysis as well.

The second question answers to what age are Sonera's customers.

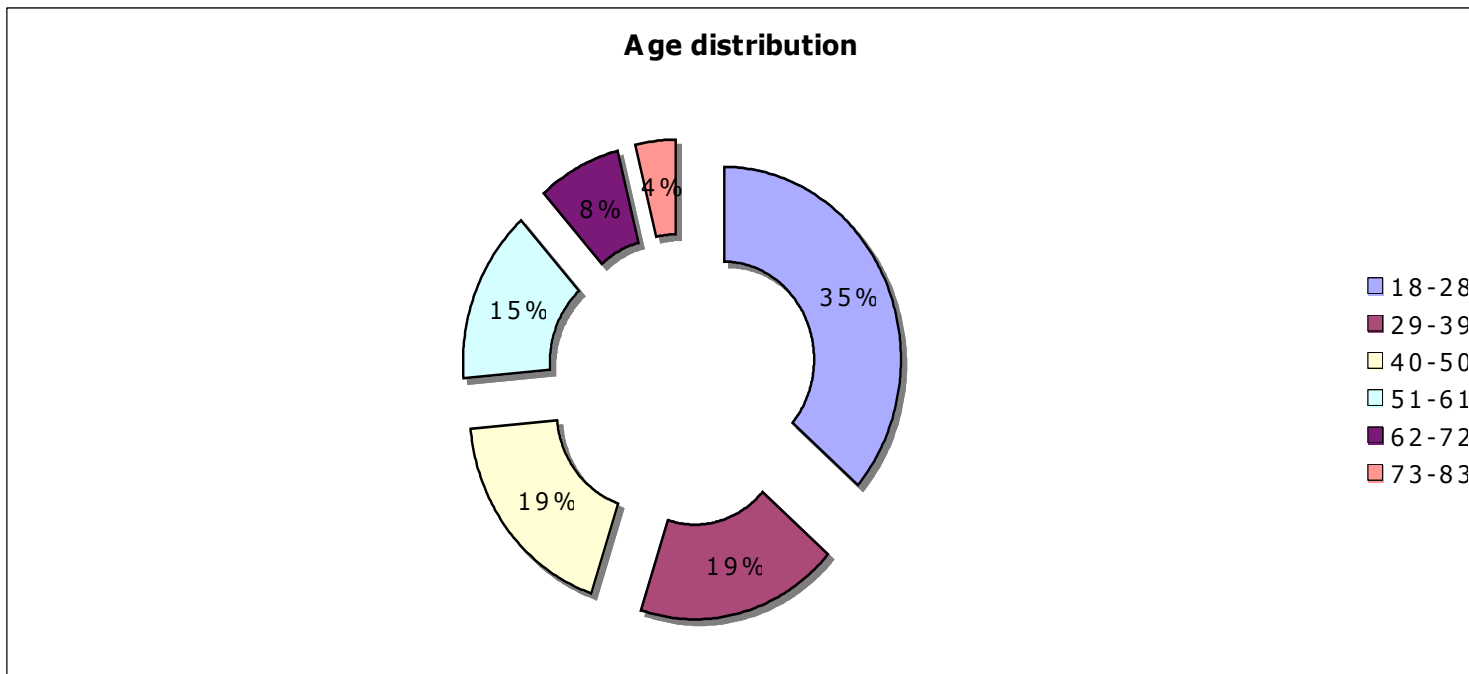


Chart 2: Age distribution

People aged 18-50 cover 73 percent of Sonera's customer base. These can all be counted in as the working force in the society. These are also the people who use mobile phone services and broadband services the most.

The biggest group was the 18-28 year old, which is surprising since Sonera is considered to be fairly expensive compared to other telecommunication companies and young people usually are most price conscious. This shows that the price is not the most important competitive advantage, but also other aspects such as the quality and the products and services offered are equally or more effective competitive advantages, and this has been one of Sonera's marketing strategies for a long time. The young people are also the most demanding customers, since they know what they want and what other competitors are offering, so this shows that Sonera has found its market appeal and can also bring new customers in the business.



This generation as well as the working force, are also the most profitable, because they have more disposable income to use and they usually use multiple services and upgrade their services often to newer and more expensive options.

11 percent of the customers are between 62-83 years old or older. This means that not only young people or people who are in the work life are using Sonera's products. These age groups represent the most loyal customers that Sonera has, since it is not common for people of old age to change their telecommunication service providers ever so often as the younger generations.

## 7.2 Survey results

Question 3 was to answer the waiting times at the Sonera stores. The prompt service and easiness of customer service is usually highly appreciated in service industry like telecommunications.

Here you can see what are the average waiting times at Sonera stores in December 2011. One must keep in mind that these numbers were collected during one of the busiest time of the year, Christmas shopping period, so during “normal” months the peaks might not be as high.

