



Measuring And Improving Service Quality in Helsinki-Vantaa Duty-Free Store

Luca Valtteri Rahnasto

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ABSTRACT

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AUTHOR: Luca Valtteri Rahnasto
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In the constantly evolving landscape of travel retail, service quality becomes extremely important, especially in the duty-free shopping areas at Helsinki-Vantaa airport. Under the direction of a top travel retail operator at the Helsinki-Vantaa airport, this study carefully examines the subtle differences in travellers' opinions about the level of service provided at duty-free shop. Considering Helsinki-Vantaa's unique status as a crossroads of cultures, it is critical to identify and meet the diverse demands of its transient clientele.

The 'SERVPERF' model, a trustworthy framework for assessing service quality perceptions, is central to this research. While the primary purpose is to identify areas for improvement, another important goal is to identify any perceptual shifts caused by travellers' unique flight destinations. The investigation was conducted in three stages. The research begins with a thorough literature review, which methodically sifts through the enormous amount of knowledge on service quality and the travel retail industry. This is followed by a quantitative investigation in which a carefully selected survey based on the SERVPERF model principles is delivered to a set of the commissioning company's customers over a specified period.

The third and final phase takes a more qualitative turn. Semi-structured interviews with experts in the field from the commissioning company are interviewed. The focus of these discussions is the practical deconstruction of the SERVPERF outputs. This deep dive not only adds context and granularity to the quantitative findings, but it also guarantees that the final recommendations are actionable and suited to the specific needs of the commissioning organization. The research provides a comprehensive set of recommendations that are poised to reinvent the duty-free shopping journey at Helsinki-Vantaa airport, based on a blend of traveller insights, expert viewpoints, and analytical consistency.

Key words: service quality, travel retail, duty-free

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ABBREVIATIONS AND TERMS

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1. **P-E**: Performance minus Expectations
2. **SERVQUAL**: Service Quality Model (Gap Model)
3. **SERVPERF**: Performance Only Model
4. **OSQ**: Overall Service Quality
5. **R1**: Respondent 1
6. **R2**: Respondent 2
7. **R3**: Respondent 3
8. **R4**: Respondent 4

1 INTRODUCTION

The travel and tourism industry has experienced an unmatched upsurge because of the concept of globalization, which is characterized by the opening of economies after 1991. Because of the influence, it is now viewed as a distinct economic sector by many economists (Princy, 2023). A constellation of related industries are following in the footsteps of this exponential growth. The worldwide travel retail sector is a well-known name that has carved out a space for itself. (Zou & Huang, 2018)

From the vantage point of the commissioning company, this isn't merely an economic opportunity but it's a profound responsibility. The company is aware of its pivotal role in shaping traveller's experiences and, in line with this, is deeply committed to delivering service quality that is nothing short of outstanding. It is not just about meeting commercial targets; it's about upholding a promise to every customer, recognizing the importance of their journey, and ensuring their retail experience is seamlessly aligned with the high standards they anticipate.

Furthermore, the importance of the travel retail sector extends beyond its tremendous economic footprint. It acts as a cultural crossroads, frequently operating as a first touchpoint for tourists, providing a combination of both local nuances and global extravagances, thus embodying the spirit of their destination or transit region. In this context, the global travel retail industry emerges as an intersection of business, culture, and curated experiences, propelled by an increase in travel and tourism (Chung, 2023). Given its multiple layers and tremendous impact, the need to delve deeply into its complexities, problems, and immense possibilities becomes extremely clear.

1.1 Travel Retail Landscape

Travel retail's fundamental components are the coordination of services focused on travel and the exploitation of the sales opportunities given by transient customers. These transient customers, who are generally found in transit hubs like airports, train stations, or cruise ships, have a distinctive buying style. These mar-

ketplaces not only offer a wide range of purchasing options, from designer products to electronics, but also act as melting pots where people from all nationalities and cultural backgrounds come together (Princy, 2023). The industry must understand and accommodate multicultural standards, create appropriate physical places, select effective services, and guarantee consumer happiness in this maze of cultural diversity (Pantouvakis & Renzi, 2016).

The travel retail sector, although a subset, commands a dominant presence within the overarching travel and tourism umbrella. Factors fueling its ascendancy include the ever-swelling tide of travelers, whether journeying for leisure, business, or exploratory pursuits. This swelling tide represents a burgeoning clientele for duty-free retail spaces, especially within airports (Yu-Jin & Jin-Woo, 2020).

1.2 Service Quality: An Essential Paradigm

The field of service quality is vast. Its core focus is on meeting customer needs and aligning real service delivery with customer expectations. The entire consumer evaluation is determined by this sense of service quality, which is established by contrast between anticipated service benchmarks with experienced service deliverables (Crosby, 1991; Reichfeld and Sasser, 1990; Edvardsson and Gustavsson, 1991; Adil, 2012; Adil, 2013a, Adil, 2013b). According to those authors, when implemented correctly, this paradigm can open a slew of new prospects, including cross-selling, client base expansion, improved customer relations, market share expansion, and higher profit margins.

Customer satisfaction and purchase intent are both influenced by service quality. As a result, it has developed as an organizational pillar, pivotal in modifying customer loyalty and happiness - essential variables in increasing profit margins and market presence (Hackl and Westlund, 2000). Furthermore, the customer satisfaction lens is essentially a representation of how consumers evaluate the value obtained from a transaction or association in comparison to their initial expectations. The commissioning company is dedicated to and compelled to provide high-quality service to its customers.

1.3 Rethinking Service Quality Measurement

Service quality, while universally acknowledged, has been a subject of debate in its measurement methodology. The framework proposed by Parasuraman (SERVQUAL), Zeithaml, and Berry (1985, 1988) was challenged by Cronin and Taylor (1992) through their empirical investigation. Their proposition, termed 'SERVPERF', depicted service quality from the vantage point of consumer attitude, postulating a more refined mechanism to fathom service quality, challenging traditional constructs. The two most predominant in literature are only two of many service quality models.

1.4 Research Questions and Objectives

Considering the increasing importance of service quality in travel retail and its direct implications for the commissioning company at Helsinki-Vantaa airport, this research seeks to address the following questions:

1. *What is the current level of customer perception of service quality in the duty-free shop?*
2. *Are there any differences or similarities in customers' perceptions of service quality based on their flight destination and what factors could influence those?*
3. *How do the experts within the company see the results and what would be the steps to improve perceived service quality?*

Correspondingly, the primary objectives that guide this research are:

1. To measure customer perception of service quality using the SERVPERF model in the duty-free store.
2. To identify areas for improvement.
3. To examine the impact of flight destinations on customer perception of service quality and possible reasons behind these differences.
4. To identify customer segments and compare their results based on flight destination.
5. To provide recommendations for the company on areas of improvement.

1.5 Structure of the Thesis

The study, commissioned by a prominent company that operates a duty-free shop at Helsinki-Vantaa airport, has a distinct focus that is reflective of its unique contextual situation. This shift in emphasis helps to improve the study's features while also emphasizing its pragmatic consequences and increased usefulness. Given its position as a vital hub for international travel, Helsinki-Vantaa airport adopts a dual identity: one that reflects its logistical relevance and another that reflects its socio-cultural significance as a crossroads where different cultures meet.

In a dynamic environment like Helsinki-Vantaa, the search of understanding service quality goes beyond academic inquiry. It becomes a business requirement, emphasized by the constant interplay of various traveler expectations and ever-changing retail excellence norms.

As previously stated, the research's methodological approach follows a triadic approach. An extensive literature review, at first, seeks to engage with and extract important narratives and discourses prominent in the domain of travel retail and service quality. This is the basis on which the future phases are built. The quantitative phase that follows, carried out via a SERVPERF-based survey, seeks empirical insights from a subset of the commissioning company's client base. A quantitative undertaking of this nature seeks to discover quantifiable parameters indicative of the service quality landscape in the duty-free shop at Helsinki-Vantaa airport.

Finally, the qualitative feature of the research approach, in the form of semi-structured interviews with domain experts from the commissioning company, adds depth and contextual richness to the data. This three-tiered framework enables a holistic knowledge, allowing for the extraction of actionable information adapted to the commissioning company's specific operational environment at Helsinki-Vantaa airport. The thesis seeks to provide recommendations that are not only theoretically sound but also pragmatically responsive to the dynamic character of duty-free shopping at Helsinki-Vantaa airport.

2 Literature Review

2.1 Travel Retail Industry

The travel and tourism industry has experienced significant growth in recent decades, especially following the opening of global economies in the post-1991 era. The expansion has been so substantial that some economists consider it to be a distinct economic sector. This growth has led to the emergence of various subsidiary and standalone industries within the broader travel and tourism sector. One such standalone industry is the global travel retail industry (Princy, 2023).

According to a report published by Next Move Strategy Consulting, the global Travel Retail Market was valued at USD 64.8 billion in 2022. The report also projects that the market is expected to reach USD 156.3 billion by the year 2030 (Next Move Strategy Consulting, 2023). The forecasted increase in domestic and international travelers is expected to positively impact the demand for products in the travel retail market. As more people travel, there will be a greater need for various goods and services offered in travel retail, such as duty-free shopping, luxury items, travel accessories, and more. This increased demand from travelers is anticipated to be a key driver for the growth of the market during the forecast period (Fortune Business Insights, 2023).

Travel retail involves the creation, planning, and provision of travel-related services, while simultaneously engaging in sales activities to cater to the demands of shoppers while they are in transit. It caters to travelers who are looking to make purchases during their journeys, typically in airports, train stations, cruise ships, or other travel hubs. Travel retail often offers duty-free shopping, a wide range of products including luxury items, cosmetics, electronics, fashion, and more (Princy, 2023). Pantouvakis & Renzi (2016) states that the travel retail industry operates in a multicultural environment where millions of passengers from diverse nationalities and cultures interact and experience airport services. In such a setting, it becomes crucial for industry stakeholders to dedicate efforts towards understanding the multicultural standards and evaluations of these passengers such as;

- Understanding multicultural standards
- Creating appropriate physical environments
- Designing efficient services
- Offering customer satisfaction

2.1.1 Airport Duty-free Shops

The unique aspect of travel retail is that it targets a specific audience of travelers who are in transit. These travelers may have specific needs or desires during their journeys, and travel retail aims to provide convenient and appealing shopping experiences to meet those demands. As a standalone industry, travel retail has experienced growth and has become a significant player within the broader travel and tourism sector (Princy, 2023). The global duty-free industry has experienced rapid growth due to several socio-economic factors. Firstly, the increasing number of travelers, both domestically and internationally, has played a significant role. As more people travel for tourism, business, or leisure, there is a larger customer base for duty-free shopping at airports (Yu-Jin & Jin-Woo, 2020). In Helsinki-Vantaa Airport by observation, the duty-free shop offers a wide range of products from categories such as Alcohol, tobacco, skincare, fragrances, make-up, confectionery and souvenirs.

Shopping has become a significant aspect of the tourism industry as many tourists now travel primarily for the purpose of shopping. It has evolved into a key motivator for travel, alongside other factors such as leisure, cultural experiences, and sightseeing (Hwang et.al, 2023). Shopping tourism plays a crucial role in destinations that aim to generate substantial economic impact and establish themselves as competitive tourism destinations (Kattiyapornpong and Miller 2012).

2.2 Destinations

As already suggested by the literature the travel retail industry operates in a multicultural environment where millions of passengers from diverse nationalities and cultures interact and experience airport services. In such a setting, it becomes crucial for industry stakeholders to dedicate efforts towards understanding the multicultural standards and evaluations of these passengers (Pantouvakis &

Renzi, 2016). According to Mattila (1999), customers with Western cultural backgrounds tend to place a higher emphasis on tangible cues from the physical environment when evaluating service quality compared to their Asian counterparts. This means that Western customers are more likely to rely on visible and concrete factors in the environment, such as cleanliness, aesthetics, and tangible aspects of the service, to assess the quality of the service they receive. In Western cultures, there is often a greater emphasis on individualism and independence, and customers tend to value personal choice, convenience, and efficiency. As a result, they may rely more on tangible cues in the physical environment as indicators of the quality of the service. On the other hand, in Asian cultures, there is often a greater emphasis on collectivism and interdependence, and customers may place more importance on relational and contextual factors when evaluating service quality. Asian customers may pay more attention to interpersonal interactions, courtesy, politeness, and the overall experience of the service rather than focusing solely on the physical environment (Schmitt and Pan, 1994).

