

# Improving the effectiveness of customer service

Case: Oppilastalo Ltd

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Case: Oppilastalo Ltd

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ABSTRACT

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The role of customer service has always been a big part of a company's image and the representatives are the company's face to the public. This study aims to understand the different customer groups and the effectiveness of customer service in the Oppilastalo Ltd.'s office to make the living for both foreign and Finnish customers more pleasant. This study attempts to answer the question: "How can Oppilastalo Ltd improve customer service with its current and future foreign and Finnish customers?"

The thesis is a qualitative case study. SOSTAC® model is the key planning framework for this study. SOSTAC® stands for Situation Analysis, Objectives, Strategy, Tactics, Actions and Control. This model needs complementing tools and this study uses SWOT-analysis and Porter's Five Forces make the model more effective. Development planning was used to support the key framework and to plan the future improvements.

The secondary data was collected from academic books, journals and online publications for the theoretical section. For the empirical section the primary data was gathered from interviews, email inquiry, feedbacks, and the author's own observations.

The study results indicate that Oppilastalo Ltd should focus on improving the written communication skills and cultural competence. The accommodation types should stay the same because they provide the chance to choose an apartment depending on the size and the price. Further study is needed to research the customer's preferences for the future housing and the students' wishes and needs should be taken into consideration during the research.

Key words: customer service, student housing, development plan, case study, SOSTAC®

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TIIVISTELMÄ

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Asiakaspalvelun rooli on aina ollut iso osa yrityksen imagoa ja edustajat antavat kasvot yritykselle. Tämän opinnäytetyön tarkoituksena on ymmärtää erilaisia asiakasryhmiä ja asiakaspalvelun tehokkuutta Oppilastalo Oy:ssä, jotta asuminen olisi miellyttävämpää ulkomaalaisille ja suomalaisille asukkaille. Tämä opinnäytetyö pyrkii vastaamaan tutkimuskysymykseen: ”Kuinka Oppilastalo Oy voi parantaa asiakaspalveluaan nykyisille ja tuleville ulkomaalaisille ja Suomalaisille asiakkaille?”

Tämä opinnäytetyö on laadullinen tutkimus. Opinnäytetyön pääviitekehys on SOSTAC®-malli. SOSTAC® tarkoittaa tilannetta, analyysiä, tavoitteita, strategiaa, taktiikkaa, toimia ja valvontaa. Tämä malli tarvitsee tuekseen muita analyysimalleja ja tässä opinnäytetyössä käytetään SWOT-analyysia ja Viiden kilpailuvoiman mallia. Kehityssuunnittelua käytetään myös tukemaan pääviitekehystä ja suunnittelemaan tulevaisuuden parannuksia.

Sekundäärinen aineisto kerättiin akateemisista kirjoista, artikkeleista ja luotettavista internet lähteistä. Empiirisen osan primääri aineisto kerättiin haastatteluilla, sähköposti kyselyillä, palautteilla ja tekijän omilla havainnoilla.

Tutkimuksen tulokset osoittavat, että Oppilastalo Oy:n pitäisi keskittyä parantamaan kirjallista viestintää ja kulttuuriosaamista. Asuntotyyppien pitäisi pysyä samana, koska ne tarjoavat mahdollisuuden valita asunnon koon ja hinnan. Lisätutkimusta tarvitaan selvittämään millaisia opiskelija-asuntoja tullaan rakentamaan tulevaisuudessa kiinnittäen huomiota opiskelijoiden tarpeisiin ja toiveisiin.

Asiasanat: asiakaspalvelu, opiskelija-asuntola, kehittämissuunnitelma, tapaustutkimus, SOSTAC®

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## 1 INTRODUCTION

The introduction provides the framework of the thesis. It goes through the background information of the thesis continuing with introducing the research question along with limitations and objectives. Lastly, the thesis introduction presents the theoretical framework, research methodology and data collection.

### 1.1 Background Information

Everybody needs a home where to live. Home can be a house, an apartment or some kind of accommodation. Home is a place where people should feel safe and it is a place where a lot of time will be spent.

In Finland, the first time someone moves to their very first apartment, it is because they are moving away from their parents to go to study. The quality of the physical environment and the social relationships developed in student houses have a important influence on how satisfied students are with their university education (Foubert, Tepper, & Morrison, 1998). Education is very important and highly valued section in Finland. In 2012 there were 1.2 million students in Finland and all of them need an apartment.

There were 139,900 polytechnic students and 169,000 university students which includes the Finnish and foreign students. Foreign students include the exchange students and the degree students. There were 9,500 foreign degree students studying in Finland in 2012. Most of the foreign students are from Asian countries and they come to study in Finland the whole degree program. Exchange students arrive from all around the world. (Official Statistics of Finland 2012.)

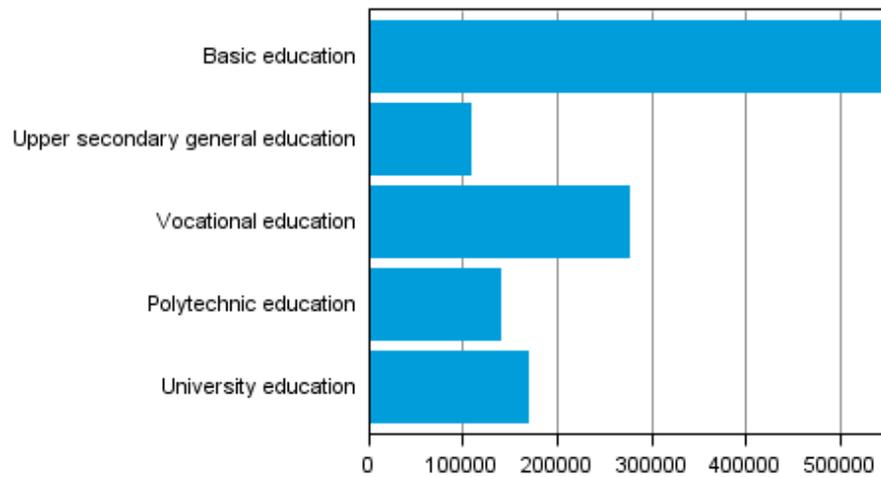


FIGURE 1. Students in education leading to qualification or degree by sector of education<sup>1)</sup> in 2012 in Finland

Lahti University of Applied Sciences has 5,000 students in many different faculties. Lahti University of Applied Sciences will be from now on referred to as Lahti UAS. Lahti UAS has foreign degree students and also exchange students. Most of the foreign students come to study business in Lahti UAS. The main inducement for foreign students is the free education in Finland. (LUAS 2015.)

Last year in 2015, the Finnish government decided that after August 1<sup>st</sup> 2017 there would be tuition fees for foreign students who come from outside the European Union or European Economic Area countries. The fee will be a minimum of 1,500 euros annually. (Liiten 2015.)

In the fall semester of 2014, there were 345 foreign degree students studying in Lahti UAS (Vipunen 2014). The turnover for exchange students is big and fast. For these reasons it is good that someone is focusing on their staying in Finland. All the exchange students and degree students along with the Finnish students need housing for their study period. Normally private renters want to make housing contracts for at least one year. Student housing company is aware of limited times that, for example, exchange students are staying in Finland. Student housing is focused on students and their living. In Lahti region, the operating student housing company is Oppilastalo Ltd.

Oppilastalo Ltd is established by vocational institutes' student associations in Lahti on 11th September 1969. The vision of the company is to build, administer, and lease student and lease housing for a competitive price in Lahti region and to fulfill the requirements concerning quality, location and number of housing set by students and educational establishments. The company practices building, management, administration- and maintenance activities of real estate and buildings. (Oppilastalo 2015.)