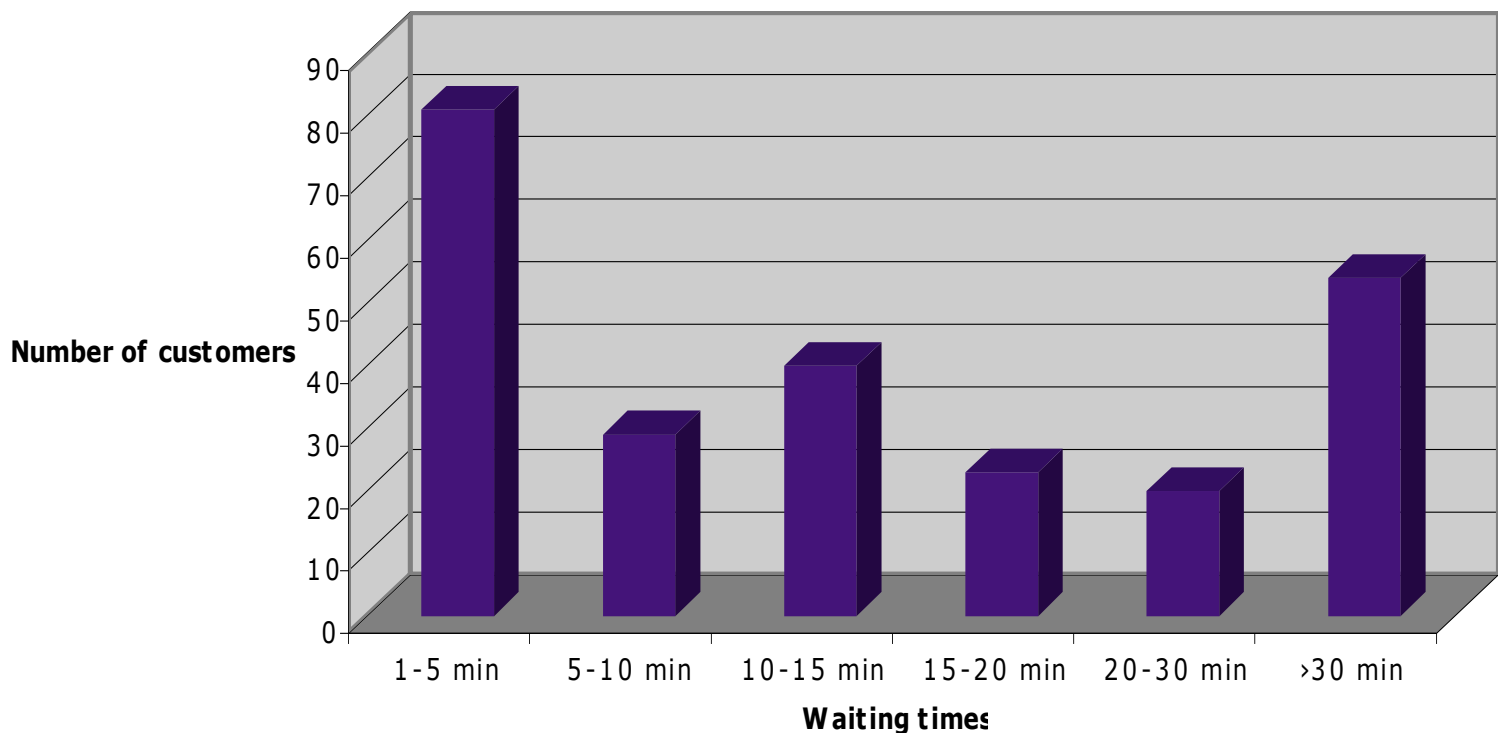


Chart 3: Waiting times at Sonera stores

The results show that the waiting time varies a lot, so there must be different factors affecting these times. For example the time of day when people visit the store and the different day of the week affects these numbers.

33 percent of the customers manage to get service in less than 5 minutes, which is very attractive time limit. But in the other hand almost the same percentage, 22 %, have to wait over 30 minutes to get service, which is not an acceptable time.

Of course people have their own individual perception of time spend, so it might not correspond to the actual time spend in the waiting line. We can still assume since no one's perception of time might be correct, that the people who waited less than 5 minutes in the line and the people who waited over 30 minutes have the same inaccuracy of time conception. The other extreme end of the table, over 30 minutes in line, might be more inaccurate hence people who have to wait longer are more impatient and dissatisfied and might feel that they have waited longer than they actually have.

Over half (61%) still manages to get service in less than 15 minutes, which is acceptable and worth waiting for to get personal face-to-face service. Sonera offers other options as well for customer service, such as customer service call centers and online Internet help, but as you can see from the table below (preference of place of

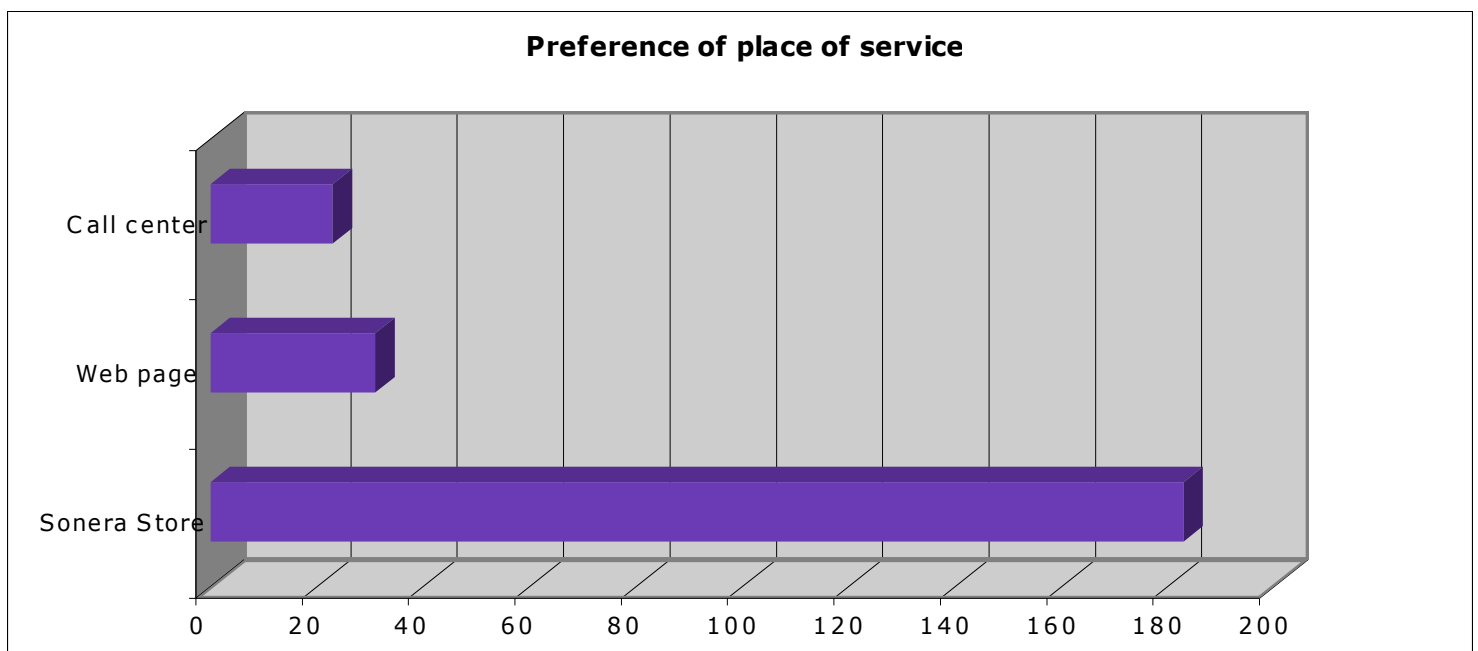


Chart 4: Preference of place of service

service), most of Sonera's customer's prefer dealing in the stores even though they have to wait longer time.