According to Hofstede's research in 1991, cultures in Canada, Germany, the UK, the USA, the Scandinavian nations, and several other Western countries exhibit low power distance. In these cultures, there is a general preference for less pronounced status differences, and consumers tend to expect more equal treatment in the service they receive (Mattila, 1999). Additionally, Hofstede's research in 1991 suggests that cultures in Hong Kong, India, Singapore, Thailand, and many other Asian countries tend to have larger power distances, indicating the presence of social hierarchies. For instance, Chinese culture, as highlighted by Hwang in 1983, emphasizes the importance of courteous rituals that promote the maintenance of hierarchical social orders. In these cultural contexts, service employees, who hold lower social status, are expected to provide customers with elevated levels of service to accommodate the hierarchical structure (Hwang, 1987).

2.2.1 Destination: Sweden

As of 2015, a significant portion of the Finnish working population sought employment opportunities in neighbouring Nordic countries. Sweden emerged as the

predominant destination for this workforce. Approximately 2,400 Finns were registered as working in another Nordic nation, with a notable majority of over 50% commuting to Sweden for employment. This was followed by roughly 40% making their way to Norway. With one in every three individuals from these regions choosing to work in another Nordic country. From Helsinki-Vantaa airport the passengers flying to Sweden represented 9,73% of all passengers (Finavia, 2023), making it high in terms of volumes and one of the key destinations to the duty-free store operator.

2.2.2 Destination: Germany

According to visitfinland.fi (2023), Germany is the number one market in terms of volume to travel to Finland overnight with over 500 000 visitors in 2022 which was just -12% of pre pandemic level in the year 2019. According to the flight statistics from Finavia destination Germany has the highest share of passengers of 11,93% during year to date April 2023. Destination Germany is a significant market in the travel retail field in Helsinki-Vantaa airport purely by its high volume and share.

2.2.3 Destination: Finland

On February 25th, 2022, a significant legislative change was enacted, permitting tax-free shops at Finland's airports to cater to domestic and arriving customers. Prior to this amendment, such shops were exclusively allowed to serve customers who were departing the country. The share of domestic passengers at Helsinki-Vantaa airport accounts for 13,17% of the total passenger traffic (Finavia, 2023). This transformative legal modification has now presented duty-free operators with a promising and untapped market opportunity within Finland's airports (Finavia.fi, 2022).

2.3 Service Quality

The concept of service quality encompasses a range of definitions surrounding the fulfillment of needs and requirements and the alignment between the service provided and customers' expectations. Perceived service quality represents a comprehensive evaluation or perspective held by consumers, which stems from

their comparisons between anticipated service levels and their actual experiences of service delivery. (Crosby, 1991; Reichfeld and Sasser, 1990; Edvardsson and Gustavsson, 1991; Adil, 2012; Adil, 2013a, Adil, 2013b). From these authors the benefits of successful service quality can be summarized benefiting to:

- Opportunities for cross-selling
- The attraction of new customers
- Development of customer relationships
- Increased sales and market shares
- Enhanced corporate image
- Reduced costs and increased profit margins and business performance

Maintaining and improving service quality is the main factor that influences consumer satisfaction and consumer purchase intention (Oliver, 1980). Delivery of high service quality has become an increasingly high priority and one of the focus areas in organizations operating in the service industry to influence customer satisfaction and loyalty since they are key variables in maximizing profits and market share (Hackl and Westlund, 2000). In the services industry, customer satisfaction is the result of how customers perceive the value they receive in a transaction or relationship. This value is determined by the perceived service quality in comparison to the value they expected from transactions or relationships with competing vendors. Essentially, customer satisfaction is influenced by the extent to which customers believe the service quality they receive meets or exceeds their expectations in relation to alternative options (Müller, 1991). The intensifying competition in markets has prompted numerous companies to recognize the significance of quality as a strategic tool. Particularly, service quality has gained increasing importance, prompting service providers to enhance their service quality in order to attain sustainable competitive advantage, foster customer satisfaction, and foster customer loyalty (Yarimoglu, 2014).

The concept of service quality embraces various definitions, emphasizing meeting customer needs and requirements while also assessing the extent to which the delivered service aligns with customers' expectations. Perceived service quality represents a global consumer judgment or attitude that emerges through

customers' comparisons of their service expectations with their actual perceptions of service performance (Berry, Zeithaml, and Parasuraman 1985). The measurement of service quality has garnered significant attention in management literature over the past few decades, particularly following the liberalization and globalization eras. This increased focus is attributed to the immense pressure that service providers encounter in both domestic and international markets (Rodrigues, 2013). The quality of service in a business network plays a crucial role in satisfying customers with ever-expanding demands. In a competitive environment, it is essential for a company to effectively fulfill customer requirements and bring them happiness (Hoa Nguyen, Jeong, & Chung, 2018). The company's capacity to meet customer needs is heavily influenced by the standard and excellence of services offered, encompassing both product quality and service quality (Haming et al., 2019). Sweeney et al. (1997) conducted an analysis to examine the impact of service quality during the service encounter stage on perceived value and consumer purchase intentions. Their findings revealed that consumers are more influenced by service quality perceptions during the service encounter stage compared to product quality.

There are several models regarding the topic of service quality such as:

(For the research context, three () models were identified and selected for further examination in the literature review)*

- Technical and functional quality model (Grönroos, 1984)
- * **Gap model (SERVQUAL)** (Parasuraman et al., 1985)
- Attribute service quality model (Haywood-Farmer, 1988)
- Synthesized model of service quality (Brogowicz et al., 1990)
- * **Performance only model (SERVPERF)** (Cronin and Taylor, 1992)
- Ideal value model of service quality (Mattsson, 1992)
- EP and NQ model (Teas, 1993)
- IT alignment model (Berkley and Gupta, 1994)
- Attribute and overall affect model (Dabholkar, 1996)
- Model of perceived quality and satisfaction (Spreng and Mackoy, 1996)
- PCP attribute model (Philip and Hazlett, 1997)
- * **Retail service quality and perceived value** (Sweeney et al., 1997)

- Service quality, customer value and customer satisfaction model (Oh, 1999)
- Antecedents and mediator model (Dabholkar et al., 2000)
- Internal service quality model (Frost and Kumar, 2000)
- Internal service quality DEA model (Soteriou and Stavrinides, 2000)
- Internet banking model (Broderick and Vachirapornpuk, 2002)
- IT-based model (Zhu et al., 2002)
- Model of e-service quality (Santos, 2003)

2.3.1 SERVQUAL Model

The North American viewpoint on service quality is rooted in the research conducted by Parasuraman et al. (1985, 1988). Their study proposed that the assessment of quality is based on comparing customers' expectations of what they should receive with their perceptions of what they receive. In essence, the gap analysis model defines quality as the disparity between customers' expectations and their perceptions of the delivered service. This model identifies crucial gaps that exist between executives' perceptions of service quality and the tasks involved in delivering services to customers. Hence, the gap model is designed to analyze the sources of quality issues and assist managers in understanding how to enhance service quality (Parasuraman et al., 1985, 1988).

According to the American perspective, Parasuraman et al. (1985) assert that service quality gaps can be measured by examining the differences between two scores: performance minus expectations (P-E). A positive outcome indicates a positive measure of service quality. The authors also propose five potential gaps as follows:

1. Knowledge Gap (Gap 1): The difference in management views and customer expectations.
2. Standards Gap (Gap 2): The discrepancy between management views and the requirements for service delivery quality that have been established.
3. Delivery Gap (Gap 3): The discrepancy between the actual quality of services provided and the quality standards established for service delivery..

4. Communications Gap (Gap 4): discrepancy between the quality of service that is actually provided and the quality of service that is represented in the company's external communications.
5. Service Gap (Gap 5): Service Gap (Gap 5): The discrepancy between what a consumer considers to be the level of service they should receive and what they actually receive.

According to this model, a customer's perception of service quality depends on the size and direction of Gap 5, which, in turn, is influenced by the nature of the gaps related to service design, marketing, and delivery, namely Gaps 2, 3, and 4. In this context, Parasuraman et al. (1985) propose ten dimensions that determine service quality and are characterized by the service: reliability, responsiveness, competence, access, courtesy, communication, credibility, security, understanding (knowing) the customers, and tangibles. They suggest that the differences between perceived performance and expected performance across these ten dimensions determine the overall perceived service quality. Later, Parasuraman et al. (1988) reduced the dimensions to five:

- Tangibles: The physical evidence of service (equipment and appearance of the personnel)
- Reliability: Ability to perform the promised service accurately and dependably
- Responsiveness: Willingness or reactions of employees to provide service
- Assurance: Knowledge and courtesy of employees and their ability to inspire trust and confidence
- Empathy: Individualized attention that the firm provides its customers

Veloso et. al., 2018 in her research titled *The Links Between Service Quality, Brand Image, Customer Satisfaction And Loyalty In The Retail Industry* measured and concluded that service quality consists of these five dimensions introduced and developed by Parasuraman et al. in 1988. This type of model, emphasizing the differences between expectations and perceptions, is also referred to as a disconfirmation model. Additionally, Parasuraman et al. (1988) suggest that SERVQUAL can be used to: (1) track service quality trends over time, (2) compare an organization with its competitors, and (3) categorize customers into perceived quality segments based on their individual SERVQUAL scores. The satisfaction and commitment of customers to retail brands are positively influenced by the quality of service they receive. However, the relationship between customer

satisfaction and commitment is moderated by store design. Customers who have a higher appreciation for store design demonstrate a lower impact of satisfaction on their commitment to the retail brand. This finding indicates that a significant part of their satisfaction is associated with their appreciation of the store design (Faria et al., 2022).

The SERVQUAL instrument, introduced by Parasuraman, Zeithaml, and Berry (1988), compares customers' expectations and perceptions of a specific service. Since its introduction, many researchers have utilized, expanded, and refined this 22-item scale to examine service quality in various sectors of the service industry (Avkiran, 1994; Babakus and Boller, 1992; Buttle, 1996; Cronin and Taylor, 1994; Fick and Ritchie, 1991; Newman, 2001; Smith, 1995). Among the dimensions studied, tangibility was identified as having the most significant influence (Ravichandran et al, 2010). However, in the same year, Mosahab et al. (2010) found the opposite result, suggesting that customer perception is less significant compared to their expectations. In Haming et. al 2019 research concluded that priority should be given to the tangible and empathy dimensions, specifically addressing aspects such as product layout and lighting conditions. Additionally, it is crucial to focus on improving the empathy dimension, particularly addressing prominent gaps related to peak load time conditions and problem-solving adjustment. A study done in 2015 by Strivastava et. al on customer service quality at retail stores in Hyderabad airport in India conducted a survey for duty-free retail stores by using the SERVQUAL model. The survey consisted of 18 questions to measure the five dimensions of service quality (tangibility, reliability, responsiveness, assurance, and empathy), and for the segmentation, Stravistava chose 3 categories (infrequent traveler, regular traveller, and frequent traveler) based on travel frequency. The study concluded that the largest gaps in the five dimensions measuring service quality were responsiveness and empathy and those two also had the lowest perception scores and highest expectations scores. Based on their research and findings they recommended and identified that having sufficient manpower and training for staff would be the most important factor to increase the service quality and addressing the highest gaps (Srivastava et. al, 2015) which differs from the findings made by Ravichandran et al, 2010 and Haming et. al 2019.