It is important for every company to develop their activities. Trends are changing and technology is progressing all the time. People want more and more and this applies also to customer service. People want better customer service and customer experiences.

The topic of the thesis is "Improving the effectiveness of customer service – Case: Oppilastalo Ltd". The thesis topic came up to the author when she was working for Oppilastalo Ltd during the summer 2013 and 2014. The author has been interested in real estate ever since she was working for Oppilastalo Ltd. The company's CEO accepted the topic. The CEO showed interest to the topic and the company wanted to stay connected through the thesis project.

## 1.2 Thesis Objectives, Research Questions and Limitation

The thesis was made related to Oppilastalo's foreign customers and for the Finnish customers. The thesis aims to understand the different customer groups and the effectiveness of customer service in the Oppilastalo office to make the living for both foreign and Finnish tenants more pleasant. The final outcome of the study is to offer the company suggestions how to provide more effective service for the customers.

**The main research question:** How can Oppilastalo Ltd improve customer service with its current and future foreign and Finnish customers?

The sub-questions are formed to facilitate answering the main research question. The sub-questions are following:

- What is effective customer service?
- What do foreign customers expect from their student apartment/student apartment staff?
- What do Finnish customers expect from their student apartment/student apartment staff?
- What are foreign customers satisfied with, what more could be included and what are the main improvements wanted?
- What are Finnish customers satisfied with, what more could be included and what are the main improvements wanted?

The major limitation of this study is the limited region area: the study covers only Lahti region. The study has been researched according to the students in Lahti and Lahti's student housing. The study is also based on Oppilastalo Ltd, which means that it does not include facts from other renting companies. The study is specialized on students and not other people who live in rental apartments. The study does not include specific financial aspects.

### 1.3 Theoretical Framework

The SOSTAC® Planning System is used in this study.

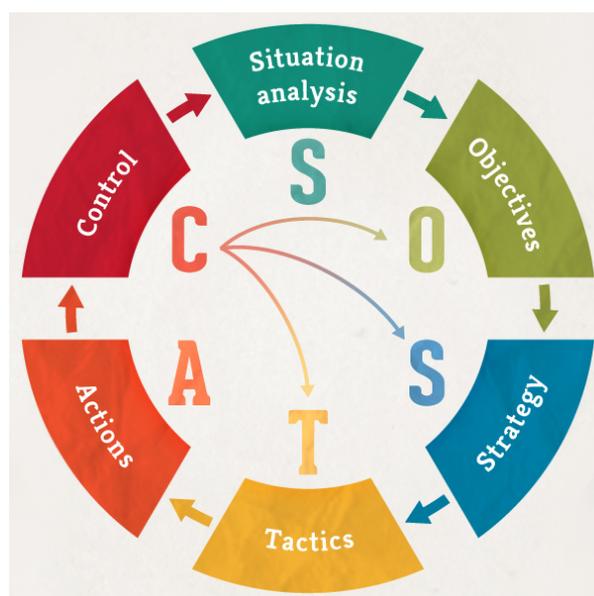


FIGURE 2. The SOSTAC® Planning System model

This planning system is simple and quite easy for people to fully understand. SOSTAC® Planning System is created by PR Smith. SOSTAC® can be used in various situations, for example, marketing planning, marketing communication planning or broader business planning. (Smith 2016.)

#### 1.4 Research Methodology and Data Collection

When writing a business scientific research, it is important to decide, which research method is being used. The research approach can be either inductive or deductive. (Frankel & Devers 2000.)

The research, which is deductive, starts with “top down” so to speak and the study begins with general knowledge and after this moves on to detailed information of the actual study. The inductive study starts with first the topic and developing into a more general theory at the end of the research. (Myers 2013, 23.)

The two typical types of research methods are quantitative and qualitative approach. The qualitative research is often inductive and it describes people’s particular situations and it is flexible. The quantitative research is more deductive. The quantitative research involves statistical analysis in contrast to the qualitative research involves, for example, texts, images and data collections from interviews. (Frankel & Devers 2000.)

Quantitative research methods were developed originally to study natural phenomena, when qualitative research methods were developed to study social and cultural phenomena (Myers 2013, 7-8).

The mix between quantitative and qualitative research is called mixed methods and it is the third approach to research. The mixed method includes gathering both numerical information and text information, and the final database characterizes both quantitative and qualitative information. (Creswell 2003, 18-20.)

The table below will summarize some key differences on quantitative and qualitative research.

TABLE 1. Differences between quantitative research and qualitative research (Saunders, Lewis, Thornhill 2009)

<b>Quantitative Research</b>	<b>Qualitative Research</b>
Structured data	Unstructured data
Statistical analysis	Summary
Objective conclusions	Subjective conclusions
Surveys, Experiments	Interviews, observations

Data collection has many strategies, for example, experiments, surveys, interviews and participant observations. Primary data means the original data collected for a specific research goal. In primary data collection new data are added to the existing store of social knowledge. Secondary data means material created by other researchers, which is available for reuse by the general research community. (Hox & Boeije 2005, 593.)

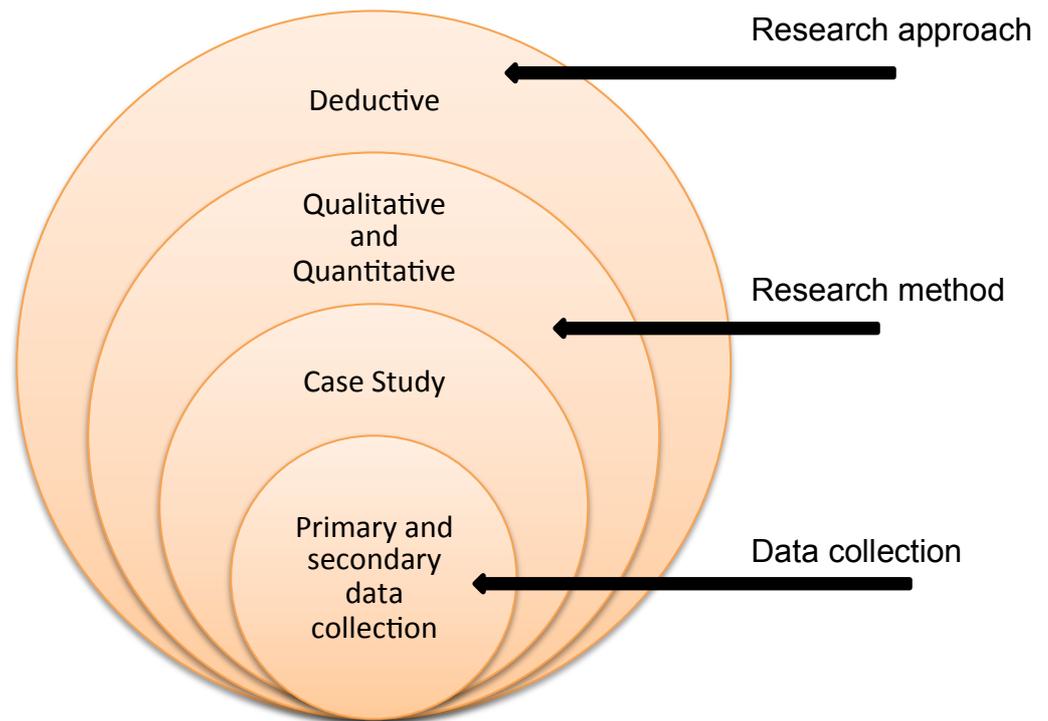


FIGURE 3. Research methodology

This case study adopts the deductive approach. The qualitative research method is used in the study. The data is collected from primary and secondary sources such as interviews, questionnaires, academic books and e-sources.