Chart 4 can indicate to the losses that Sonera is making for the time consumed for customers that could be instructed to use Internet based services more or deal with a call center representative. There are dozens of customers every day visiting the store that would be better serviced through phone or Internet. Sonera stores offer wide but somewhat limited customer service for certain customers dealing with broadband or land line issues, billing and customer complaints. Even though face-to-face service is always preferred, the customers should be more aware of the issues that can be solved faster without physical presence in the stores that takes time from other customers and increases the waiting times for all. These are the issues that also increase dissatisfaction among customers, because they are not informed where they should solve their issues and after making the trip to a local Sonera store they find out that it was for nothing and they still need to contact the service call center, and this has taken out the customer's time as well as the local store representative's time that could have been used for more efficient customer service.

The next question sorts out the reasons why people needed to visit the Sonera stores in the first place. Here you can also see if there are many customers that are dealing with issues that could have been solved outside the store, even though every situation is different and cannot be generalized.

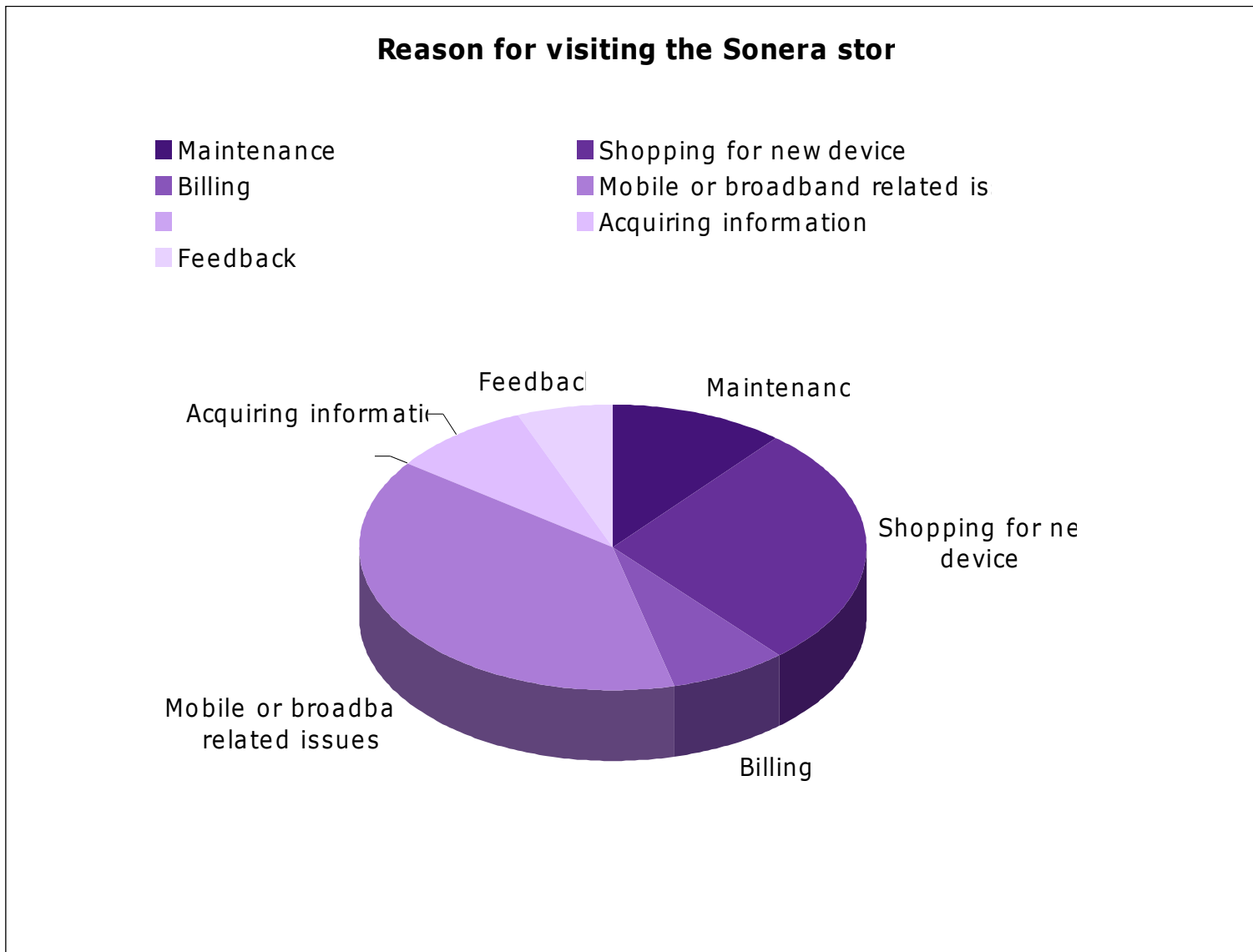


Chart 5: Reason for visiting the Sonera store

The research revealed that most common reason for people to visit the store was to do with mobile or broadband related issues. The second most common reason was to shop for a new device. This is a very good sign for Sonera's business, since it indicates that both existing and new potential customers are bringing revenue in.

Maintenance is also a big part of the services Sonera stores provide and it is the only place where customers can bring their broken devices, so naturally it takes a lot of their time.

Feedback, billing and acquiring information also takes up to 23 percent of service time and these are the issues that could be solved independently from various sources that Sonera provides to its customers online. There are forms online where you can leave feedback and also use your own personal webpage to manage billing as well as search for information from the wide ranged company homepage that is well managed to serve customer's needs.

### 7.3 Opinions

In this section of the survey the researcher wanted to measure the opinions about the importance of different aspects in customer service and how they affect the quality of service.