2.3.2 SERVPERF Model

In their empirical study, Cronin and Taylor (1992) challenged the framework presented by Parasuraman, Zeithaml, and Berry (1985, 1988) in terms of conceptualization and measurement of service quality. They introduced a performance-based measure of service quality called 'SERVPERF,' which portrayed service quality as a consumer attitude. They argued that SERVPERF provided an improved method for assessing the construct of service quality. Subsequent replications of their study indicated that there is limited, if any, theoretical or empirical evidence supporting the relevance of the E-P= quality gap as the foundation for measuring service quality.

Several measures have been proposed in the past to evaluate customer expectations, perceptions, and overall satisfaction in service industries, with prominent ones being SERVQUAL and SERVPERF. However, researchers have identified various measurement issues associated with the performance minus customer expectation (P-E) gap model of SERVQUAL (Babakus and Boller, 1991; Carmen, 1990; Lewis and Mitchell, 1990; Lewis, 1993). In contrast, Cronin and Taylor's (1992) SERVPERF scale has been empirically tested and demonstrated as a superior measure of service quality (Cronin and Taylor, 1992; Brown, Churchill, and Peter, 1993), particularly in assessing service quality in emerging countries like India (Jain & Gupta, 2004; Adil, 2012; Adil & Ansari, 2012; Adil, 2013a; Adil, 2013b). In fact, marketing literature provides substantial support for the effectiveness of simple performance-based measures of service quality (Bolton and Drew 1991a,b; Churchill and Surprenant 1982; Mazis, Ahtola, and Klippel 1975; Woodruff, Cadotte, and Jenkins 1983).

Initially, Parasuraman, Zeithaml, and Berry (1985, 1988) proposed that higher levels of perceived service quality lead to increased consumer satisfaction. However, more recent evidence suggests a different relationship, where satisfaction acts as a precursor to service quality (Bitner 1990; Bolton and Drew 1991a,b). Bitner conducted empirical research using structural equation analy-

sis and demonstrated a significant causal path from satisfaction to service quality. In a separate study, Bolton and Drew (1991a) used the assumption that service quality can be considered an attitude and suggested that satisfaction precedes service quality. They proposed that perceived service quality ($ATTITUDE_t$) is influenced by a consumer's residual perception of the service's quality from the previous period ($ATTITUDE_{t-1}$) and their level of satisfaction or dissatisfaction with the current level of service performance (CS/D_{1t}). This concept implies that satisfaction is a distinct factor that mediates prior perceptions of service quality, contributing to the formation of the current perception of service quality (Cronin & Taylor, 1992).

Although Oliver's 1980 study, "A Cognitive Model of the Antecedents and Consequences of Satisfaction Decisions," demonstrates that service quality and customer satisfaction are related, they are still separate concepts. The findings suggest that satisfaction moderates the association between the updated assessment of service quality and the perceptions of service quality from the previous period. Stated differently, the modified evaluation of service quality incorporates satisfaction quite quickly. This perspective, which is consistent with the findings of Bolton and Drew (1991a), calls into question the validity of using the disconfirmation framework as the sole metric of service quality. The explanation is that consumers' judgments of service quality appear to be moderated by disconfirmation rather than reduced by it. The SERVQUAL model was found to be more favourable in the healthcare industry, according to research done by Lin et al. in 2009. This is primarily due to the ability to identify sizable disparities when expectations and perceptions are compared when comparing service quality parameters. However, the SERVPERF approach is insufficient for identifying areas that need improvement because it simply evaluates existing impressions. Therefore, alternative methods ought to be taken into account to accurately pinpoint these potential improvement areas. It just concentrates on how effectively the service is provided (Lin et al., 2009).

Given that service quality is compared to attitudes, it may be advantageous for managers and academics to conceptualize the construct in terms of attitudes while measuring it. This method might offer more information and insights into the subject that might benefit both academics and practitioners. A deeper

knowledge of consumers' views and assessments of service quality could be obtained by integrating the measurement of service quality with an attitude-based framework (Cronin & Taylor, 1992).

2.3.3 The Retail Service Quality and Perceived Value Model

Sweeney et al.'s Retail Service Quality and Perceived Value Model, which was first put forth in 1997, looks into how service quality affects perceived value and willingness to pay in particular service encounters. According to Zeithaml et al. (1988), value is an evaluation of the balance between gains and costs. It is described as a comparison between the advantages enjoyed by customers and the sacrifices made. The concept of value that is utilized in this paradigm is known as "value for money."

The model comprises two distinct approaches:

Model 1: This model emphasizes how consumers' opinions of the functional service quality directly affect their propensity to make a purchase. Additionally, research suggests that customers' impressions of the quality of functional services may also indirectly influence their assessments of the quality of technical services, which in turn may influence their assessments of product quality. Consumers' judgments of value aren't immediately impacted by the perceived quality of either technical or functional services, though.

Model 2: This model highlights that consumers' assessments of both the technical service quality and the functional service quality have a direct impact on their perceptions of value in addition to how well a product functions and how much it costs.

The impact of functional value, emotional value, and social value on a variety of factors, including product quality, service quality, perceived price, value for money, and consumers' willingness to make a purchase, is a noteworthy factor within the Retail Service Quality and Perceived Value model. In other words, how do these three aspects of value affect how the service and its corresponding features are assessed overall? (Seth et al, 2009) Empirical study and analysis are

necessary to comprehend the total effects of functional value, emotional value, and social worth. Examining each one's unique contributions to the model's aforementioned elements might offer insightful information about how consumers behave and make decisions. Researchers and practitioners can gain a more nuanced understanding of how various aspects of value shape consumer perceptions and preferences in the context of retail service encounters by examining these dimensions in relation to product and service quality, perceived price, perceived value for money, and consumers' willingness to buy. To better fulfill the wants and expectations of their target customers, firms can modify their services and marketing strategies with the help of this understanding. The model considers only one value construct (value for money). (Seth et al, 2009)

2.3.4 SERVQUAL VS SERVPERF

Two frequently used measurement tools for evaluating service quality across diverse service industry sectors are SERVPERF and SERVQUAL. The literature on service quality, however, points out a significant difference between these two metrics' fundamental approaches to measuring service quality. Furthermore, it is important to keep in mind that the results obtained by using these two metrics could not always coincide with one another (Rodrigues, 2013).

Both SERVQUAL and SERVPERF are equally valid for forecasting overall service quality (OSQ). The SERVQUAL scale's prediction accuracy can be improved by customizing it for the particular context of the measurement, though. On the other hand, changing the context has no positive impact on SERVPERF's predictive validity. Additionally, measures of service quality show improved predictive validity when applied to less individualistic cultures, non-English speaking nations, and industries with minimal customization (such as hotels, rental cars, or banks). (2007) (Carrillat, Jaramillo, and Mulki). According to study by Ravichandran et al. from 2010, customer perception is more important than expectation. Mehta et al. (2000) showed that SERVQUAL was better appropriate for measuring service quality in a retailing scenario characterized by "more goods and less service," such as a supermarket. On the other hand, SERVPERF was discovered to be a more suitable measure of service quality in

a retailing scenario where the service element becomes more significant, such as an electronic or luxury goods merchant. This shows that the decision between SERVQUAL and SERVPERF is influenced by the unique qualities and service emphasis of a particular retailing environment.

The SERVQUAL instrument's problems can be divided into two primary categories: conceptual and empirical. The distinctions between these groups are muddled by how closely they are related. Empirical issues result from the actual use and measurement of these notions, whereas conceptual issues are concerns with the instrument's underlying conceptions (Van Dyke et al., 1997). Researchers have used Cronbach's alpha coefficient to gauge the SERVQUAL scale's internal consistency when assessing the reliability of the instrument (Miguel, 1999; Gournaris, 2005; Kang, James, & Alexanderis, 2002; Landrum, Prybutok, & Zhang, 2007).

Another criticism of SERVQUAL focuses on its predictive validity, particularly how it empirically relates to other constructs that have similar concepts. According to Durvasula, Lysonski, and Mehta (1999), perception ratings were more accurate in predicting the overall evaluation of service than gap scores. Similar to this, Zhou et al. (2002) found that SERVQUAL's predictive validity was poor, regardless of whether gap scores or perception-only scores were used as predictors. These results cast doubt on SERVQUAL's ability to correctly forecast customer assessments and results.

Additionally, Van Dyke et al. contend that the conceptual difficulties have effects on the SERVQUAL instrument's validity and reliability from an empirical perspective. There are various empirical challenges brought on by the use of difference scores and the theoretical basis for developing the initial five service quality characteristics. These include the instrument's poor convergent validity, unstable dimensionality, and low reliability (Van Dyke et al., 1997). The main differences between the three models can be seen summarized in table 1.

Table1. Comparison table of the three models (Rahnasto, 2023)

Aspect	SERVPERF	SERVQUAL	Retail Service Quality and Perceived Value Model
Measurement Focus	Measures service quality based on customer perceptions.	Measures service quality by comparing customer expectations with perceptions.	Investigates service quality's impact on perceived value and willingness to pay.
Dimensions Assessed	Primarily focuses on performance aspects. (Reliability, Assurance, Tangibles, Empathy and Responsiveness)	Considers both performance and customer expectations across five dimensions: Reliability, Assurance, Tangibles, Empathy, and Responsiveness.	Explores various dimensions related to service quality, value, and willingness to pay.
Expectations	Does not explicitly consider customer expectations.	Includes a comparison of customer expectations with actual service experiences.	Considers the concept of "value for money" as part of its value assessment.
Simplicity	Simpler to implement as it does not require gathering customer expectation data.	More complex as it involves assessing both perceptions and expectations.	Requires comprehensive analysis due to its multi-dimensional approach.
Assessment of Service Quality	Based solely on how well the service is performed.	Considers whether the service met, exceeded, or fell below customer expectations.	Examines the impact of service quality on perceived value and willingness to pay.
Direct Impact on Perceived Value	Limited, as it primarily assesses service quality.	Stronger, as it explicitly connects service quality to perceived value.	Explores the relationship between service quality and perceived value.
Gap Analysis	Less effective in identifying gaps between expectations and perceptions.	More effective in identifying gaps and areas for service improvement.	Focuses on understanding how service quality influences willingness to pay.
Forecasting Overall Service Quality (OSQ)	Equally valid for forecasting OSQ.	Equally valid for forecasting OSQ.	Considers various factors affecting overall service quality.
Applicability in Different Scenarios	more suitable measure of service quality in a retailing scenario where the service element becomes more significant	"more goods and less service"	Examines value's impact on service quality and willingness to pay

<p>Limitations</p>	<p>1. May not fully capture the impact of expectations on perceived quality. 2. Ignores the role of expectations in customer satisfaction.</p>	<p>1. Requires additional data collection (expectations). 2. Subjective nature of customer expectations. 3. Complexity can make it challenging to implement. 4. Empirical issues related to actual use and measurement of concepts. 5. Conceptual issues related to underlying conceptions. 5. Reliability assessed using Cronbach's alpha coefficient.</p>	<p>1. Examines the influence of multiple dimensions of value on various aspects of service quality and willingness to pay. 2. Requires comprehensive empirical analysis. 3. Considers only one value construct (value for money).</p>
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3 Data Collection and Analysis

3.1 Introduction

The unique aspect of travel retail lies in its focus on travelers in transit, catering to their specific needs and desires during their journeys. Travel retail aims to provide convenient and attractive shopping experiences to meet the demands of these transient customers. As a distinct industry, travel retail has witnessed substantial growth and emerged as a significant player within the broader travel and tourism sector (Princy, 2023). The global duty-free industry has experienced rapid expansion, driven by factors such as the increasing number of both domestic and international travelers.

This project aims to explore, study, and implement a customer perception model using the SERVPERF framework for a company operating at Helsinki-Vantaa airport. The objectives of the project are as follows:

1. To measure customer perception of service quality using the SERVPERF model in the duty-free store.
2. To identify areas for improvement.
3. To examine the impact of flight destinations on customer perception of service quality and possible reasons behind these differences.
4. To identify customer segments and compare their results based on flight destination.
5. To provide recommendations for the company on areas of improvement.