### 1.5 Thesis Structure

The thesis is divided into two parts: the theory section and the empirical study. The author presents first the theoretical foundations and after that supports it with the empirical findings. Figure 4 below presents the structure of the thesis.

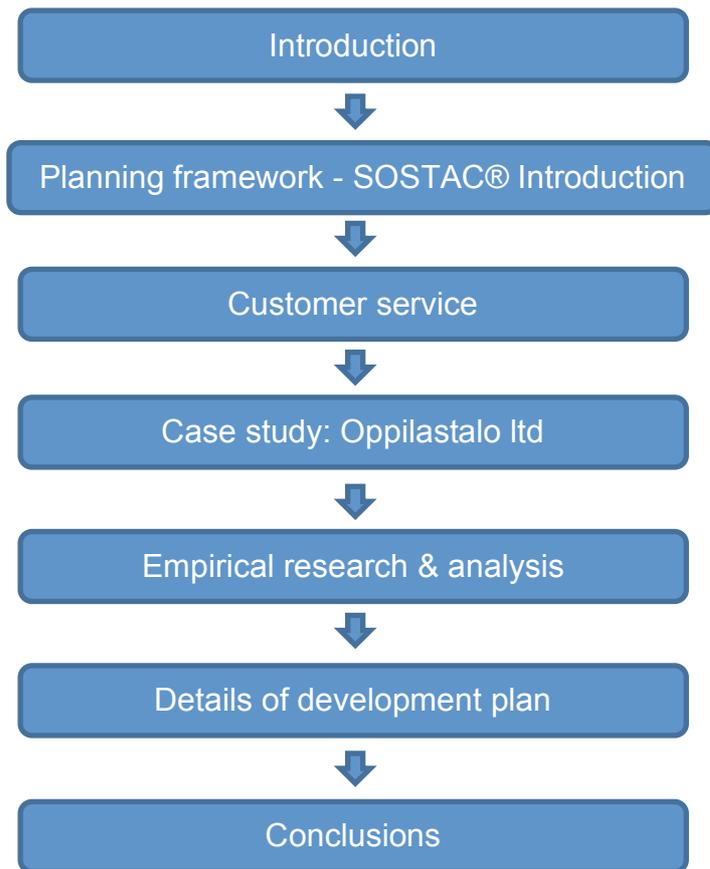


FIGURE 4. Thesis Structure

Chapter 1 introduces the background information, purpose and methodology of the study. Chapter 2 deals with the research framework SOSTAC® -model that the author presents closely and goes through all the steps that are needed in the research. Chapter 3, 4 and 5 cover the case study and empirical research including information about customer service, the case company and explanation of the results of the study. The chapter 4 covers the information about the case company. The chapter includes information of the customer cycle. The chapter 5 covers the data collections and analysis of the gathered data. Finally, chapter 6 and 7 concludes the answers to the research question, recommendations for further research and summarizes the main points of the whole study.

## 2 PLANNING FRAMEWORK - SOSTAC®

This chapter aims to present the theoretical framework for this study. The theoretical framework consists of the main theories of development planning and the details of the marketing planning model SOSTAC®.

### 2.1 Overview of planning and SOSTAC®

Planning needs to be decided whether it is short term or long term planning. Budgets, human resources, threats, opportunities, products and services etc. are factors that need to be taken into account. Everything in business planning is related to one another and the planning needs to process and be updated along with the business.

(Berry 2012.)

Development planning and goal planning are quite similar ways of planning. Goals can be set for the company after the situation analysis has been done. Goals are objects that are to be achieved with a fixed timeframe, and goals should be realistic and not wishful thinking. Goals indicate what a company wants to achieve; strategy is an action plan for getting there. (Kotler & Keller 2012, 50.)

Development planning is an opportunity for employees and managers to plan for individual's development and towards the department's future needs. In development planning there are three main categories: knowledge, skills and personal attributes. (Human Resources at MIT, 2016.)

SOSTAC® model was created by Paul Smith in the 1990s and every since the model was invented it has been used by organizations around the world for marketing planning. SOSTAC® model became some popular because it takes only a few minutes for people to understand it. It has been voted to the Top 3 Business Models worldwide by the Chartered Institute of Marketing centenary. (Smith 2016.)

SOSTAC® model includes six most important elements:

- Situation Analysis – Where are we now?
- Objectives – Where do we want to go?
- Strategy – How do we get there?
- Tactics – Details of strategy
- Actions – Who does what when?
- Control – Measurements and metrics

Along with these six elements the 3Ms, the three key resources, need to be used. The first M is for Men, which refers to human resources and meaning men and women. The second M is money and means budget. Third M is for minutes, which applies to time. Using these six elements and the 3Ms you have an outline-marketing plan. (Smith 2016.)

## 2.2 Situation Analysis

Each business unit has to have a specific mission within the wider company mission to have a good marketing plan and to understand marketing management. SWOT analysis includes company's strengths, weaknesses, opportunities and threats. SWOT analysis tells the internal and external situation. In business the key macro- and microenvironment factors need to be followed. (Kotler & Keller 2012, 48-50.)

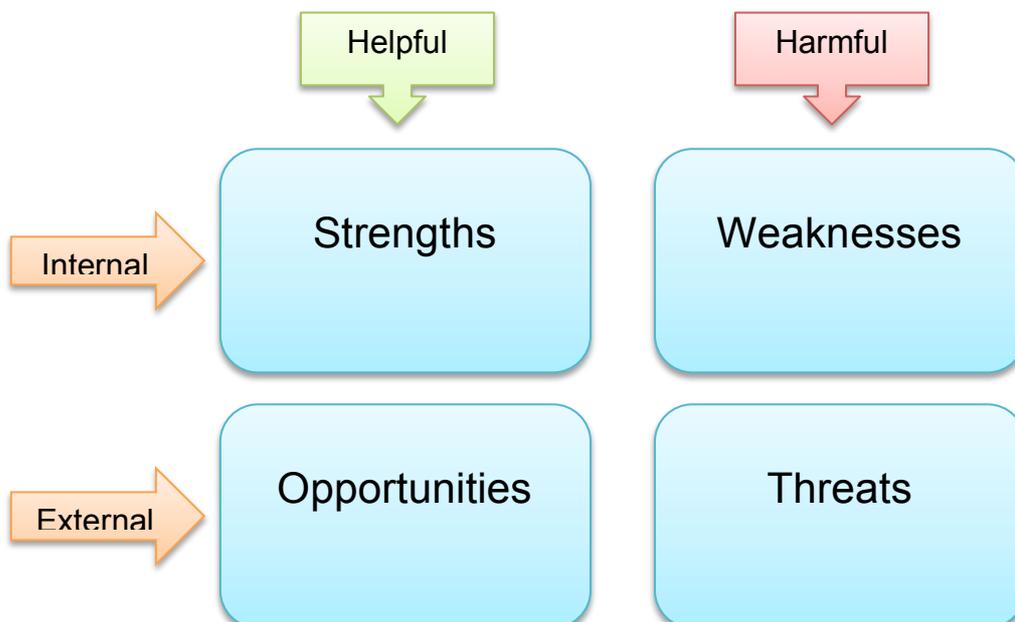


FIGURE 5. SWOT model

The figure above presents the SWOT analysis model. Using the SWOT analysis the company can evaluate their own strengths and weaknesses to keep up with the changing environments.