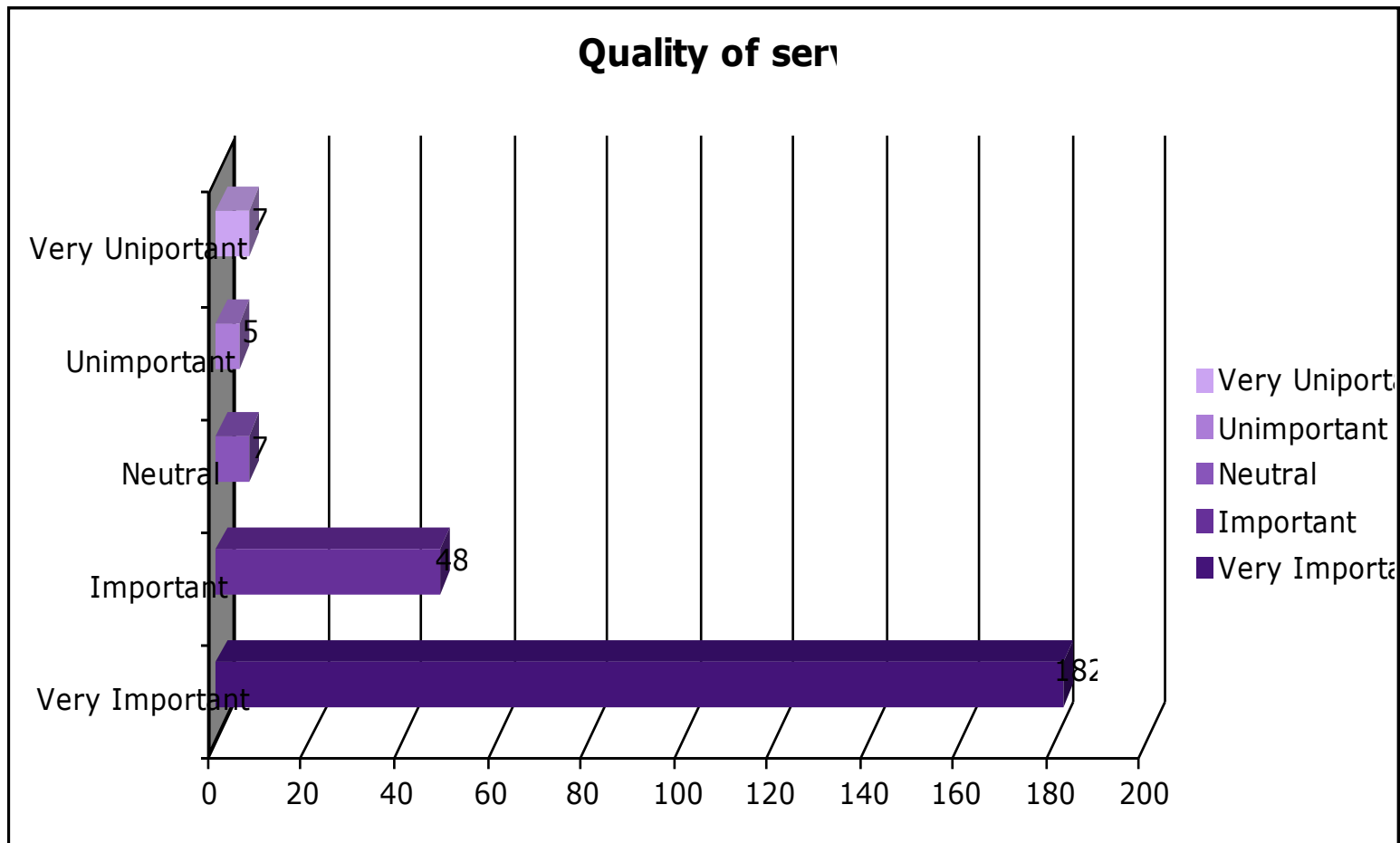


Chart 6: Importance of quality of service

The quality of service is almost unanimously very important part of customer satisfaction and what increases it. This has been a big part of Sonera's strategy for a long time now.