By utilizing the SERVPERF model, the project aims to assist the duty-free shop at Helsinki-Vantaa airport in identifying its current service quality and pinpointing any gaps perceived by its customers. Analyzing the impact of flight destination on customer perception will enable the duty-free shop to tailor its services to cater to the specific needs of customers. Furthermore, by identifying customer segments and comparing their results based on flight destinations, the duty-free shop can fine-tune its services to meet the preferences of customers from key destinations.

Service quality plays a pivotal role in customer satisfaction, especially in a business network where customer needs are increasingly diverse. The company is

committed to providing a high standard of service quality to the airport's customers.

The global Covid-19 outbreak, which resulted in extensive travel restrictions, presented the travel retail sector with unheard of difficulties in 2020 (Creswell et al., 2014). In comparison to pre-pandemic levels, Helsinki-Vantaa airport passenger volumes are still in the ramp-up phase as of 2023. The company has noticed changes in the mix of passengers as some locations have recovered more quickly than others. This study aims to assess the level of service quality currently offered and pinpoint any areas of improvement to service quality. Initially, a quantitative survey employing the SERVPERF model discerns the present level of customer perception towards service quality, providing a solid numerical foundation. Following this, qualitative semi-structured interviews explore the nuances of customer perceptions based on their flight destinations, unveiling any pertinent similarities or differences that a mere numerical analysis might overlook and the potential reasons behind any differences or similarities. Furthermore, engaging company experts through qualitative interviews not only garners a deeper insight into their interpretation of the data but also aims to bring forward expert recommendations for enhancing the perceived service quality within the store both short term and long term. This multifaceted approach ensures a more holistic understanding and a robust analysis, facilitating well-informed decisions and aims to give recommendations to the commissioning company on how to improve the store's service quality.

Research Questions:

4. What is the current level of customer perception of service quality in the duty-free shop?
5. Are there any differences or similarities in customers' perceptions of service quality based on their flight destination and what factors could influence those?
6. How do the experts within the company see the results and what would be the steps to improve perceived service quality?

Additionally, the research will involve a second step of expert interviews to delve deeper into the reasons behind the identified gaps and provide specific recommendations to the company for improvement.

By addressing these research questions and conducting expert interviews, this study endeavours to contribute valuable insights to the duty-free shop at Helsinki-Vantaa airport and enhance its service quality to meet the evolving needs of travellers in transit. Employing a mixed methods approach for scrutinizing customer perception and service quality in a duty-free shop is a judicious strategy. It combines the statistical precision of quantitative methods with the in-depth understanding afforded by qualitative methods. In mixed-method studies, it's common to use both surveys and interviews (Brookhart & Durkin, 2000; Lai & Waltman, 2008). Questionnaires are useful for identifying trends within large groups, whereas interviews usually offer a deeper understanding of participants' views, feelings, and ideas (Kendall, 2014).

3.2 Quantitative Research

3.2.1 Survey Instrument Selection

The selection of the SERFPERF model for designing the questionnaire was based on a comprehensive literature review, which highlighted its suitability for duty-free shops operating in an upscale and luxurious environment. Mehta et al. (2000) emphasized the model's applicability for retailers with a strong service-oriented nature, making it particularly well-suited for this study's context.

The SERFPERF model's emphasis on service quality assessment aligns with the duty-free shop's focus on providing exceptional customer experiences. As travelers seek gratifying shopping encounters during their transit, the significance of service quality in the duty-free environment is paramount. Therefore, the SERFPERF model's comprehensive examination of both tangible and intangible aspects of service quality is highly relevant for this study.

The questionnaire employed the original 22-item structure proposed by Parasuraman et al. (1988) to measure the five dimensions representing service quality: reliability, responsiveness, assurance, empathy, and tangibles. To capture respondents' perceptions effectively, approximately half of the statements

were positively worded, while the remaining statements were framed as negatives. Respondents were requested to rate their agreement using a five-point Likert scale, ranging from "Strongly Agree" (5) to "Strongly Disagree" (1). For the negative statements, the scale values were reversed prior to data analysis, following the approach outlined by Parasuraman et al. (1988).

3.2.2 Survey Distribution

To gather data from customers of the Duty-free store at Helsinki-Vantaa airport, the survey was distributed using printed hand-out advertisements at the tills (please see Appendix 3). Additionally, the survey was made accessible via the LimeSurvey platform through a QR code included in the advertisement. LimeSurvey was selected as the survey platform due to its accessibility benefits, making it a suitable option for a student at Tampere University of Applied Sciences.

The data collection period spanned from 00:01 AM on 17th July 2023 to 23:59 PM on 30th July 2023, providing respondents with ample time to participate in the survey. To incentivize participation, a raffle with a 100 USD gift card prize was offered. At the conclusion of the survey (Q24), respondents had the option to provide their email addresses voluntarily for entry into the raffle.

The survey comprised 24 individual questions, with the first one prompting customers to indicate their destination country of travel. Questions Q2 to Q23 utilized the Likert scale format and were based on the SERFPERF model, enabling the measurement of customer perceptions regarding service quality across the five dimensions.

3.2.3 Target Population

The target population for this study consisted of customers visiting the Duty-free store at Helsinki-Vantaa airport during the data collection period. The duty-free shop serves a diverse range of travellers, including both domestic and international passengers. The study aimed to capture the perceptions of customers from various flight destinations, considering the potential influence of destination-specific factors on service quality evaluations.

Throughout the data collection period, a total of 633 flyers were distributed to customers by the store staff at the tills. The survey received 103 responses, out of which 88 were deemed valid, resulting in a response rate of 13.9% of valid responses.

3.2.4 Research Framework

The study utilized a cross-sectional research design, which allows for the collection of data at a single point in time. This approach facilitates a snapshot of customer perceptions of service quality within the duty-free shop, encompassing both tangible products and intangible service elements. By employing a cross-sectional design, the study focused on analysing the current state of service quality and helping provide actionable recommendations for improvement in the second stage of the research.

3.2.5 Ethical Considerations

The study adheres to ethical principles of research, ensuring respondent anonymity, confidentiality, and voluntary participation. Respondents' personal information is kept confidential, and data are stored securely. Participation in the survey was entirely voluntary, and respondents were free to withdraw from the study at any point without consequences. The privacy statement was included to the beginning of the survey as follows:

“Your privacy and the security of your data are of utmost importance to us. We want to assure you that all the information you provide in this survey will be handled with the highest level of care and in accordance with applicable data protection regulations.

1. **Data Security:** All the data collected from this survey will be stored securely on a password-protected server. Access to this data will be limited to authorized personnel involved in the research project.
2. **Confidentiality:** Your responses will be treated as strictly confidential. Any information you provide will be used for research purposes only and will be anonymized and aggregated to ensure individual privacy.

3. **Data Retention:** The survey responses and associated data will be retained until the 15th of December 2023. After this date, all collected data will be securely destroyed to ensure that it is no longer accessible or identifiable.
4. **Anonymity:** To protect your privacy, any personal identifiers (such as names, email addresses, or other identifying information) will be separated from the survey responses. The data analysis will be conducted on an aggregate level, ensuring that individual participants cannot be identified.
5. **Voluntary Participation:** Participation in this survey is entirely voluntary. You have the right to withdraw from the survey at any time, and your decision to participate or withdraw will not have any negative consequences.”

3.2.6 Response Rate

In total 633 flyers were distributed to customers during the data collection period. Out of the 633 total of 103 responses were received and 88 were valid giving a response rate of 13.9% of valid responses. Of all respondents 85.4% were valid. The total number of responses did not meet the expectation set out prior to the data collection and the main challenge identified before the data collection turned out to be the pit fall of the data collection.

During the data collection phase, a primary obstacle emerged in disseminating the survey information effectively to customers, despite the potential for a significantly larger reach. Within this context, the attainment of a meaningful response rate posed a considerable challenge. Among the recipients who successfully received the survey information, an encouraging response rate of 13.9% was achieved, signifying a commendable level of engagement within the surveyed population.

Table 2: Case Processing Summary

		N	%
Cases	Valid	88	85.4
	Excluded ^a	15	14.6
	Total	103	100.0

- a. Listwise deletion based on all variables in the procedure.

3.2.7 Initial Data Examination and Handling

In the pursuit of ensuring accurate and reliable results, a comprehensive process of data handling and cleaning was undertaken to refine the collected responses. This phase is pivotal in guaranteeing the integrity of the dataset and subsequently the validity of the findings.

A critical aspect of data cleaning involved addressing the inherent challenges posed by negatively stated questions within the survey. To maintain the consistency and interpretability of the responses, a strategic reversal of scores was implemented for these specific items. For instance, if a participant had initially rated a negatively formulated question with a score of 1, this score was reversed to 5. Similarly, scores of 2 were flipped to 4, scores of 3 remained unchanged, scores of 4 became 2, and scores of 5 were adjusted to 1. This approach was pivotal in rectifying potential confusion that could arise from the survey's mix of positively and negatively stated questions. By aligning all response scores along a uniform scale, it facilitated a more coherent analysis and interpretation of the collected data.

Throughout the data cleaning process, a meticulous review of the dataset was conducted to identify and rectify any anomalies or inaccuracies. This included a careful examination of outliers, missing values, and other irregularities that could potentially skew the analysis. In cases where missing values were identified, they were managed through a rigorous exclusion strategy, ensuring that the final dataset was composed exclusively of responses with complete information, thereby preserving the integrity of the analysis.

3.2.8 Factor Analysis

All negatively stated question scores were reversed to maintain accurate scores of the SERVPERF.

Tangibles: The analysis began with exploring the **Tangibles** dimension. The factor matrix below (Table 3.1.1) shows the factor loadings for each item on the extracted factors. Additionally, the Kaiser-Meyer-Olkin (KMO) measure of sampling adequacy and Bartlett's test of sphericity were used to assess the suitability of the data for factor analysis. The KMO value of .797 and Bartlett's test significance ($< .001$) indicate that the data are appropriate for factor analysis.

Table 3: Factor Matrix for Tangible Dimension

Factor Matrix^a	
	Factor 1
Q1	.853
Q2	.817
Q3	.869
Q4	.841

Extraction Method: Principal Axis Factoring.

a. 1 factors extracted. 4 iterations required.

Reliability: The reliability dimension analysis faced convergence issues, resulting in only one factor being extracted. The KMO value (.732) and Bartlett's test significance ($< .001$) suggested the data's potential suitability for factor analysis (Table XYX).

Table 4: Factor Matrix for Reliability Dimension (Extraction issue)

Factor Matrix^a

a. Attempted to extract 2 factors. In iteration 25, the communality of a variable exceeded 1.0. Extraction was terminated.

Responsiveness: For the Responsiveness dimension, the factor matrix (Table 3.1.3) displays the factor loadings. The KMO value of .800 and Bartlett's test significance ($< .001$) indicate the suitability of the data for factor analysis.

Table 5: Factor Matrix for Responsiveness Dimension

Factor Matrix^a	
	Factor 1
Q10	.647
Q11	.763
Q12	.748
Q13	.817

Extraction Method: Principal Axis Factoring.

a. 1 factors extracted. 7 iterations required.

Assurance: Similar to the reliability dimension, the Assurance dimension analysis faced convergence issues, leading to only one factor being extracted. The KMO value (.765) and Bartlett's test significance ($< .001$) suggested the data's potential suitability for factor analysis (Table YYZZ).

Table 6: Factor Matrix for Assurance Dimension (Extraction issue)

Factor Matrix^a	
	Factor 1
Q14	.250
Q15	.867
Q16	.901
Q17	.865

Extraction Method: Principal Axis Factoring.

a. 1 factors extracted. 7 iterations required.

Empathy: The Empathy dimension analysis yielded the factor matrix (Table 3.1.5) with factor loadings for each item. The KMO value of .836 and Bartlett's test significance ($< .001$) supported the data's suitability for factor analysis. Two factors were extracted, explaining a cumulative variance of 63.669%.

Table 7: Factor Matrix for Assurance Dimension

Factor Matrix^a		
	Factor	
	1	2
Q18	.100	.386
Q19	.847	.162
Q20	.838	-.231
Q21	.914	.041
Q22	.829	-.023

Extraction Method: Principal Axis Factoring.

a. 2 factors extracted. 15 iterations required.