### 2.2.1 Current Market

In business many companies are in competition with one another. Michael Porter, a University Professor at Harvard Business School, states that in competition it is not about who is the biggest but it is about who is the most profitable. (Porter 2008.)

Profitability is defined by five competitive forces; threat of new entrants, threat of substitute products or services, bargaining power of customers, bargaining power of suppliers and intensity of competitive rivalry.

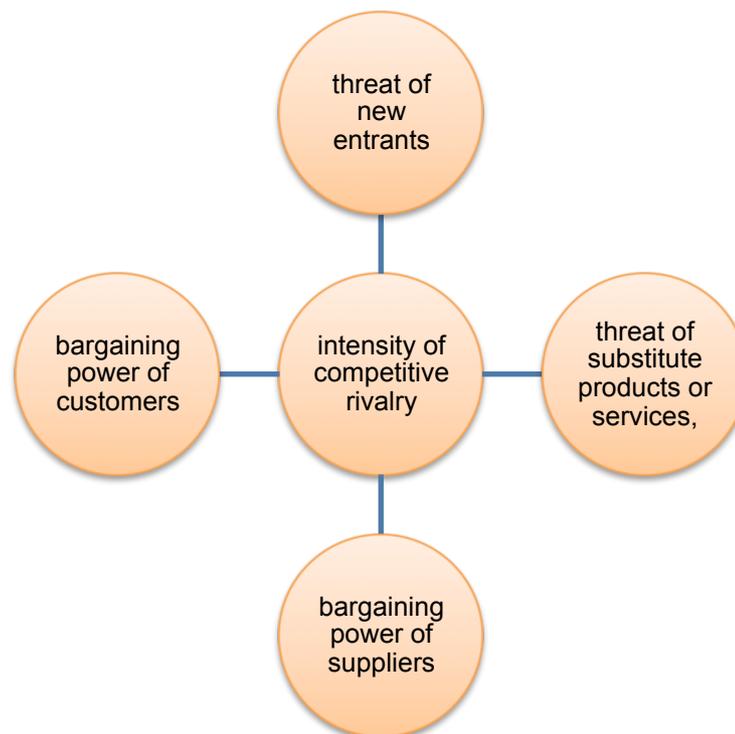


FIGURE 6. Porter's five forces model

First there is bargaining power of customers, buyers, who want to pay less and get more with their money. Customers want quality but also cheap prices. This section is about the buyers' abilities to affect price. Second is

the bargaining power of suppliers. Suppliers want to get paid more but deliver less, and basically it means what is the market of inputs. Third is the threat of substitute products or services, which means that there is a possibility for a substitute to your product or service. Fourth is the threat of new entrants and that is about new competitors entering the market. Fifth, lastly, there is intensity of competitive rivalry, which already exists. (Porter 2008.)

### 2.3 Objectives

Companies have objectives to describe the goals they would like to achieve. The objectives and plans can be for long term or for short term. The company's mission and vision is converted into tangible actions (objectives) and later into results (goals) to be reached. To reach these goals companies have to effectively describe the actions required during the way. Each section of the company has its own objective. (Olsen 2012.)

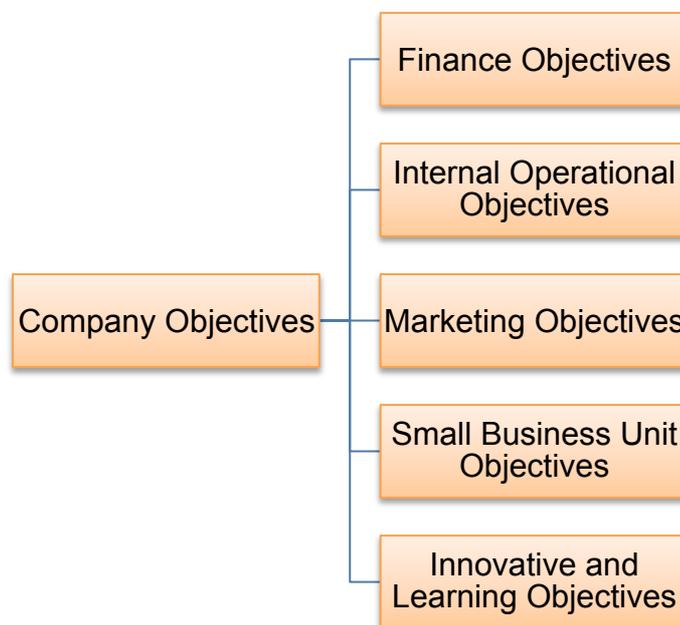


FIGURE 7. Hierarchy of Objectives by Olsen.

Financial objectives targets to achieving acceptable profitability in a company's tendency of its mission and vision, long term survival, and

ultimate survival. Internal operational objectives targets to business process that have an impact on creating customer value and satisfaction. Marketing objectives targets to the company's intent to sustain and improve the organization's competitive strength and long term market position through building customer value. Small business unit objectives are the detailed supporting objectives for each level of management that the company's mission and vision needs to be turned into. Innovative and learning objectives target to activities that assist to improve and build the company's value creating activities. (Olsen 2012.)

The objectives of the company can be set by different categories but S.M.A.R.T. is one of the well-known goal methods. S.M.A.R.T. stands for specific, measurable, achievable, realistic and time-based. (Bogue 2005.)

## 2.4 Strategy

Strategy means the plan for getting to your objectives. Each business has to have designed strategy for achieving its goals. Michael Porter created the three generic strategies model, which provides a good starting point for the company's strategy. First is the overall cost leadership, which means that companies work to achieve the lowest production and distribution costs. The goal is to under-price competitors and win market share but other companies will usually compete with still-lower costs. Second is differentiation. Differentiation designates that the business concentrates on achieving superior performance in an important customer benefit area valued by a large part of the market. Third is focus and the business focuses on one or more narrow market segments, gets to know them thoroughly and pursues either cost leadership or differentiation within the target segment. (Kotler & Keller 2012, 50-51)

### 2.4.1 Segmenting

Market segmentation divides a market into defined pieces. A market segment consists of customers who are divided into groups by their similar

set of needs and wants. The major segmentation variables are geographic, demographic, psychographic, and behavioural segmentations.

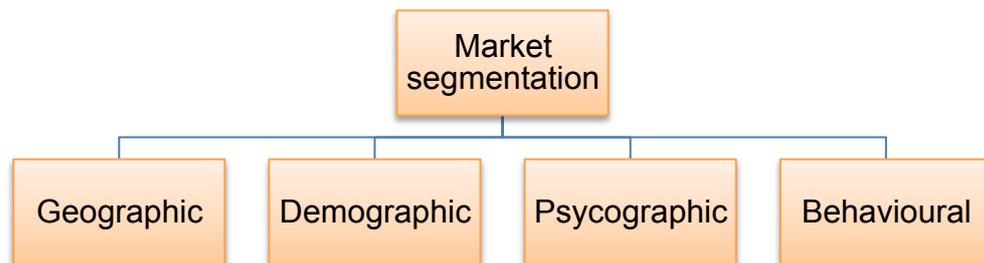


FIGURE 8. Market segmentation

Geographic segmentation divides the market into units that are geographical such as nations, states, regions or counties. Demographic segmentation divides the market on variables such as age, family size, family life cycle, gender, income, occupation, education, religion, race, generation, nationality, and social class. Demographic variables are popular because they often associate with consumer needs and wants. Psychographic segmentation divides the buyers into different units on the basis of psychological/personality traits, lifestyle, or values. Behavioural Segmentation divides the buyers on variables on the basis of their knowledge of, attitude towards, use of, or response to a product. (Kotler & Keller 2012, 214-227.)