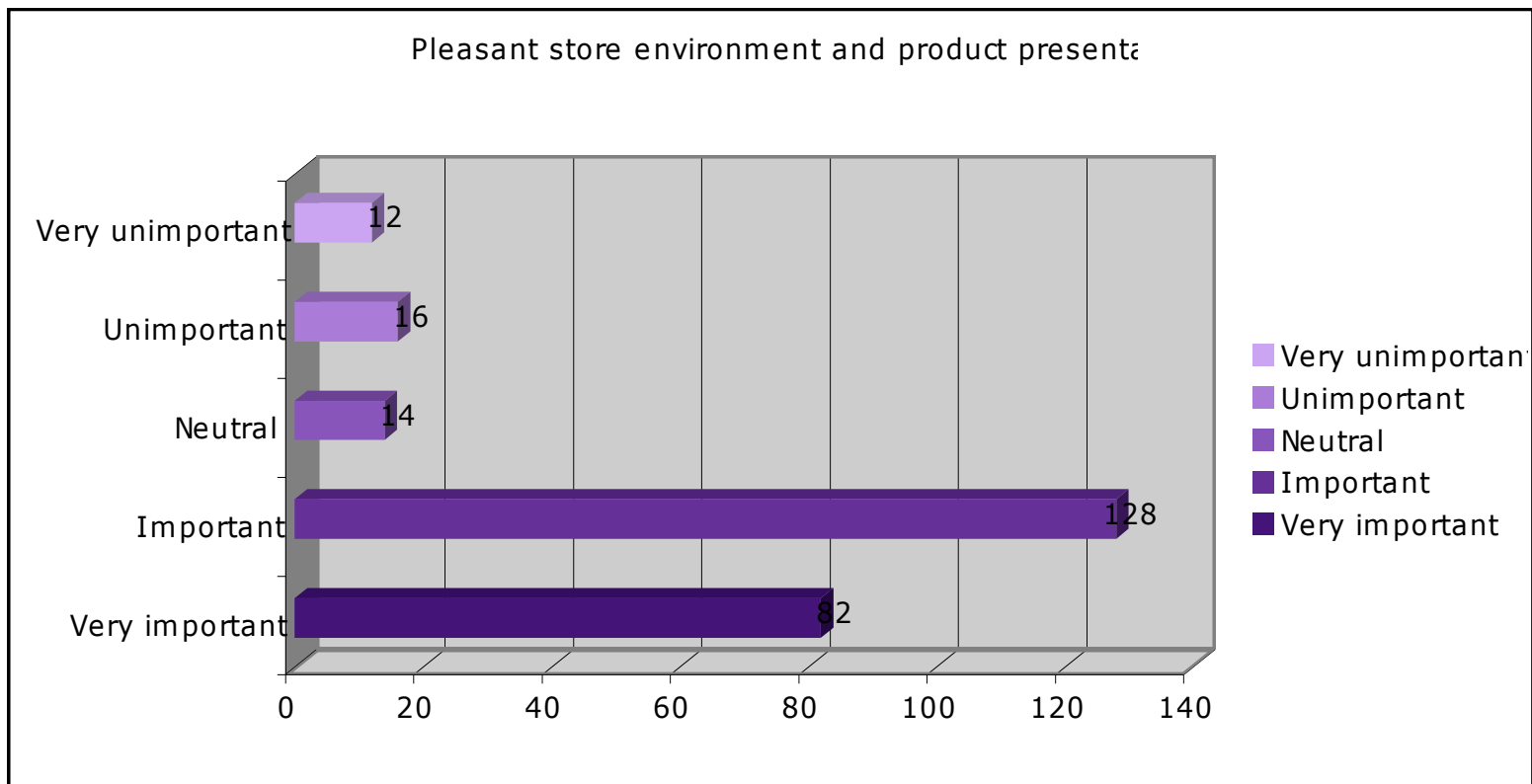


Chart 7: Importance of environment

Customers perceive the store environment and product presentation to be somewhat important but not as important as the service quality. Many customers expect the stores to look desirable and easy to visit to, because it reflects the service they will receive and also it will leave a positive image in customer's head. The brand image is very important to Sonera and the Sonera stores offer a place for them to differentiate themselves from their competitors in a positive way, by providing unique and modern stores that are up to date with new products and devices for customers to test out to.



### Prompt service & knowledge of products and services given

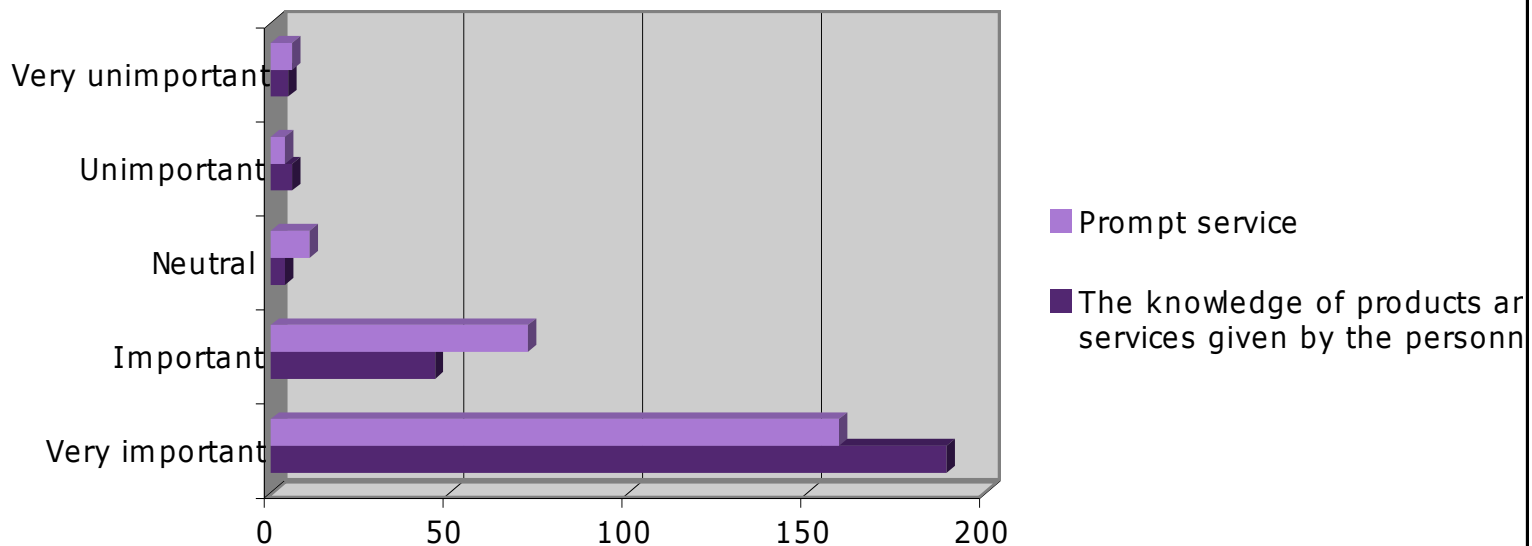


Chart 8: Importance of prompt service and professionalism

Giving right and accurate information and service needed is very important part of making customers satisfied. Sonera's customers are expecting high level of service and a good knowledge of their products and services, which is a given in the industry.

How to give excellent service beyond what others are offering, is more complex. Quality service combined with prompt approach will raise customer satisfaction according to the survey. Prompt service is valued highly but not over the standards of good customer service including the professional services given by the personnel in the stores. This all can be ensured by giving additional training to the staff members and continuous communication between management and personnel.

#### 7.4 Satisfaction of customers- current state

In the next section, the researcher tried to solve how well have the customers been serviced and what are their opinions about overall experience and service quality and how satisfied they are with the service Sonera provides for them. The five dimensions of service quality can be observed in the context and used as a base to evaluate the satisfaction levels of the customers