3.2.9 Validity

The findings from the factor analysis support the validity of the **Tangibles**, **Responsiveness**, and **Empathy** dimensions. Despite the extraction issues faced by the **Reliability** and **Assurance** dimensions, the data's initial suitability for factor analysis suggests potential underlying constructs.

The Kaiser-Meyer-Olkin measure (KMO) and Bartlett's test of sphericity significance values underscore the overall appropriateness of the data for factor analysis across dimensions.

Table 8: Summary of KMO and Bartlett's Test

Dimension	KMO Value	Bartlett's Test Significance
Tangibles	.797	< .001
Reliability	.732	< .001
Responsiveness	.800	< .001
Assurance	.765	< .001
Empathy	.836	< .001

The **Tangibles** dimension factor analysis yielded a clear and interpretable factor structure. The factor loadings of the items within this dimension were notably

strong and consistent, with loadings ranging from .817 to .869. The Kaiser-Meyer-Olkin (KMO) measure of sampling adequacy value of .797 and the significance of Bartlett's test of sphericity ($< .001$) indicate the suitability of the data for factor analysis, supporting the validity of the identified factors.

While the **Reliability** dimension analysis encountered convergence issues resulting in a single factor extraction, the KMO value of .732 and Bartlett's test significance ($< .001$) still suggest potential underlying constructs within this dimension.

The **Responsiveness** dimension factor analysis demonstrated strong factor loadings and an adequate factor structure. Factor loadings ranged from .647 to .817, and the KMO value of .800 along with Bartlett's test significance ($< .001$) supported the suitability of the data for factor analysis. These findings contribute to the validity of the identified factors within this dimension.

Similar to the **Reliability** dimension, the **Assurance** dimension analysis encountered convergence issues resulting in a single factor extraction. Despite this, the KMO value of .765 and Bartlett's test significance ($< .001$) indicate potential underlying constructs within this dimension.

The **Empathy** dimension factor analysis yielded two factors, explaining a cumulative variance of 63.669%. The factor loadings ranged from .100 to .914, indicating the presence of distinct underlying constructs. The KMO value of .836 and Bartlett's test significance ($< .001$) reinforce the validity of the identified factors within this dimension.

Theoretical Alignment: The items within each dimension were carefully selected based on their alignment with the theoretical concepts of the SERVPERF model. Despite the factor extraction outcomes, these items still encapsulate key attributes of their respective constructs.

Content Validity: Items were derived from established scales and theoretical constructs, enhancing the content validity of our measurement instrument. This ensures that the items represent meaningful aspects of each construct.

Face Validity: Review was conducted to assess the face validity of the items, and they were deemed suitable for measuring the intended constructs by a field expert of the commissioning company.

Convergent Validity: While items loaded onto single factors, the high factor loadings of the items within each dimension indicate strong associations with their respective constructs. This suggests that the items, even when grouped together, effectively measure the intended dimensions.

3.2.10 Reliability

Overall reliability score (Cronbach's Alpha) was .812.

Table 8: Overall reliability

Reliability Statistics	
Cronbach's Alpha	N of Items
.812	5

And across the five categories the reliability score was as follows:

Table 9: Overall reliability across categories

Item-Total Statistics			
	Scale Mean if Item Deleted	Scale Variance if Item Deleted	Corrected Item-Total Correlation
Tangibles	16.6824	8.575	.437
Reliability	16.8517	8.016	.692
Responsiveness	17.0744	7.254	.496
Assurance	16.6284	7.435	.788
Empathy	17.0153	6.942	.687

With the highest score in Tangibles (.820) and Responsiveness (.821) all categories scored above (.720) indicating acceptable reliability.

Table 10: Reliability of Linear Combination

Table 10: Reliability of Linear
Combintaion

Cronbach's Alpha	N of Items
.911	22

Table 11: Reliability of Linear Combination / Total Item Statistics

Item-Total Statistics				Cronbach's Alpha if Item Deleted
	Scale Mean if Item Deleted	Scale Variance if Item Deleted	Corrected Item-Total Correlation	
Q2	88.16	209.492	.463	.909
Q3	87.93	206.754	.560	.907
Q4	88.22	207.803	.506	.908
Q5	88.22	205.505	.508	.908
Q6	88.09	206.635	.524	.908
Q7	88.03	203.826	.628	.906
Q8	89.08	210.534	.215	.917
Q9	88.05	205.446	.592	.906
Q10	88.25	202.603	.567	.907
Q11	88.97	202.930	.416	.911
Q12	88.41	199.302	.559	.907
Q13	88.32	199.185	.563	.907
Q14	88.40	198.932	.577	.906
Q15	88.39	196.102	.661	.904
Q16	88.12	204.341	.613	.906
Q17	87.85	208.288	.552	.907
Q18	87.94	202.997	.627	.906
Q19	88.05	205.239	.574	.907
Q20	88.44	194.479	.714	.903
Q21	88.61	202.654	.481	.909
Q22	88.62	197.042	.631	.905
Q23	88.59	197.463	.593	.906

Reliability of linear combination indicating high reliability of (.911) with all individual instruments Cronbach's Alpha score above (.900).

3.2.11 SERVPERF Results

In this section, we present the SERVPERF scores obtained from the survey responses based on the different travel destinations. A total of 88 valid responses

were collected, each reflecting the perceptions of travelers regarding service quality across the SERVPERF dimensions.

The survey was concluded as data collection period expired. Results were total of 88 valid and completed responses. With the low number of responses the responses divided by destinations were as indicated in table 12.

Table 12: Number of Responses by Destination

Destination	Number of responses
Sweden	9
Finland	9
Germany	7
Norway	6
Italy	6
Spain	5
United States	5
Greece	4
France	3
Canada	3
Poland	3
Belgium	2
Portugal	2
Croatia	2
Switzerland	2
Australia	2
Netherlands	2
Argentina	2
Turkey	1
Israel	1
China	1
Austria	1
Thailand	1
Denmark	1
Estonia	1
Philippines	1
Indonesia	1
United Kingdom	1
Japan	1
Zambia	1
Liechtenstein	1
Luxembourg	1
Grand Total	88

It's important to note that the responses from the destinations of China and the United Kingdom (UK) were relatively low. To ensure statistical robustness and meaningful analysis, these destination's scores were grouped under the "Others" category. This decision is aimed at maintaining the accuracy and reliability of our findings. Based on the responses by destinations the scores were divided as: Finland, Germany, Sweden and Others. Below, a breakdown is provided of the calculated SERVPERF scores for each dimension (Tangibles, Reliability, Responsiveness, Assurance, and Empathy) across different destinations:

Table 13: Tangibles Scores

Destination	Number of responses	Tangibles Score
Finland	9	3,611
Germany	7	4,536
Others	63	4,444
Sweden	9	4,583
Grand Total	88	4,381

Table 14: Reliability Scores

Destination	Number of responses	Reliability Score
Finland	9	3,467
Germany	7	4,000
Others	63	4,337
Sweden	9	4,244
Grand Total	88	4,211

Table 15: Responsiveness Scores:

Destination	Number of responses	Responsiveness Score
Finland	9	3,472
Germany	7	3,500
Others	63	4,099
Sweden	9	4,111
Grand Total	88	3,989

Table 16: Assurance Scores

Destination	Number of responses	Assurance Score
Finland	9	3,722
Germany	7	4,250
Others	63	4,548
Sweden	9	4,500
Grand Total	88	4,435

Table 17: Empathy Scores

Destination	Number of responses	Empathy Score
Finland	9	3,733
Germany	7	3,686
Others	63	4,121
Sweden	9	4,133
Grand Total	88	4,048

Table 18: Overall SERVPERF Scores:

Destination	Number of responses	Overall Score
Finland	9	3,601
Germany	7	3,994
Others	63	4,310
Sweden	9	4,314
Grand Total	88	4,213

Table 19: Overall score by dimension

Number of responses	Tangibles	Reliability	Responsiveness	Assurance	Empathy	Overall
88	4,381	4,211	3,989	4,435	4,048	4,213

Research question:

Q1: What is the current level of customer perception of service quality in the duty-free shop?

Tangibles: In the Tangibles dimension, the participants' responses yielded an average score of 4.381. This score reflects the customers' perception of the physical attributes of the shop, including its appearance, cleanliness, and overall visual appeal. A higher score in this dimension indicates that customers generally perceive the shop's physical environment positively.

Reliability: The Reliability dimension garnered an average score of 4.211. This score reveals customers' opinions regarding the shop's consistency in delivering promised services accurately and dependably. A higher score in this dimension suggests that customers have a favorable perception of the shop's reliability in service delivery.

Responsiveness: Participants' responses in the Responsiveness dimension yielded an average score of 3.989. This score indicates customers' views on the shop's willingness and ability to provide prompt assistance and address their needs efficiently. A higher score here suggests a positive perception of the shop's responsiveness to customer requests.

Assurance: In the Assurance dimension, the obtained average score was 4.435. This score reflects customers' confidence in the shop's ability to provide knowledgeable and courteous staff, instilling a sense of trust and reliability in the services offered. A higher score in this dimension implies a favorable perception of the shop's assurance aspects.

Empathy: The Empathy dimension obtained an average score of 4.048. This score indicates customers' perceptions of the shop's ability to understand their needs and offer personalized attention. A higher score in this dimension suggests a positive perception of the shop's empathetic approach to customer interactions.

Overall Service Quality: The overall perception of service quality, reflected in the Overall score, garnered an average of 4.213. This comprehensive score integrates customers' perceptions across all dimensions and offers a holistic assessment of their overall satisfaction with the service quality provided by the duty-free shop.

3.3 Qualitative Research

3.3.1 Introduction

The rapidly evolving landscape of retail and customer service demands businesses to consistently evaluate and improve their service offerings. In today's competitive market, ensuring optimal service quality is not just a matter of attracting new customers but also retaining existing ones. Service quality, as perceived by customers, can serve as a pivotal differentiator between businesses, shaping their reputation, brand value, and, most importantly, their bottom line.

In light of this, customer feedback, especially in the form of scores or ratings, is of paramount importance. These scores provide an invaluable insight into the customer's perceptions and experiences, which, in turn, guide businesses in their strategic decisions. However, interpreting these scores isn't always straightforward. Behind each score lies multiple factors, some obvious and others more subtle.

This study aims to delve deep into the reasons behind the service quality scores at a specific store, as perceived by its customers. While customer feedback gives one perspective, it's essential to understand the internal workings that might lead to such scores. Often, employees and experts within the company possess critical insights into operational challenges, decision-making processes, and other factors that directly or indirectly influence service quality. By interviewing these internal experts, especially those in decision-making or influential roles, we can gather a more comprehensive understanding of the reasons behind the scores.

Furthermore, these experts, given their positions and roles, have the power to instigate changes to improve service quality. Their perceptions, combined with customer feedback, can provide a holistic picture, offering actionable insights that can lead to improvements in service quality.

In essence, this part of the study, the purpose is two-fold:

1. Understanding the Service Quality Scores: Unraveling the factors, reasons, and areas responsible for the scores as perceived by company experts.
2. Potential Areas for Improvement: Identifying actionable insights and recommendations based on expert opinions to elevate service quality in the store.

Through in-depth interviews with company experts, this research hopes to bridge the gap between customer perceptions, as reflected in their scores, and the internal dynamics of the store that influence these perceptions. The goal is to provide a foundation for actionable strategies that will enhance service quality, ensuring the store's sustained success and growth in an increasingly competitive and changing market.

3.3.2 Research Design and Approach

Understanding the intricacies of service quality, especially from the perspective of those directly involved in its management and delivery, requires a comprehensive and flexible research approach. The method chosen for this research project was a semi-structured interview, a popular choice in qualitative research when aiming to gather detailed insights and personal experiences.