#### 2.4.2 Targeting

The company has to decide after identifying its market-segment opportunities that how many and which ones to target (Kotler & Keller 2012, 231).

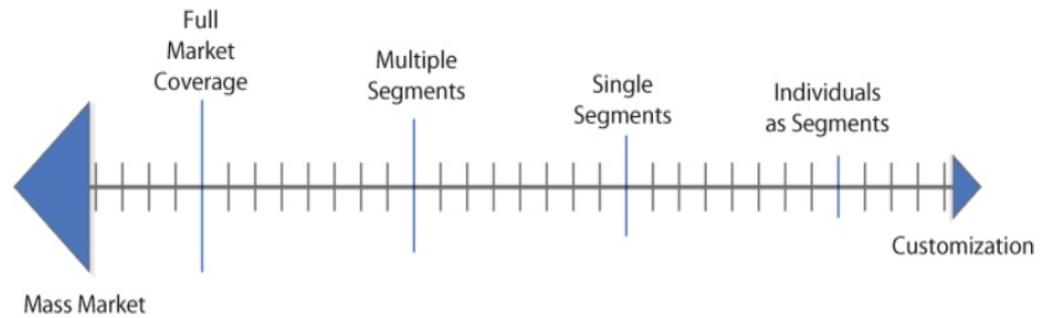


FIGURE 9. Possible Levels of Segmentation (from Kotler and Keller 2012, 233)

Target groups are small and well-defined. Markets can be targeted at four main levels: mass, multiple segments, single segment and individuals. The biggest companies usually use a mass market targeting but many companies target multiple segments defined in various ways. Market segments have to rate favourably on five criteria: measurable, substantial, accessible, differentiable and actionable. (Kotler & Keller 2012, 231-236.)

### 2.4.3 Positioning

Basically positioning means how customers think about proposed and/or present brands in a market (Perreault & McCarthy 2002, 85).

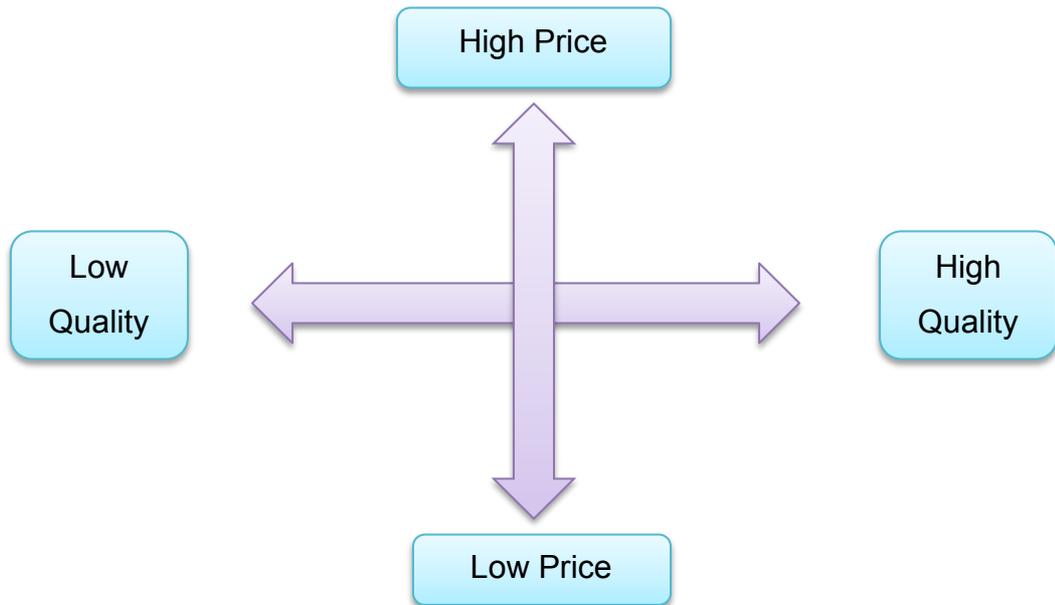


FIGURE 10. Perceptual Map (modified from Bakker, 2014)

Companies need to position themselves in the market with competitors. With the above perceptual positioning map, marketers can position their brand into place where they feel consumers perception their brand. The company needs to think if their products are, for example, luxury and they would position themselves in the upper right section with “high prices” and “high quality”. Then they can think of their competitors where they are. For example, a cheaper substitute for a luxury product could be placed in the lower left side section with “low quality” and “low price”. (Bakker 2014.)

## 2.5 Tactics

Tactics are the details of strategy. The companies have many possible ways to satisfy the customers’ needs. The customer service has a major part to the customer’s experience to the product or service and it can be adjusted before and after the sale. Four Ps help the company to organize, for example, the changes and discounts and simplify the marketing mix. The four Ps are product, place, promotion and price. (Perreault & McCarthy 2002, 48-49.)



FIGURE 11. Strategy decision areas organized by the 4Ps (modified from Perreault & McCarthy 2002, 49)

The figure above includes the elements of the four Ps.

## 2.6 Actions

Actions are the details of tactics. Actions define who does what and when and if the internal or external staffs are being used.

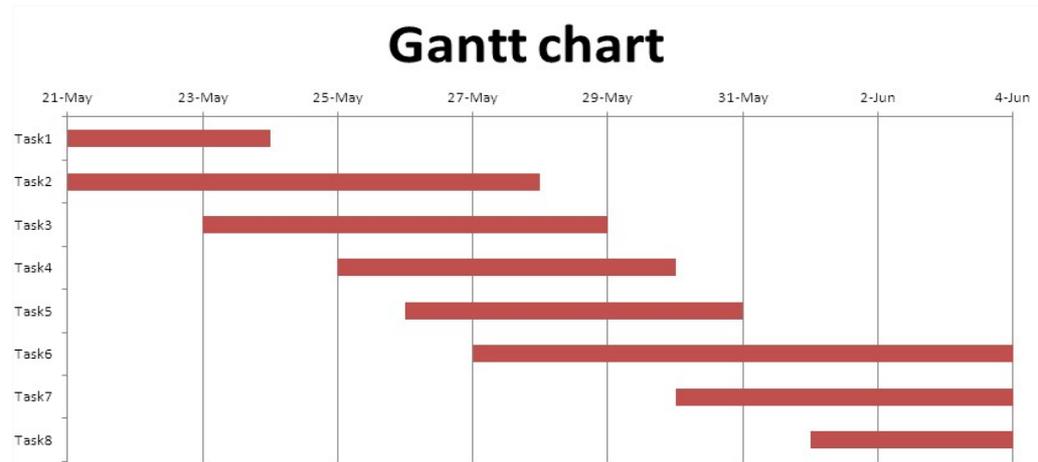


FIGURE 12. A Simple Gantt chart

The Gantt chart figure is commonly used chart for project management. The tasks and events are placed in the chart against time. At a glance, it can be seen what the activity is, when it starts and when it ends, how long it will take, is it going to be overlapping with another activity and when does the whole project start and end. (Gantt.com 2012.)

Actions focus on how to bring the plan to life (Smith 2016).

## 2.7 Control

Control is about how the company knows they are getting there, to their goals. Companies do not have to wait until the end of the year if they succeed or if they failed. Companies can have systems of control in place, for example, in each quarter or in each month to see what has worked and what not. Customer satisfaction surveys and site visitor profiles are good examples of controlling. It should also be defined who does something to the feedback that someone is actually making actions after the answers. (Smith 2016.)