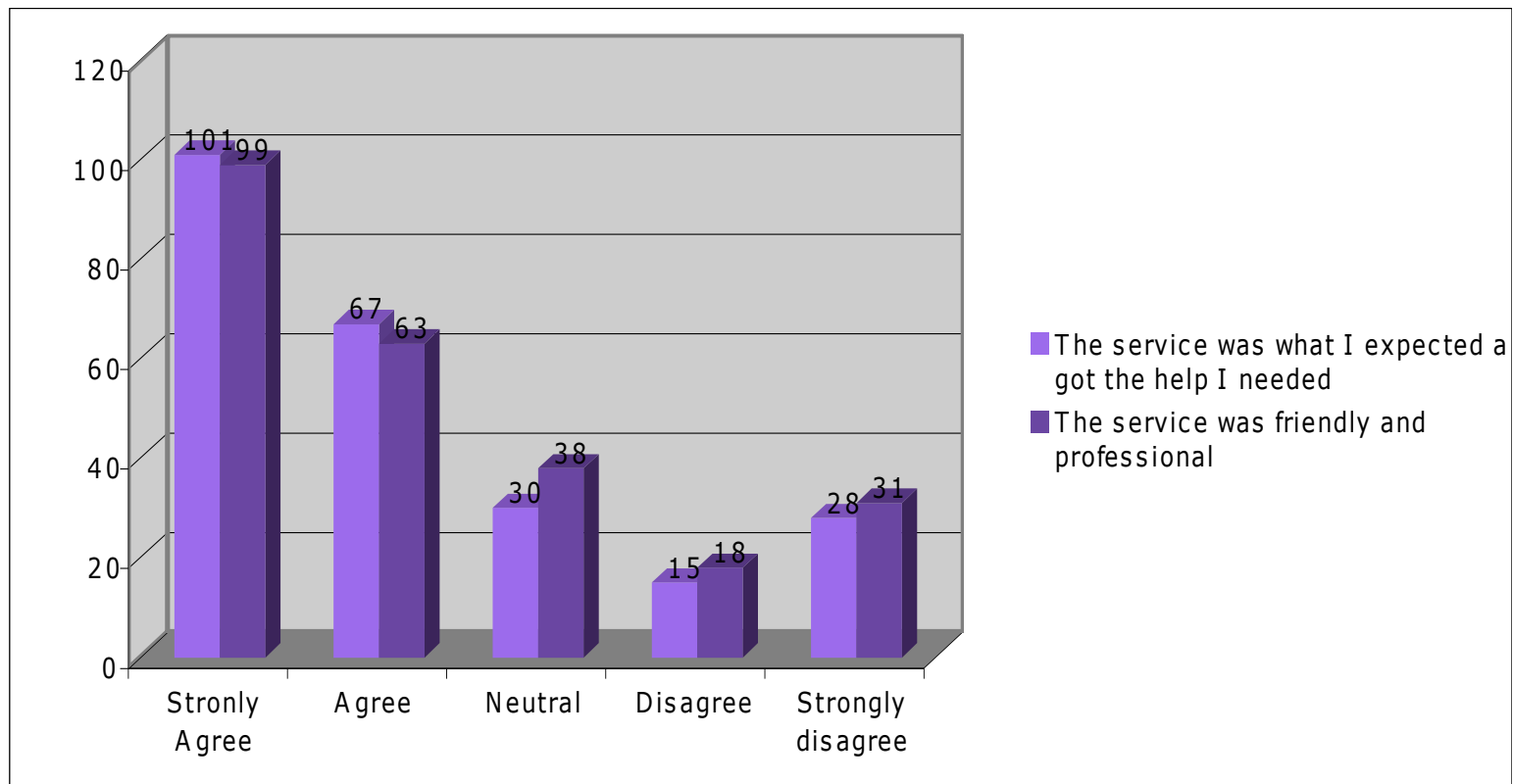


Chart 9: Satisfaction of the customers

The researcher has pointed out the level of satisfaction and also the fulfillment of the customer's satisfaction level by comparing the customer's expectations of the service and the real experience he/she got and how well the two matched together.

This is one dimension of the service quality that measures reliability. Reliability is the ability to perform the promised service dependably and accurately and also it is considered to be one the most valuable dimensions.

The feedback is very positive and the majority of respondents, either strongly agree or agree with the statement. A staggering 70 percent gave positive feedback. Only 18 percent think that the service did not reach the level of their expectations. This is a gap that Sonera needs to work on to get closed in the future.

Another dimension of service quality, the dimension of responsiveness reflects the flexibility of service provider's willingness to accommodate and modify their services to meet the needs of the customer. This can be seen as professional and appropriate and friendly conduct from the sales staff. The results of this service quality dimension are very similar to the ones in reliability dimension. Most of the respondents agree that they were given good service, but there is a slight increase in negative feedback and the people who cannot decide and therefore leaving neutral feedback. This can be alarming, because responsiveness is the second most important dimension for the customers.

By training the staff to be more customer oriented and making the change from inside out, can help to close the gap of performance, that means there is a difference between service specifications and the actual service delivery. When the employees are not willing and/or unable to perform the service at the desired level.