A semi-structured interview is characterized by its flexibility. While there is a pre-determined set of open-ended questions to guide the conversation, the interviewer is free to deviate from the list, allowing the discussion to flow naturally based on the participant's responses. This approach ensures that while the research objectives are met, there is also room for the participant to provide additional insights that might not be captured in a strictly structured format.

To ensure accuracy in capturing the participants' insights, all interviews were recorded. Using Microsoft Teams, a widely accepted platform for virtual meetings, provided both convenience for participants and the capability for accurate recording. Once the interviews were concluded, they were transcribed to ensure no nuance or details were overlooked.

The participants of this study are experts from the commissioning company, individuals who hold a wealth of knowledge about the company's operations and service quality dynamics. Ensuring their anonymity was a priority. Confidentiality not only respects the rights of the participants but also encourages open and honest dialogue. Knowing that their identities will remain undisclosed, participants are more likely to share candid insights, criticisms, and suggestions. In total four experts were interviewed. The criteria for selecting participants revolved around their expertise and their roles within the commissioning company:

- Expertise: The participants were selected based on their deep knowledge of service quality, backed by their experiences and roles within the company.
- Role within the Company: To ensure a comprehensive understanding, individuals from both the operational and commercial sectors of the company were chosen. This balance ensured a holistic view of service quality, encompassing both the delivery of service (operational side) and the strategic aspects of service quality (commercial side).

Two representatives from the operational aspect and two from the commercial sector of the commissioning company were chosen. This selection aimed to capture the broadest spectrum of service quality topics, leveraging the most specialized expertise available. To ensure anonymity of the respondents and their shared information and insights, the respondents are addressed as R1 (Respondent 1), R2 (Respondent 2), R3 (Respondent 3) and R4 (Respondent 4). The respondents were randomly assigned the name.

3.3.3 Research Questions

This part of the study aims to provide answers to research questions 2 & 3.

Q2. Are there any differences or similarities in customers' perceptions of service quality based on their flight destination?

Q3. How does the experts within the company see the results and what would be the steps to improve perceived service quality?

3.3.4 Data Analysis

The first step in the analysis was the transcription of the interviews. Given that the conversations were recorded in Teams, each recording was listened to multiple times to ensure accurate transcription. This enabled capturing not only the words but also the nuances and emphases to what the experts were highlighting. Once transcribed, each transcript was read multiple times to get a sense of the overarching themes and narratives emerging from the data. This initial reading served as a foundation for the subsequent coding process.

Coding is a systematic process in qualitative research used to categorize and label raw data. For this study, a thematic coding approach was employed, based on the sections and subtopics mentioned during the interviews. The coding was done in Microsoft excel. Initially, data was divided into chunks or segments based on natural language patterns. Each segment was given a label that summarized the core idea. After open coding, these segments were grouped under broader categories, corresponding to sections and subtopics from the interviews. Each subtopic was then added the respondents' direct words on their own separate columns to help understand similarities in the interview responses.

As multiple respondents were interviewed, it was essential to cross-reference the codes and themes. Whenever a section or subtopic was mentioned by more than one respondent, it was noted. This practice ensured that themes and insights

which were frequently mentioned or emphasized by multiple participants were given due attention and considered significant in the analysis.

With the data systematically coded and organized into themes, the subsequent step involved interpreting these themes in the context of the study's objectives. The connections between various themes were explored, patterns were identified, and meanings were derived.

3.3.5 Findings

Q2. Are there any differences or similarities in customers' perceptions of service quality based on their flight destination and what factors could influence those?

Understanding how customers perceive service quality based on their flight destinations is crucial for tailoring the service experience to match their unique expectations. There's an indication that service quality is perceived differently based on flight destinations. This variation could be influenced by cultural nuances, language barriers, and destination-specific expectations as highlighted in the interviews. For instance all interviewees discussed about the fact that the destination Finland customers have shown to provide lower scores in terms of perceived service quality.

A consistent observation from the interviews was the relatively lower perceived service quality scores from customers traveling to Finland. Delving into the reasons behind this, it emerged that Finnish culture, which values honesty and directness, might lead to more critical feedback. The absence of Finnish-speaking staff in stores further contributes to this perception, as echoed by respondents R2, R3, and R4, indicating that customers could feel more valued when communicated with in their mother tongue.

Further intricacies in customer perception arise from product availability and alignment. The emphasis, as suggested by R1, R3, and R4, is on ensuring that the product offerings resonate with the needs of customers traveling to specific

destinations. For example, the timing of flights to certain destinations, like Germany, may influence stock availability. This brings to the forefront the importance of ensuring product availability throughout the store's operational hours.

An additional layer of complexity is introduced by the challenge of striking a balance in service quality across generic and specialized areas. This was notably highlighted by R1 and R2, suggesting that aside from the flight destination, the type of product category can influence service quality perception. Variability in product knowledge among staff across different product categories was acknowledged, pointing towards the need for enhanced staff training.

All respondents saw that there are clear differences between the destinations and their perceived service quality scores and suggested a deeper investigation into the reasons of those differences.

Q3. How do the experts within the company see the results and what would be the steps to improve perceived service quality?

The challenge of ensuring optimal service quality is multilayered, with several facets demanding attention. Foremost among these is the issue of product availability and alignment. Feedback from respondents has been consistent in pointing towards the necessity of addressing stock levels to better cater to target customers. R1 and R4 further emphasize the need for deeper insights into which products truly resonate with customer preferences.

Technical issues, especially concerning tills and self-checkout systems, were a recurring theme throughout all the interviews. There's a shared sentiment about the need for swift resolutions to these issues and highlighted importance for quick actions steps to improve service quality. R1 and R2 both stated that slow tills or non-operational self-service tills is the main reason for having low scores in the tangibles dimension. R4 and R3 also brought up the condition of store fixtures, emphasizing that tangible elements of the service environment significantly influence perception.

On the technological front, the consensus on the potential advantages of electronic price tags stands out. Given the dynamic nature of pricing, electronic tags promise both accuracy and efficiency, marking them as pivotal for the future.

Staff training has also emerged as a central theme, with a unanimous agreement on the pressing need to elevate product knowledge. The exploration of innovative training methods, such as a specialized app, hints at the company's progressive approach. However, R2 and R3's observations that the app wasn't in full operation during data collection suggest room for further evaluation.

Resource planning, too, requires a relook. The consensus points to the need for streamlined planning, especially during peak hours. R2 and R3's emphasis on the insufficient resources during these times, and the potential benefits of operational self-checkout systems, underscores the need for more efficient resource allocation.

Communication, particularly when it comes to prices, product availability, and local product promotion, emerges as vital. The collective sentiment favors a stronger emphasis on local products to cater to destination-specific expectations. The ethos of service delivery, underscored by empathy and responsiveness, also takes center stage. The foundational elements of customer service, such as genuine interactions and timely responses, are deemed essential by R1, R2, and R3. Lastly, the significance of active feedback mechanisms cannot be overstated. The unanimous agreement on the value of customer insights, surveys, and continuous monitoring paves the way for a more feedback-driven approach.

In conclusion, the perceived service quality appears to vary based on flight destinations, with cultural nuances and language barriers playing a significant role. Addressing these specific needs, coupled with a comprehensive strategy to enhance service tangibles, reliability, staff training, and effective communication, will be pivotal in elevating the overall service quality.

4 Recommendations

Based on the presented findings, the researcher proposes the following recommendations to the commissioning company:

To enhance tangibles, it's imperative to invest in the visual appeal of the store. This involves ensuring cleanliness and making improvements to the current state of fixtures. Concurrently, technological upgrades are essential. There's an urgent need to address recurring technical issues, notably those concerning tills and self-checkout systems. Furthermore, the integration of electronic price tags is recommended for achieving both efficiency and accuracy in pricing communication to the customers.

Reliability can be strengthened by conducting a comprehensive study on product preferences tailored to each flight destination, ensuring that stock levels aptly cater to these specific customer needs. In addition, systems optimization is of paramount importance. Addressing and rectifying issues associated with malfunctioning tills or non-operational self-service counters will bolster customers' perceptions of the brand's reliability.

In terms of responsiveness, training programs for staff should be intensified. The aim is to improve staff responsiveness to customer requests and needs, equipping them with the necessary tools, expertise, and interpersonal skills. It's also vital to enhance resource planning to guarantee that adequate resources are on hand during peak shopping hours.

To build assurance, staff should be endowed with comprehensive product knowledge. Considering the rapid pace of technological advancement, leveraging innovative training solutions, such as specialized training apps, may be beneficial. The efficacy of these training methods should be assessed regularly. Moreover, it's advisable to periodically reconduct surveys following significant interventions. This will gauge the effectiveness of these initiatives and provide insights into any required recalibrations.

Empathy in service delivery is a differentiating factor. Therefore, it's crucial to emphasize foundational customer service practices during staff training sessions.

These include extending greetings to every customer and emphasizing authenticity in interactions.

Addressing destination-specific needs is another essential consideration. This entails recruiting multilingual staff or initiating language training sessions, with a focus on languages like Finnish, to circumvent language barriers and augment the shopping experience. Additionally, product offerings and promotional strategies should be adapted based on the cultural preferences of customers related to their flight destination. An emphasis on promoting local products, ensuring their availability, can cater to the preferences of travelers heading to specific destinations.

Establishing robust feedback mechanisms is also recommended. This involves instating systems to actively gather and respond to feedback, be it through traditional surveys, suggestion boxes, or contemporary digital platforms. The accumulated feedback should guide iterative service improvements, ensuring that the company's offerings remain aligned with the evolving preferences of its customer base.

Lastly, monitoring and adaptability are key. Regular reviews of service quality metrics will spotlight areas of excellence and those warranting further attention. Given the dynamism of the retail landscape, the company's strategy should remain adaptable, reflecting changing customer needs, market shifts, and technological innovations.

5 Conclusion

In today's competitive retail landscape, understanding and meeting customer expectations is paramount. By addressing the nuances associated with flight destinations and ensuring a holistic approach to service quality, the duty-free shop can significantly elevate its service standard, fostering greater loyalty and customer satisfaction. The recommended steps, if implemented diligently and reviewed periodically, can lead to a tangible improvement in service quality, ensuring a brighter and more prosperous future for the commissioning company. Improved service quality is linked to benefitting:

- Opportunities for cross-selling
- The attraction of new customers
- Development of customer relationships
- Increased sales and market shares
- Enhanced corporate image
- Reduced costs and increased profit margins and business performance

(Crosby, 1991; Reichfeld and Sasser, 1990; Edvardsson and Gustavsson, 1991; Adil, 2012; Adil, 2013a, Adil, 2013b)

This study endeavored to gauge and quantify the prevailing service quality perceptions of customers, utilizing the SERVPERF model as its analytical lens. While the number of responses might have been on the lower side, the research effectively determined service quality scores. It's crucial, however, to acknowledge that even though the expert interviews deemed the response rate to be both valid and insight-rich, it may not holistically reflect the perceptions of the entire customer demographic frequenting the duty-free store at Helsinki-Vantaa airport.

A secondary objective of this research was to delve into these results in a more granular fashion. Employing semi-structured interviews facilitated a deeper comprehension of the underlying factors influencing the scores, ultimately paving the way for contextually relevant recommendations and enhancement strategies. Through this nuanced approach, the research delineated a spectrum of actionable steps, encompassing both immediate interventions and long-term strategic initiatives that the company can seamlessly integrate. An essential takeaway from the expert interviews emphasized the imperative of perpetually assessing

service quality, especially given the dynamic and ever-evolving landscape of travel retail.

5.1 Discussion

This project aimed to explore, study, and implement a customer perception model using the SERVPERF framework for a company operating at Helsinki-Vantaa airport. The objectives of the project were to:

1. To measure customer perception of service quality using the SERVPERF model in the duty-free store.
2. To identify areas for improvement.
3. To examine the impact of flight destinations on customer perception of service quality and possible reasons behind these differences.
4. To identify customer segments and compare their results based on flight destination.
5. To provide recommendations for the company on areas of improvement.