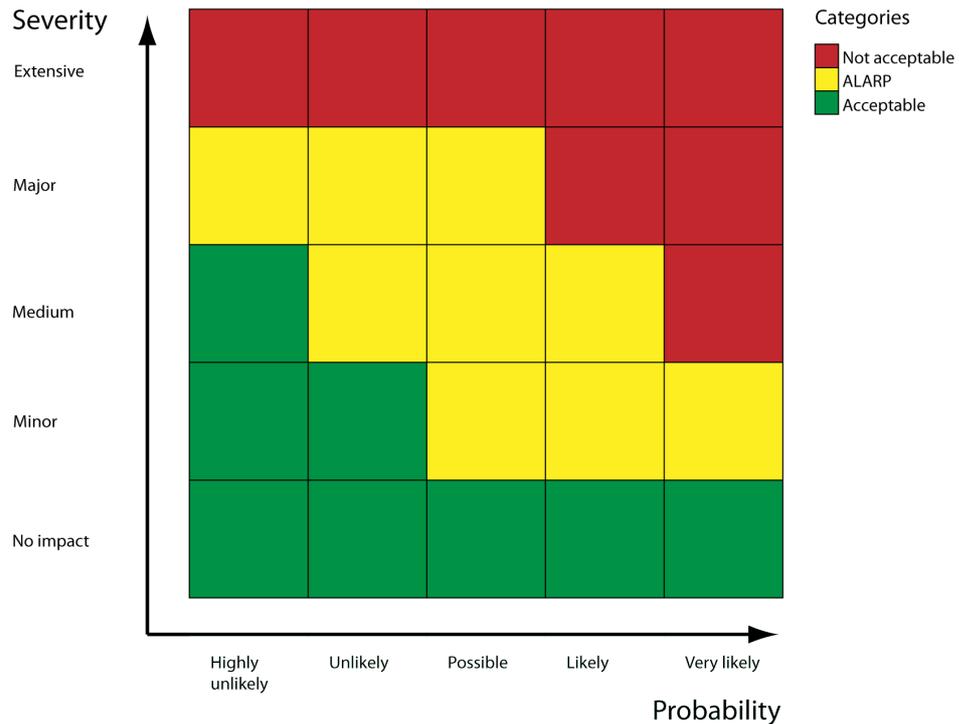


FIGURE 13. Risk Matrix (CGE Risk management solutions, 2016)

When companies need to control how to get to their goals, they need to know the risks during their way. Risk matrices are well-known tools for evaluating risks. In the risk matrix above, the severity and probability are the two dimensions. Basically, the matrix helps the user for ranking events. In the green area the probability and severity (impact) are both low and the risk of the event is sufficiently in control. In the yellow area is the mid-ground. Events in this area are usually decided to be monitored and if the risk can be kept on this level, the event will be accepted. In the red area the probability and severity are high and an event needs a lot of control and the risks are high. (CGE Risk Management Solutions 2016.)

### 3 CUSTOMER SERVICE

This chapter analyses what is customer service and what is good customer service. In this chapter the quality of customer service is being discussed, how it can be developed and what does loyalty mean for customer service.

#### 3.1 Definition of customer service

The broad definition of “customer” is anyone with whom we exchange value. For example, when we exchange money for service or a product we are customers. (Timm 2007, 3.)

TABLE 2. What is customer service? Modified from Bruch, M. 2005

<b>Customer service is -</b>	<b>Customer service is not -</b>
Attention	Neglect
Smiles	Bored looks
Enthusiasm	Dullness
Response	Indifference
Understanding	Closed mind
Patience	Irritation
Remembering details	Forgetting details
Facts	Arguments
Giving	Receiving
Action	Delay

Service is a valuable action or effort performed to satisfy a need or fulfil a demand. Customer service is the act of taking care of the customer's needs by providing and delivering professional, helpful, high quality service and assistance, before, during and after the customers' requirements are met. Customer service is meeting the needs and desires of any customer. (Business Dictionary 2016.)

Customer service is defined as an organization's ability to meet the needs and desires of its customers. Customer service begins before a customer arrives and ends long after the customer leaves your enterprise.

### 3.2 Behaviors and customer service

Behavior is what people do. Behavior can be both verbal and nonverbal communication. For example, an employee who is always late communicates something as well as the friendly greeter at a store. Two important rules of communication are anything can and will communicate, and the receiver of the message determines what it "means". (Timm 2007.)

According to Timm there are fifteen individual behaviors that can convey personality:

1. Greet customers like guests
2. Break the ice
3. Compliment freely and sincerely
4. Call people by name
5. Talk to customers with your eyes
6. Ask often "How am I doing?"
7. Listen with more than your ears
8. Say "please", "thank you", and "you're welcome"
9. Reassure customers in their decision to do business with you
10. Smile
11. Use good telephone techniques
12. Reach out and touch them
13. Enjoy people and their diversity
14. Maintain a positive attitude about selling
15. Watch your dress, grooming, and workplace attractiveness

You have to remember that each customer is an individual so you have to be able to answer his or her questions individually and not in general

(Eräsalo 2011). When you satisfy your customer's needs, the customer will tell about the good service to other people and other people will spread the word and so on (Lahtinen & Isoviita 2001).

Among with individual behaviors there are also organizational behaviors. The organizational behaviors tell the customer, for example, about the company's culture including the appearance and grooming of employees and quality of correspondence with customers. (Timm 2007.)

Sarah Green Carmichael wrote in 2011 an article to Harvard Business Review about great customer service and how our behaviors matter. She had forgotten her friend's keys in her pocket when she left for train station. Sarah was panicking and explaining her story to a woman working at the train station. Her name was Joyce and she promised to keep the keys until Sarah's friend comes to pick them up. Joyce said, "It is the easiest and the quickest if someone just takes responsibility for the problem". Joyce's behavior surprised Sarah in a positive way. The employees of the company do not have the power to change mission statements but they can take ownership of the next problem that lands in their lap. The customer gets a positive image of the employee and it gives a positive picture of the company.

### 3.3 Quality of customer service

Customer satisfaction will depend on product and service quality. Quality has been defined by various experts as "fitness for use," "conformance to requirements," and "freedom from variation". The American Society for quality's definition is "Quality is the totality of features and characteristics of a product or service that bear on its ability to satisfy stated or implied needs". This definition is more customer-centred. (Kotler & Keller 2012, 131.)

Product and service quality, customer satisfaction, and company profitability are closely linked to each other. Higher levels of quality result in higher levels of customer satisfaction, which support higher prices and

often lower costs. Quality is said to be the key to value creation and customer satisfaction. Total quality is everyone's job, just as marketing is everyone's job. (Kotler & Keller 2012, 131-132.)