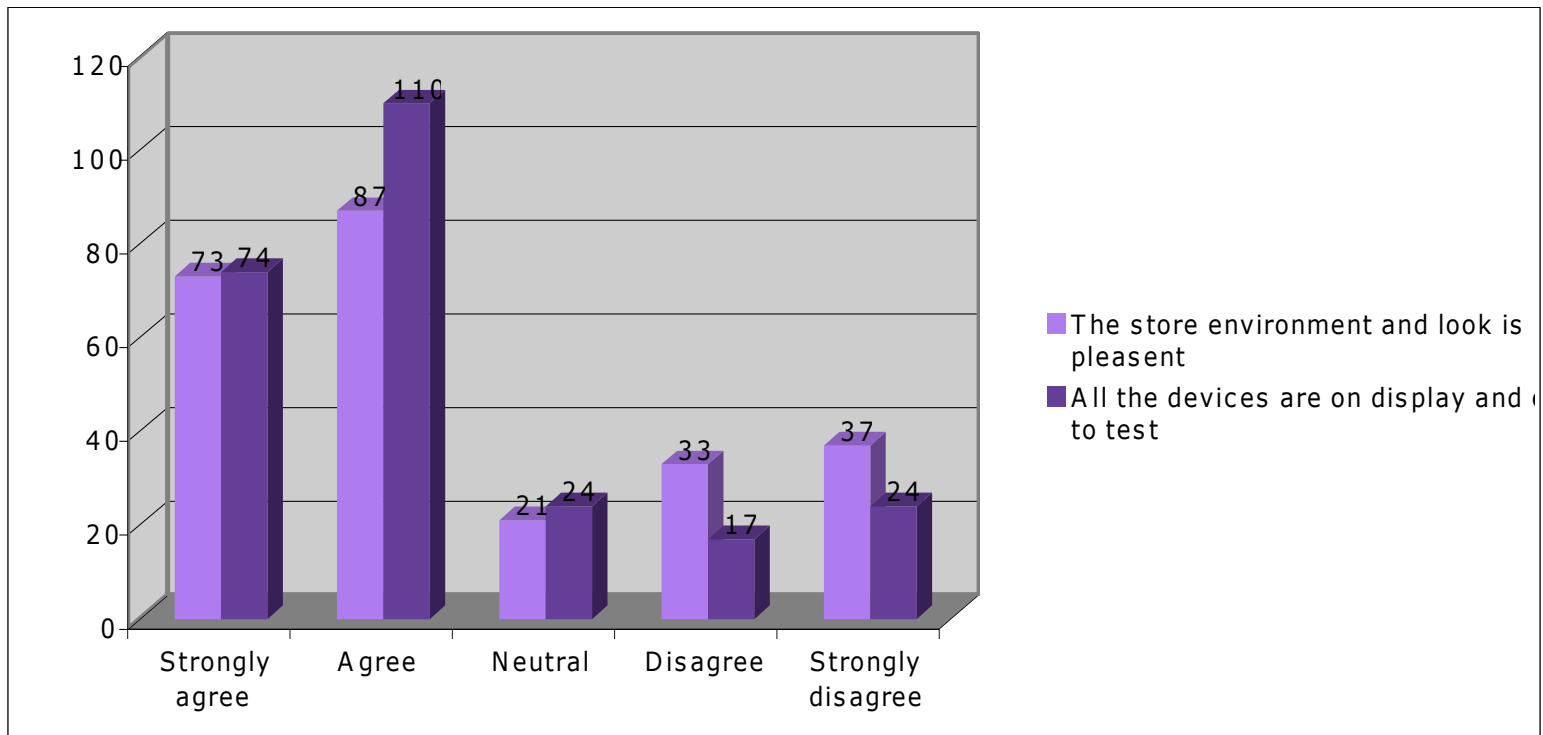


Chart 10: Opinions about physical elements

Chart 10 illustrates the tangibles dimension of service quality. This is considered to be the least meaningful of all the five main dimensions.

Most of the Sonera stores have gone through a major renovation in 2011 in order for all the stores to look coherent in all of Scandinavia. A new store concept was launched as well as a new brand logo. The goal was to improve customer satisfaction in the form of better looking visual store environment and waiting area.



(old Sonera)



**Sonera**

Part of TeliaSonera (new Sonera)

QuickTime™ and a  
decompressor  
are needed to see this picture.

QuickTime™ and a  
decompressor  
are needed to see this picture.

Most of the customers consider the store environment and look to be pleasant but there are quite a few who disagree with the statement above. There might be numerous reasons for people to disagree about the outlook, but it all comes down to the matter of taste and personal shopping experience and it is impossible to please everyone. There is a very positive feedback about the availability of test devices in the store and people seem to be happy about the current situation.

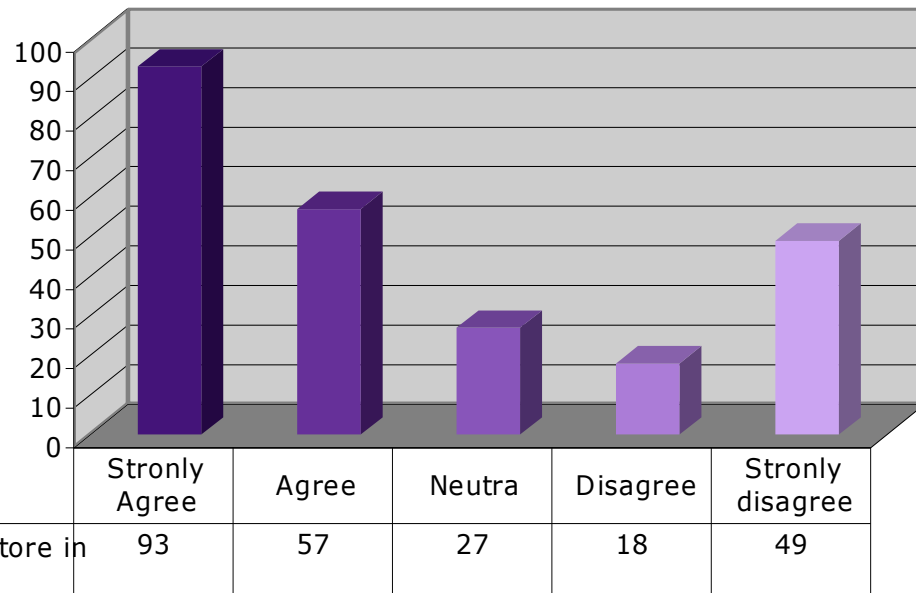


Chart 11: Likelihood of a customer visiting again

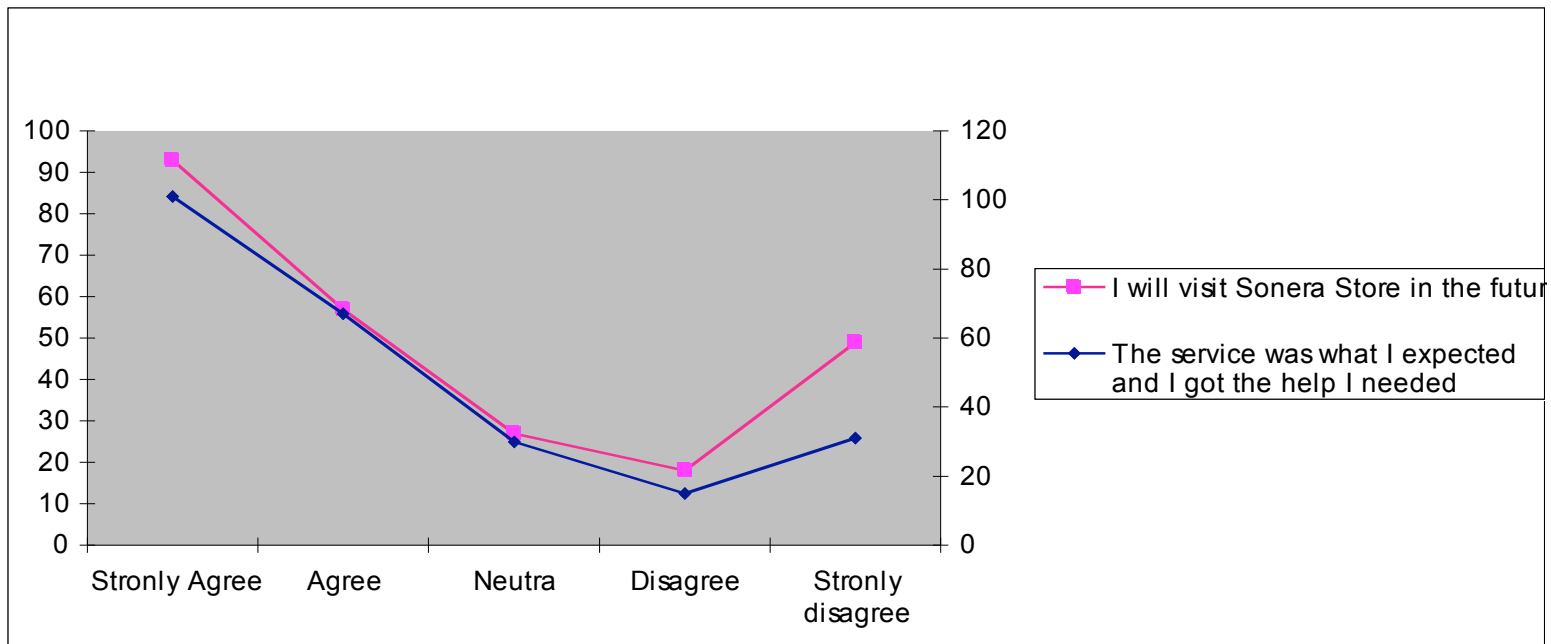


Chart 12: Relationship between customer satisfaction and likelihood of visiting the store in the future

62 percent of customers who visited the store know for sure that they will do business again in Sonera stores in the future. If this number is reliable, it is looking very good for Sonera. Only satisfied and loyal customers know that they want to do business with you again. This is also the foundation of growth, to be able to keep customers, because keeping the existing customers satisfied cost less money than acquiring new customers.