These were done by using mixed methods of conducting a customer survey to answer research question 1 and semi-structured interviews to investigate and provide answers to research questions 2 & 3.

5.1.1 Validity

For the quantitative part of the research validity has been argued and established through:

- Theoretical Alignment
- Content Validity
- Face Validity
- Convergent Validity

In this research, given that the objectives and scope are closely aligned with the commissioning company, the qualitative segment leans on face validity based on the insights of company experts. This approach was considered most appropriate since the discussions and potential enhancements are deeply rooted in company-

specific expertise and information. The analysis and interpretation of interview data adhere to standard practices for semi-structured interview methodologies.

5.1.2 Limitations

This study was anchored on a robust theoretical framework throughout its methodological execution. However, certain limitations have emerged, which warrant attention for contextual interpretation of the findings.

Factor Analysis Concerns: A key methodological challenge was observed in the factor analysis of two specific dimensions, which experienced extraction difficulties. This could be attributed to the limited response rate, potentially impacting the reliability of the factor analysis. Notwithstanding, the qualitative data and subsequent responses were assessed as both valid and reliable.

Response Rate and Sample Representation: Out of the 633 flyers distributed during the data collection phase, a total of 103 responses were obtained. Of these, 88 were validated, yielding a 13.9% valid response rate. This figure was lower than the preliminary expectations, underscoring a potential non-response bias. While the data provides valuable insights, it may not entirely capture the diverse perspectives of the entire customer base. For further research the researcher suggests to develop and enhance the survey distribution to the respondents to improve the capture of the customer base.

Face Validity of Interviews: The semi-structured interviews, although beneficial, presented limitations in face validity. Given that the insights were primarily derived from the commissioning company's experts, the findings might exhibit an intrinsic organizational bias, absent of external validation. The findings of this research are directly related to and tied to the research context at Helsinki – Vantaa airport and should not be generalized in other retail environments.

Mixed-Methods Approach and Bias Mitigation: To counteract potential researcher bias, a mixed-method approach, comprising survey and semi-structured interviews, was selected. Engaging company experts in interpreting survey results was intended to capture and address the research objectives more authentically. These experts were carefully selected to represent the full spectrum of decision

making and responsibility related to service quality within the duty-free retail environment.

Temporal Limitations: The research spanned a constrained duration of two weeks. Given the ever-evolving nature of travel retail, it's plausible that a repeat survey could yield different results, especially with new operational changes, such as the introduction of staff training applications. The research recommendations is to adopt the service quality measurement model in long-term use.

Online Survey Constraints: Solely relying on an online survey posed accessibility challenges. There's a likelihood that certain customers, although provided with the survey's QR code, might not have had the requisite internet access or technological proficiency. Additionally, the structure and phrasing of the semi-structured interview questions, though designed to align with research objectives, might still harbor latent biases.

Recommendation for Continuous Measurement: Given the dynamic retail environment and potential shifts in customer perceptions, continuous or periodic evaluations of service quality are recommended to monitor and adapt to changing trends and to measure the success of possible changes made towards improving the perceived service quality. To summarize, while this study provides substantial insights into the service quality within a duty-free retail context, the limitations should be acknowledged when interpreting and generalizing the findings.

5.1.3 Research Recommendations

The methodology and approach adopted in this study provide a comprehensive outlook on service quality within the duty-free retail context. However, the constraints faced set a foundation for future research endeavours. Given the factor analysis concerns, particularly in two dimensions, subsequent studies might delve deeper by expanding the sample size. A larger and more diverse pool of participants can potentially enhance the reliability of the factor analysis and yield more nuanced insights.

Another pivotal aspect revolves around the response rate and representation. With 103 responses from 633 flyers and a valid response rate of 13.9%, there is a clear avenue to diversify data collection methods. Future research could integrate face-to-face interviews, observational techniques, or even interactive digital platforms to bridge this gap and cater to a wider segment of the customer base, ensuring that the perspectives captured are as comprehensive as possible.

The face validity of interviews in this study was primarily derived from the insights of the commissioning company's experts. This could result in an inherent organizational bias. Therefore, future studies might consider incorporating views from external industry experts or even customers to add depth and broaden the perspectives on the topic.

The temporal constraints of this research, limited to two weeks, underscore the dynamic nature of the travel retail industry. As operations change and evolve, future researchers should consider longer study durations, or even multiple phases of data collection, to capture these fluctuations more effectively.

The exclusive reliance on an online survey posed certain accessibility barriers. Given that not all customers might have had the required internet access or technological familiarity, future endeavours could potentially integrate offline data collection methods or interactive kiosks within the retail environment. This would not only improve accessibility but also enhance the immediacy of feedback collection. Lastly, considering the ever-changing retail landscape and potential shifts in customer perceptions, it's prudent for subsequent studies to advocate for continuous or periodic evaluations of service quality. This would aid organizations in real-time monitoring and adaptation to changing trends.

In conclusion, while this research has made significant strides in understanding service quality in a duty-free retail context, there's ample scope for future studies to address the identified limitations and offer even richer, more holistic insights.

5.1.4 Research Conclusion

The research objectives to set out were to:

1. To measure customer perception of service quality using the SERVPERF model in the duty-free store.
2. To identify areas for improvement.
3. To examine the impact of flight destinations on customer perception of service quality and possible reasons behind these differences.
4. To identify customer segments and compare their results based on flight destination.
5. To provide recommendations for the company on areas of improvement.

These objectives were set out to answer three research questions:

1. What is the current level of customer perception of service quality in the duty-free shop?
2. Are there any differences or similarities in customers' perceptions of service quality based on their flight destination and what factors could influence those?
3. How does the experts within the company see the results and what would be the steps to improve perceived service quality?

The answers to these questions are as follows:

Q1. What is the current level of customer perception of service quality in the duty-free shop?

A1: The overall perception of service quality, reflected in the Overall score, garnered an average of 4.213.

Q2. Are there any differences or similarities in customers' perceptions of service quality based on their flight destination and what factors could influence those?

A2:

Firstly, cultural nuances play a pivotal role in how feedback is perceived and given. Notably, Finnish culture has been described by all interviewees as being inherently critical. This cultural trait can be attributed to their value for honesty and directness in feedback, suggesting that the feedback received from Finnish customers might be more straightforward and candid.

Secondly, language barriers present a significant challenge. The notable absence of Finnish-speaking store staff has been pointed out as a concern. Interviewees R2, R3, and R4 emphasized the importance of this aspect, suggesting that Finnish customers would likely feel a heightened sense of comfort and appreciation if they could interact in their native tongue. Such linguistic inclusion can make a remarkable difference in their shopping experience.

On the topic of product availability and alignment, respondents R1, R3, and R4 voiced concerns regarding the alignment of products with the needs of customers traveling to specific destinations, such as Germany. It's interesting to note the suggestion by R1 and R4 about potential reasons behind stock unavailability. They proposed that specific flight departures at particular times might influence product availability. This underlines the need for more meticulous stock management to ensure consistent product availability during all operating hours.

Delving into the topic of generic versus specialized areas, a significant challenge was underscored by R1 and R2. They identified a delicate balance that needs to be struck between the service quality in generic areas of the store versus specialized ones. This insight implies that service quality perception isn't solely dependent on the flight destination but also on the type of product category. There's a variance in product knowledge among staff members across different product categories. As a remedy, both R1 and R2 advocated for intensified staff training. In conclusion, there's a unanimous acknowledgment among respondents about the distinct differences in perceived service quality scores based on flight destinations. All interviewees advocate for a more in-depth investigation into the underlying reasons for these disparities, suggesting that understanding these nuances can pave the way for more tailored and effective service strategies.

Q3: How do the experts within the company see the results and what would be the steps to improve perceived service quality?

A3:

One of the foremost challenges identified pertains to product availability. The unanimity with which the respondents recognized this issue is a testament to its gravity. The echoes of concern center around the immediate need to recalibrate stock levels to ensure that they resonate with the target customers' needs and

preferences. R1 and R4, in particular, argued for an intricate investigation, signaling the need to discern the products that indeed align with customer preferences.

Another area that emerged as a focal point of the discussions was tangible assets and their reliability. The recurring mention of technical glitches, particularly related to tills and self-checkout systems, cannot be overlooked. Such issues, as pointed out by R1 and R2, have been detrimental, leading to dwindling scores in the tangibles dimension. Conversely, R3 and R4 shifted the focus towards the broader store environment, emphasizing the weightage tangible facets hold in shaping service perceptions.

The proposal to employ electronic price tags garnered universal approval. Highlighted by all respondents, this innovative approach promises enhanced accuracy and efficiency. In a landscape where price alterations are frequent, such technology can potentially anchor the long-term enhancement of service quality.

Staff training emerged as a cornerstone for potential service improvement. The unanimity on its significance, especially regarding product knowledge, was palpable. Interestingly, the proposed innovative training solutions, such as a staff-training application, found favor among all. However, R2 and R3 noted its underutilization during the data collection phase, hinting at the possibility of revisiting its impact post full-scale implementation.

The unanimous consensus around the enhancement of resource planning underscores its significance. R2 and R3's insights were particularly enlightening, revealing the shortage of resources, especially during peak hours. The duo highlighted the untapped potential of operational self-checkout systems as a means to optimize resource distribution.

Transparent communication emerged as non-negotiable. The highlighted areas include price accuracy, product availability, and local product promotions. This emphasis on local products can potentially cater to the nuanced needs and expectations of specific destinations, positing it as an avenue to improve service quality.

The importance of empathy and responsiveness were unanimously endorsed. R1, R2, and R3, in particular, drew attention to the foundational elements of customer service, underscoring the importance of genuine interactions and timely services.

Lastly, the role of customer feedback mechanisms was emphasized. As per the respondents, actively sourcing and judiciously acting on customer insights holds the promise of refining service delivery. The sentiment echoed was clear: continuous monitoring is the most important area to sustain and uplift service quality on the long run.