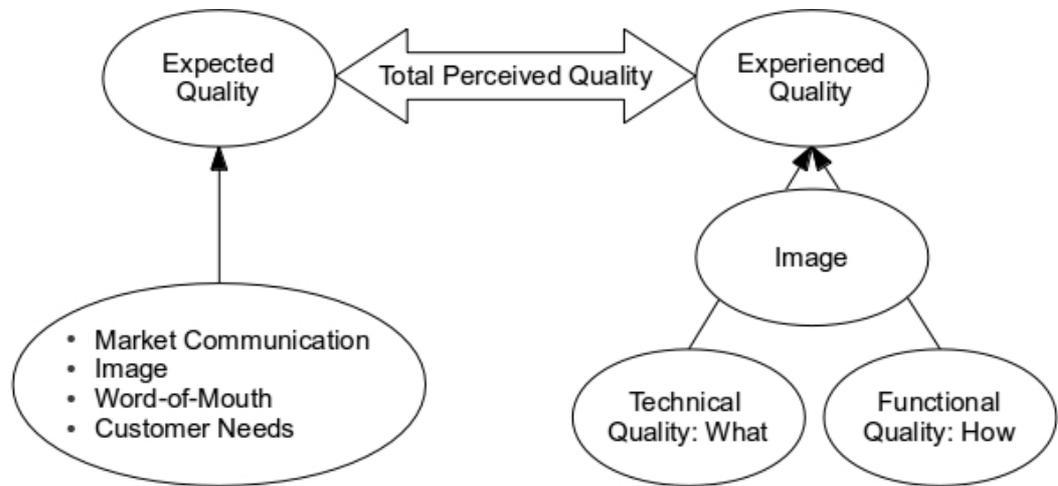


FIGURE 14. Model of service quality (Grönroos 2007)

A turnoff for customers is the feeling they received low quality from the product or service. Quality is said to be relative to the price paid. For example, it does not upset you to throw away a pen you purchased with 70 cents but it does make you furious if you paid 70 euros for a specific pen and it leaks. The quality turnoff is the experience a customer might get if they purchase a major product and the product stops working or fails to meet the customer's needs. (Timm 2007, 110.)

The organizations top leaders are responsible for providing customers with appropriate quality. The executive decision makers determine the products or services that are sold. They define what the company intends to exchange with the customers. (Timm 2007, 110.)

### 3.4 Customer loyalty

The crucial goal in customer service is to get loyal customers. For example, customer satisfaction alone does not make a customer loyal. The customer might be satisfied today but not loyal to the company in the future. Significant empirical research defines that customer loyalty has three important characteristics:

1. driven by overall satisfaction
2. a commitment on the part of the customer to make a sustained investment in an ongoing relationship with a company
3. reflected by a combination of attitudes and behavior
  - a. repeat buying
  - b. willingness to recommend
  - c. resistance to switch to a competitor

(Timm 2007.)

- Create superior products, services, and experiences for the target market
- Get cross-departmental participation in planning and managing the customer satisfaction and retention process
- Integrate the "voice of the customer" to capture their stated and unstated needs or requirements in all business decisions
- Organize and make accessible a database of information on individual customer needs, preferences, contacts, purchase frequency, and satisfaction
- Make it easy for customers to reach appropriate company staff and experts their needs, perceptions, and complaints
- Assess the potential of frequency programs and club marketing programs
- Run award programs recognizing outstanding employees

FIGURE 15. Forming Strong Customer Bonds (Kotler & Keller 2012)

Without customers, you don't have a business. Customers are value maximizers. It is important to listen to your customers and what they want. Listening only is not enough and the companies also have to take the customer's side and understand their point of view. Companies can also supply customers with different equipment or computer links that help them manage orders, payroll, and inventory. It is more highly unlikely for customer to change to another supplier when it means high capital costs, high search costs, or the loss of loyal-customer discounts. (Kotler & Keller 2012.)

### 3.5 Customer experience

According to Meyer and Schwager, customer experience is the internal and subjective response customers have to any direct or indirect contact with a company. Direct contact appears as purchase, use, and service and the customer usually initiates it. Indirect contact appears as word-of-mouth recommendations, advertising or news reports. For example, Apple device's customer experience starts before the purchase. First the customer might see advertisements and hear good reviews of Apple products and then the customer wants to buy it. A small sticker in the device box, "Designed in California, Made in China, " communicates the message that Apple is firmly in charge but keeps the costs down. (Meyer & Schwagen 2007.)

Getting new customers can be hard to get and it usually costs more to get new customers than to keep already existing customers. This is the reason why businesses focus on more their customers they already have. (Timm 2007.)

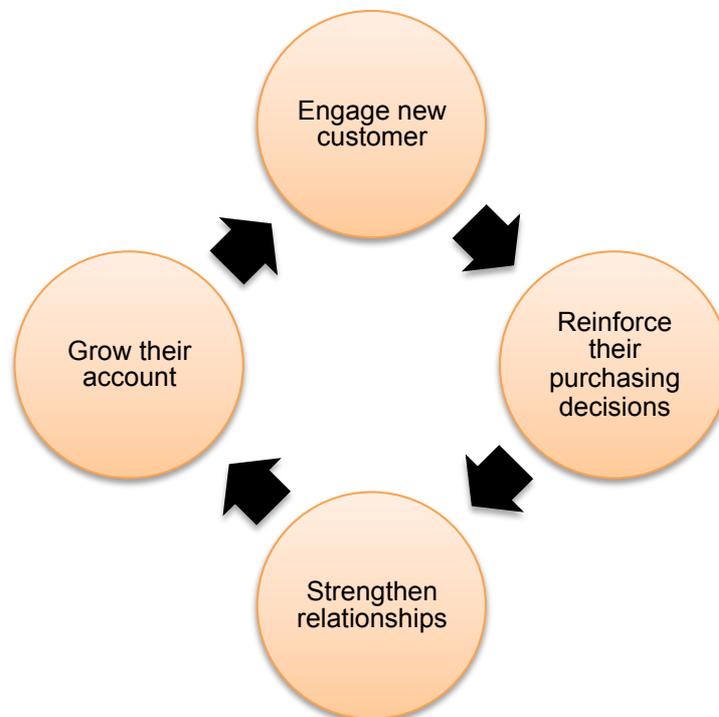


FIGURE 16. The Customer Service experience

Advertising is needed when trying to get new customers. However, the U.S. surveys show that only 25 per cent of the respondents would buy a new product based on a television advertisement. Likewise, only 15 per cent would buy a new product because of an advertisement in a magazine. 63 per cent of the responders would buy a product if their friend or relative recommended it. (Timm 2007.)

Word of mouth is defined as “giving people a reason to talk about your stuff” and “making it easier for that conversation to take place”. Word of mouth marketing is customers talking to each other without marketers doing the talking. (Sernovitz 2012, 3-4.)

There are four rules of word of mouth marketing. The first rule is “be interesting”. The company has to have something special to get people talking. Nobody wants to talk about boring companies. Second rule is “make it easy”. The company has to have a super-simple message and help people share it. The topic for the start needs to be short and simple. Steve Jobs did not talk about great software but he created pink and purple computers, which was new and interesting. Third rule is “make people happy”. Happy customers are the company’s greatest advertisement. Satisfied customer spread their experience to friends and relatives, and these people become easy targets for the company. Fourth rule is “earn trust and respect”. Customers want to operate with companies who they can trust. Customers will give positive word of mouth marketing if they trust the company. (Sernovitz 2012.)

TABLE 3. The Five Ts of word of mouth marketing (Sernovitz 2012)

<b>Step</b>	<b>What to do</b>	<b>Examples</b>
1. Talkers	Find people who will talk about you	Fans, volunteers, customers, bloggers
2. Topics	Give people a reason to talk	Special offer, neat ad
3. Tools	Helps the message spread faster and farther	Tell-a-friend form, blogs, samples
4. Taking part	Join the conversation	Reply to feedback
5. Tracking	Measure and understand what people are saying	Search blogs, read online discussions

The table above describes the five Ts of word of mouth marketing. A special moment or even service with a smile can give customers a topic to talk about. (Sernovitz 2012.)