As you can see from table 12 above, when customer satisfaction level is high, you will most likely to get more customers returning to the store. And when the satisfaction levels are not positive, neither is the likelihood of those customers returning back.

This in mind, Sonera should take actions to try to keep the customers who say they will not visit the store, to keep coming back. There are almost the same amount of people who are very certain of them not coming back to the store as there are people who know they will. This 20 percent could represent the customer churn that Sonera is experiencing.

### 7.5 Comments of improvement

The waiting time of customers should be something worth looking into. Prompt service was very important or important to most of the customers. The anticipation of customer clusters and rush hour peaks might eliminate this problem partially. Also the increase in information given out to the customers about the choice of customer service places they have when dealing with different issues, might help to ease long waiting times in the stores.

Quality of service got the highest rate of importance and the same time the weakest positive feedback on friendly and professional service. This is definitely something that Sonera needs to work on in the future, by training their personnel and store management to get more customer oriented approach and increase the level of satisfied customers. The service quality might suffer from the increase of customers visiting the stores, but by fixing the problem mentioned above, there will be more time to give quality service to every customer equally.

## **8. CONCLUSION**

Customer satisfaction is the foundation in most companies and especially in the telecommunication industry, a vital backbone for existence, profitability and success over competitors.

Intermittent check ups are in order for companies to assess their current level of customer satisfaction and/or the lack of it and control the results to improve business and better themselves in customer service skills.

The main objectives of this study was to find out the current customer satisfaction level of Sonera's customers and find out their opinions about areas of importance in customer service and issues that need to be improved upon.

All in all the research results show that Sonera's customers are mostly satisfied with service they were given at the Sonera stores and there is little to none improvements to be made. First and foremost, Sonera should pay attention to the speed of service delivery, meaning the time customers have to wait to get service, this can also be applied to the customer service given via telephone to better customer service rate and also to direct more customers to use other means of customer service channels besides the Sonera stores.

The second objective of finding out customers opinions of importance of the service dimensions turned out to be very informative and when comparing the results to the customer's perceptions of service, there appeared to be some gaps that need to be paid attention to. Service quality, prompt service and professional approach was ranked highest of importance. The customer service was lacking in all of these areas, the promptness of service given and the professionalism and friendliness of service that leads to quality service. To summarize the delivery of service was not up the par of what customer's were expecting to be given.

It is highly recommendable that Sonera focuses it's customer service to the five key elements of service quality indicators: reliability, responsiveness, tangibles, empathy



and assurance, but mostly to the first two mentioned above, which are proven to be most effective sources for improving customer satisfaction and highest in rank of importance.

Ignoring these possible threats in customer service may lead to more dissatisfied customers in the future. Improving and making a change now will lead to a higher rate of customer satisfaction and more profitable business. Even though the current customer satisfaction level is at an acceptable level and customers are satisfied for the most part, it is very important to anticipate the future needs of the customers and take the proactive approach to maintaining the service quality at an excellent level and deliver the customers the service Sonera promises to deliver.

### 8.1 Suggestions for further research

Due to the limited resources and time in hand, the researcher made a concise online survey on this case study. For further studies on the subject, the author recommends conducting a more vast qualitative research by interviewing customers via telephone to get more open-ended questions and more detailed responses in different areas of their services used.

Also comparing the results with similar survey done for the employees of Sonera stores, might bring up some new issues and an explanation and connection to the results found and discussed in this case study. There was a survey conducted for the employees during the same period as the customer satisfaction survey went out, so Sonera has a perfect opportunity to compare these two researches together.

If the author would have access to more information, such as sales numbers, she could have done more comparative research and look at the affect or the lack of affect the store and brand change has had on the sales, but this is something that Sonera can study with their marketing team.

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## ARTICLES

Fortune Magazine, 2002, p.1-2, Stiff, 2006, p.30

## APPENDIX 1:

## Customer satisfaction questionnaire

### 1. Sukupuoli

Mies

Nainen

### 2. Ikä

18-28 vuotta

29-39 vuotta

40-50 vuotta

51-61 vuotta

62-72 vuotta

73-83 vuotta

### 3. Jonotusaika

1-5 min

5-10 min

10-15 min

15-20 min

20-30 min

yli 30 min

### 4. Pääasiallinen syy vierailuun

Huolto

Laitehankinta

Laskutukseen liittyvät asiat

Mobiili tai laajakaistaan liittyvät asiat

Tiedonhankinta

Palaute

### 5. Asioin Sonera palveluihin liittyvissä asioissa mieluiten:

Sonera Kauppa

Internet sivut

Asiakaspalvelu

## 6. Mitä mieltä olet seuraavista väittämistä

Täysin samaa mieltä, Samaa mieltä, En osaa sanoa, Eri mieltä, Täysin erimieltä

Asioin mielelläni jatkossakin Sonera Kaupassa

Palvelu oli odotusteni mukaista ja sain tarvitsemaani apua

Sain ystävällistä ja asiantuntevaa palvelua

Kauppa on mielestäni viihtyisä ja mukava paikka asioida

Myymäälä on viihtyisä ja myytävät tuotteet ja palvelut ovat selkeästi esillä

## 7. Kuinka tärkeänä pidät seuraavia asioita

Erittäin tärkeä, Tärkeä, En osaa sanoa, Ei niin tärkeä, Ei ollenkaan tärkeä

Palvelun laatu

Myyjän tuotetietous

Myymäälän viihtyvyys ja myytävien tuotteiden ja palveluiden esillepano

Nopea palvelu