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APPENDICES

Appendix 1. Finland airport passenger data 01.01.2023 – 31.04.2023

Kansainvälisten reittilentojen matkustajamäärät maittain, kaikki lentoasemat													
		K3/23		K2/23		K3/23		K4/23		Vuoden alusta			
		Matkustajia lkm	Matkustajamäärän muutos-%	Matkustajia lkm	Matkustajamäärän muutos-%	Matkustajia lkm	Matkustajamäärän muutos-%	Matkustajia lkm	Matkustajamäärän muutos-%	Matkustajia lkm	Matkustajamäärän muutos-%	Share of total 2023 YTD April	
EU	Saksa	107 062	75,1	116 370	75,5	129 264	49,1	127 884	31,8	481 110	86,6	11,52 %	
	Ruotsi	94 363	191,6	92 418	163,0	106 211	69,8	99 638	25,7	392 630	87,6	9,73 %	
	Espanja	94 931	68,5	93 056	60,9	108 031	34,8	96 624	19,5	391 642	42,7	9,71 %	
	Ranska	47 703	76,2	47 433	70,9	49 691	34,8	52 681	21,6	197 508	46,3	4,90 %	
	Alankomaat	93 365	82,1	47 266	66,4	52 074	28,1	41 024	-10,0	169 669	32,3	4,73 %	
	Italia	38 863	180,4	34 683	126,6	45 914	63,4	64 123	63,3	183 583	85,3	4,55 %	
	Tanska	37 136	154,0	37 889	99,6	45 933	54,2	52 446	29,0	173 204	66,6	4,29 %	
	Lätin	27 251	138,9	26 745	168,8	30 779	112,7	34 314	59,7	119 080	107,5	2,95 %	
	Ruola	26 018	130,8	26 580	116,0	29 691	37,7	34 172	25,1	118 461	63,5	2,94 %	
	Viro	22 251	48,3	22 427	121,7	25 907	54,8	20 755	2,8	91 340	46,5	2,26 %	
	Belgia	19 486	94,5	20 484	80,2	22 055	47,0	19 242	23,6	81 247	60,0	2,01 %	
	Itävalta	13 807	91,0	14 822	66,8	18 135	66,8	19 116	66,6	65 880	71,3	1,63 %	
	Portugali	9 937	112,4	9 788	86,8	12 856	27,2	13 048	0,1	45 629	38,0	1,13 %	
	Tšekki	7 144	154,4	8 461	222,4	11 090	101,1	13 696	70,8	40 391	113,0	1,00 %	
	Liettua	10 954	112,8	8 818	91,7	10 085	21,4	10 082	-2,7	39 719	34,8	0,98 %	
	Unkari	9 630	392,3	7 982	287,8	9 077	152,2	9 980	22,7	32 679	161,6	0,81 %	
	Ukraina	6 392	60,2	6 025	111,0	7 964	54,6	11 846	99,2	32 227	79,6	0,80 %	
	Kreikka	1 498	71,5			2 887	734,5	26 354	45,1	30 449	87,7	0,75 %	
	Kroatia							8 287	104,3	8 458	102,8	0,21 %	
	Kypros					539	/0	5 164	56,8	5 703	73,2	0,14 %	
	Luxemburg			1 677	17,4				1 834		28,4	0,05 %	
	Slovenia								1 220	/0	1 220	/0	0,03 %
	EU yhteensä	626 781	103,0	622 874	92,1	718 869	56,1	756 648	28,0	2 724 632	89,8	67,54 %	
Muu Eurooppa	Iso-Britannia	74 259	152,2	68 948	109,2	78 301	84,0	72 872	23,9	294 380	79,7	7,30 %	
	Norja	27 996	132,0	27 479	127,2	33 566	58,1	31 641	4,5	120 662	59,5	2,99 %	
	Turkki	25 777	97,3	22 384	91,7	25 009	73,2	30 948	41,3	104 118	70,5	2,58 %	
	Sveitsi	17 526	43,6	19 421	16,2	23 287	17,7	21 254	13,1	81 448	20,7	2,02 %	
	Islanti	6 736	/0	6 246	/0	8 715	3 861,4	12 718	134,9	34 415	510,8	0,85 %	
	Kosovo							2 514	/0	2 514	/0	0,06 %	
	Montenegro							1 111	/0	1 267	/0	0,03 %	
	Muu Eurooppa yhteensä	152 294	76,2	144 358	68,9	169 914	71,8	173 188	26,7	638 854	56,8	15,84 %	
Muu maailma	Yhdysvallat	28 162	35,6	23 761	64,2	31 955	48,7	33 798	15,5	117 676	36,9	2,92 %	
	Thaimaa	36 248	98,7	31 950	143,1	28 671	103,4	13 201	-20,7	109 680	77,0	2,72 %	
	Japani	15 045	194,8	15 717	365,1	29 677	1 756,0	36 014	697,6	96 454	520,1	2,39 %	
	India	21 678	428,7	19 241	238,1	17 876	118,2	15 394	118,2	74 189	175,8	1,84 %	
	Etelä-Korea	14 127	254,4	13 947	323,8	13 254	2 665,5	15 093	655,8	56 921	504,4	1,41 %	
	Singapore	13 954	300,2	13 000	599,3	14 672	315,8	13 000	23,5	54 635	181,5	1,35 %	
	Qatar	13 039	88,8	12 770	128,5	13 029	79,2	10 949	51,6	49 787	84,5	1,23 %	
	Hongkong	11 036	317,7	9 808	1 358,2	13 213	/0	14 565	/0	48 632	1 367,5	1,21 %	
	Kiina	7 859	102,2	5 325	83,8	8 890	242,2	6 185	327,1	28 498	147,0	0,70 %	
	Yhdistyneet arabiemihrumat	6 672	-18,8	6 452	-13,8	5 934	-22,7			19 058	-23,3	0,47 %	
	Israel	3 387	/0	3 726	43,0	4 764	-0,6	3 108	11,3	14 985	47,0	0,37 %	
	Muu maailma yhteensä	171 147	121,3	155 038	151,8	181 939	148,6	161 976	96,3	676 894	126,8	16,62 %	
Kaikki yhteensä		798 075	76,0	778 912	74,0	900 808	84,9	918 836	38,0	3 361 526	89,7	100,00 %	
8.5.2023													

(Finavia, 2023)

Appendix 2. Survey questions and structure

The following set of statements relates to your feeling about the T2S General Store. For each statement, please show the extent to which you believe T2S General Store has the feature described by the statement. 7 means that you strongly agree that the T2S General Store has that feature and selecting 1 means that you strongly disagree. You may select any of the numbers in the middle that show how strong your feelings are. There are no right or wrong answers. Please select a number that best shows your perception of the T2S General store.

Please indicate your flight destination:

- Q1. The store has up-to-date equipment.
- Q2. Physical facilities are visually appealing
- Q3. Employees are well-dressed and appear neat.
- Q4. The product placement is visually appealing
- Q5. When the staff promises to do something by a certain time, it does so.
- Q6. When you have problems, the staff is sympathetic and reassuring.
- Q7. The product availability did not meet my needs.
- Q8. The quality of the products meets my expectations
- Q9. The product prices are communicated clearly and accurately
- Q10. The store does not tell customers exactly when services will be performed
- Q11. You do not receive prompt service from the Store's employees.
- Q12. Employees of the store are not always willing to help customers.
- Q13. Employees of the store are too busy to respond to customer requests promptly.
- Q14. You can trust the employees of the store
- Q.15 You feel safe in your transaction with the store's employees.
- Q16. Employees of the store are polite.
- Q17. Employees get adequate support from the company to do their jobs well.
- Q18. The store does not give you individual attention.
- Q19. Employees of the store do not give you personal attention.
- Q20. Employees of the store do not know what your needs are.
- Q21. The store does not have your best interest at heart.

Q22. The store does not have operating hours convenient to all their customers.

P1-4	Tangibles
P5-9	Reliability
P10-13	Responsiveness
P14-17	Assurance
P18-22	Empathy

Parasuraman, A., Zeithaml, V. A., & Berry, L. L. (1988). Servqual: A multiple-item scale for measuring consumer perc. *Journal of Retailing*, 64(1), 12. Retrieved from <https://lib-proxy.tuni.fi/login?qurl=https%3A%2F%2Fwww.proquest.com%2Fscholarly-journals%2Fservqual-multiple-item-scale-measuring-consumer%2Fdocview%2F228609374%2Fse-2%3Faccountid%3D14242>

Customer Survey

Your opinion matters to us!

Share your thoughts on what we can improve
for a chance to win a

\$100 electronic Amazon -gift card!

Take our quick and anonymous survey by
scanning the QR code or visiting:

<https://survey.tuni.fi/lime/487146?lang=en>



The survey will only take a few minutes to complete, and
your responses will remain anonymous.

Appendix 4. Semi-Structured interview questions

- Could you please provide a brief overview of your role and responsibilities within the company?
- How long have you been working in this capacity, and what has been your experience in managing or contributing to service quality initiatives?

Question Set 1: Perceptions of Service Quality Scores

1. What is your initial reaction to the service quality scores obtained from our customers?
2. Are there any specific scores or trends that stand out to you? What might be the reasons behind these patterns?
3. Do you see any differences or similarities in customers' perceptions of service quality based on their flight destinations?

Question Set 2: Areas of Improvement

4. From your experience, are there any factors that might have influenced the scores in the "Tangibles" dimension? What steps could we take to improve these aspects?
5. Looking at the "Reliability" dimension scores, what measures could we implement to address any concerns and ensure consistent service delivery?
6. In the "Responsiveness" dimension, what strategies can we adopt to further improve customer interactions and timely services?
7. How would you interpret the "Assurance" dimension scores? What steps can be taken to build trust and customer confidence in our services?
8. Considering the "Empathy" dimension, how can we better understand and meet customers' individual needs? What initiatives might help enhance their experience?
9. Overall, in the context of the "Overall" score, what strategies do you recommend creating a lasting positive impression on customers?

Question Set 3: Expert Insights and Recommendations

10. As an expert within the company, how do you perceive the alignment of these scores with our current service quality initiatives?
11. What steps would you suggest bridging any gaps between our customers' perceptions and our intended service quality?
12. From your perspective, what are the critical areas that need immediate attention to elevate the overall service quality?
13. How can we effectively utilize the quantitative scores as well as your qualitative insights to drive meaningful changes and improvements?
14. Based on your expertise, what specific actions, policies, or training programs could contribute to a more positive service quality experience for our customers?

Question Set 4: Future Steps and Enhancement

15. What strategies or approaches should we consider to continually monitor and improve our service quality based on customer feedback?
16. Are there any innovative ideas or emerging trends that you believe could make a significant impact on our service quality?

Appendix 5. Interview coding table

All individual responses are taken out to ensure anonymity:

Section	Subtopic	Description	R1	R2	R3	R4
---	---	---	---	---	---	---
1. Introduction	Role Introduction	Introduction.				
2. Background Info	Responsibility and experience	Information about respondents responsibilities				
3. Experience & Role	Years in Current Role	years in the current role.				
	Influence on Global Initiatives	influence on service quality initiatives and responsibilities.				
4. Service Quality	Low Scores from Finnish Customers	Discussion about low service quality scores from Finnish customers.				
	Product Availability Issues	Issues related to product availability.				
	Sales Impact	Impact of low service quality scores on sales.				
	Finnish Customer Perception	Perception of Finnish customers regarding service quality.				
	Service Levels & Product Knowledge	Factors affecting service levels and product knowledge.				
5. Service Quality by Flight Destination	Perception by Destination	How service quality is perceived based on flight destinations.				
	Generic vs. Specialized Areas	Differences in service quality between generic and specialized areas.				
6. Tangibles Dimension	Technical Issues	Technical issues affecting tangibles (e.g., tills, self-checkout).				
	Store fixtures	Overall fixtures and shelves of the store				
	Electronic Price Tags	Discussion about the need for electronic price tags.				
	In-House Logistics	In-house logistics and its impact on tangibles.				
	Shelf Stocking & Merchandising	Factors related to shelf stocking and merchandising.				
	Staff Training & Product Knowledge	The role of staff training and product knowledge in tangibles.				
7. Reliability	Technical Issues	Technical issues impacting reliability.				
	Electronic Price Tags	Reliability related to electronic price tags.				
	Pricing Accuracy	Discussion about pricing accuracy.				
	Product Availability & Logistics	Reliability concerning product availability and logistics.				
8. Responsiveness	Customer Interaction & Timely Service	How responsiveness is related to customer interaction and timely service.				
	Operational & Staff Training	Factors concerning operational responsiveness and staff training.				
9. Assurance	Product Knowledge Assurance	Assurance related to product knowledge.				
	Building Trust & Confidence	Building trust and confidence in customers.				
	Communication of Product Suitability	Communication of product suitability to customers.				
10. Empathy Dimension	Understanding & Meeting Needs	The role of empathy in understanding and meeting individual needs.				
	Upselling & Cross-Selling	Empathy in upselling and cross-selling strategies.				
	Open & Helpful Customer Service	The importance of open and helpful customer service.				
11. Overall Perception	Alignment with Service Quality Initiatives	How overall perception aligns with service quality initiatives.				
	German & Finnish Customer Needs	Meeting the needs of German and Finnish customers.				
	Clear Communication & Local Emphasis	The significance of clear communication and emphasizing local products.				
12. Critical Areas for Attention	Clear Communication	The importance of clear communication.				
	Price Strategy	Strategies related to pricing.				
	Local Product Promotion	Promotion of local products.				
13. Utilizing Insights	Usefulness of Surveys	The usefulness of surveys in gathering customer insights.				
	Customer Insights for Improvements	How customer insights are used to improve service quality.				
14. Actions for Positive Quality	Training Programs & Policies	Actions related to training programs and policies.				
	The Effectiveness of the App for Training	The effectiveness of using an app for staff training.				
15. Conclusion	App for Staff Training	Continued discussion of the app for staff training.				
	Encouragement for Staff Training	Encouraging staff to take training seriously.				
	Efficiency of Training Programs	Evaluating the efficiency of training programs.				
16. Response rate	Response representation	Expert opinion on the results representing the overall service quality				