To practice sort of word of mouth marketing, companies can have on their website a section called “recommendations from consumers”. A customer can write their own reviews of the product or service they received from the company. Other consumers can read these recommendations before they purchase anything and decide whether they still want the product/service or not. (Kotler & Keller 2012, 138.)

### 3.6 Customer Service Development

Good customer services, and its continuous development, are necessary to build a successful business. Marketing to the possible new customers is a very significant factor in expanding the business and its customer segments but companies should remember that the old and satisfied customers are important assets for their business and its success. (The Kahle Way 2014.)

The customers are the only ones who know if the company's customer service is good or bad. Once the customers needs and expectations are known, the development for customer service can be improved. Customer Relationship Management (from now on CRM), also called "customer-management", is a business approach that seeks to create, develop and enhance relationships with carefully targeted customers in order to improve customer value and corporate profitability (Payne 2006, 4).

CRM allows companies to provide real-time customer service through the effective use of individual account information. Based on the information about each valued customer, companies can customize market offerings, services, programs, and media. (Kotler & Keller 2012, 135.) The company needs to consider its current position within its industry and the future role it realistically can play within it to develop its services (Payne 2006, 80).

The employees in the company need to be clear about the role they are supposed to perform to stay motivated. Demotivated employees can lead to customer dissatisfaction and defection. New employees need to be carefully prepared for the work ahead of them. The employees, who are close to the customers, need to recognize the impact of their behaviour and attitudes on customers. (Payne 2006, 377-378.)

Engaged employees are motivated for their work and they offer better quality service to customers. To engage employees, it involves creating the right culture to operate in and the knowledge that allows the employees to understand and contribute to organizational performance. (Payne 2006, 378.)

CRM training and development activity starts with a needs analysis. This involves a thorough review to identify the mandatory mix of knowledge, skills or attitudes that need to be developed. Employee trainings can be focused on developing particular skills or on changing attitudes. (Payne 2006, 379.)

Developing the service quality will develop the satisfaction of the customers. The employees are able to face the expectations and needs of customers when everything is good inside the company. Customers already have an image of the company before operating with them but it is the company's responsibility to cross the image with better service and supply. More satisfied customers increase the loyalty of customers, lower a cost to serve, and engage the employees (Maynes and Rawson, 2016).

## 4 CASE STUDY: OPPILASTALO LTD

The purpose of this chapter is to provide a detailed introduction of the case company Oppilastalo Ltd and its company objectives followed by situation analysis and the SWOT analysis.

### 4.1 Company overview

Oppilastalo Ltd is a student housing company operating in Lahti. Oppilastalo Ltd offers apartments mainly for full-time students. At summertime rooms and apartments are rented also for non-students. Part of Oppilastalo Ltd.'s accommodations are reserved for international exchange students. (Oppilastalo 2015.)

Vocational institutes' student associations in Lahti on 11th September 1969 establish Oppilastalo Ltd. The company's branch of business is to possess, administer and act as a lessor of real estates, as well as student- and other lease housing built to or on the real estates. The company can practice building, management, administration- and maintenance activities of real estate and buildings. (Oppilastalo 2015.)



*Apartment house in Ankkuri, in the Vesijärvi harbour*

On the 19<sup>th</sup> of June in 2015 Lahden Talot bought all the Oppilastalo Ltd stocks from Lahti city. Stocks represented 79 per cent of the company's share capital. After the change of ownership Oppilastalo Ltd became the third subsidiary of Lahden Talot. (Lahden Talot 2016.)

Oppilastalo has ten different locations for their apartments. Some of the apartment allow to have pets and some don't because of the change in customers is quite high. Customers only stay for their studying period, which usually last from three to four years. The accommodation types are single room, one-room flat, two-room flat and three-room flat. (Oppilastalo 2015.)

#### 4.2 Company Mission, Vision & Objectives

Oppilastalo Ltd.'s mission, values and objectives are shown in the following figure.

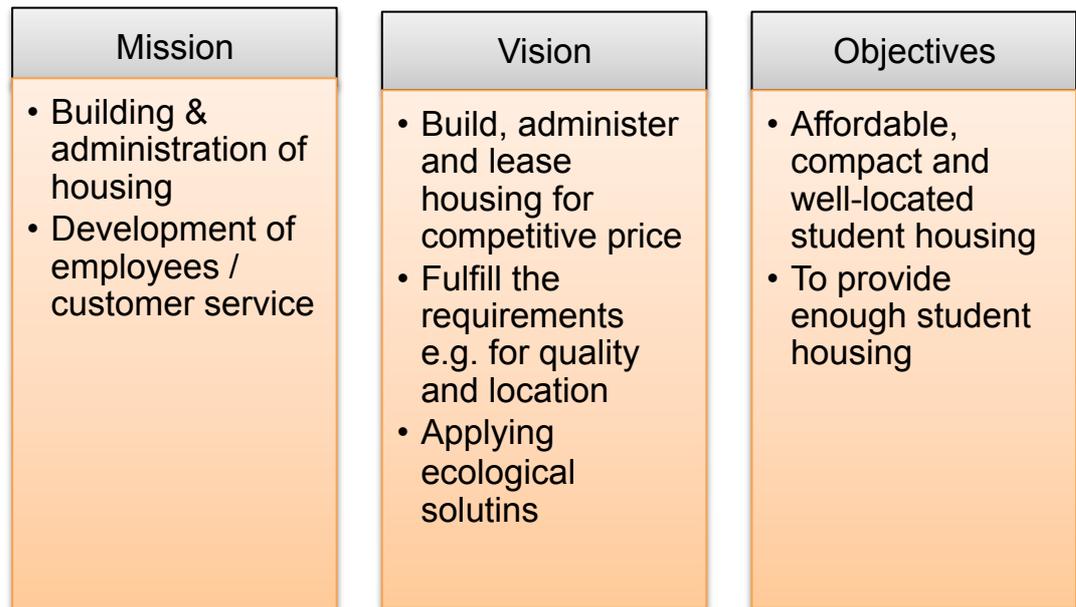


FIGURE 17. Company objectives

The mission of Oppilastalo Ltd is to build and administrate student housing. Administration of real estate, development of personnel's marketing and customer service skills and control of ecologic policies are also part of their mission. (Oppilastalo 2015.)

The vision of Oppilastalo Ltd is to build, administer and lease student and lease housing for a competitive price in Lahti region and to fulfill the requirements concerning quality, location and number of housing set by students and educational establishments. Real estate administration should be practiced in a way that an extra value is offered for the customers by maintaining and improving the quality of real estate. The personnel should be motivated, skilled and customer-orientated as well as applying ecological solutions. (Oppilastalo 2015.)

The objectives for Oppilastalo Ltd can be written based on the mission and vision. The main focus for Oppilastalo Ltd is to provide enough affordable, compact and well-located student houses. There are several rental companies operating in Lahti but Oppilastalo Ltd is the only one focusing only to the students.

#### 4.3 Company situation analysis

There are many changes going on in Oppilastalo Ltd at the moment. It just became a subsidiary of Lahden Talot, which means that there were some administration changes. The situation is quite balanced and there were not many changes affecting the customer as the transformation took place. There still many changes happening in the company. New forum is designed to make the customer's life easier dealing with the website. Also new locations for apartment buildings are being discussed. Expansion and renewal are Oppilastalo's strengths at this point.

#### 4.4 Porter's Five Forces

The market, where Oppilastalo Ltd operates, is analysed by using Porter's five forces model. The analyse was done in co-operation with the leasing manager Juha Heijala combining the knowledge the author has.

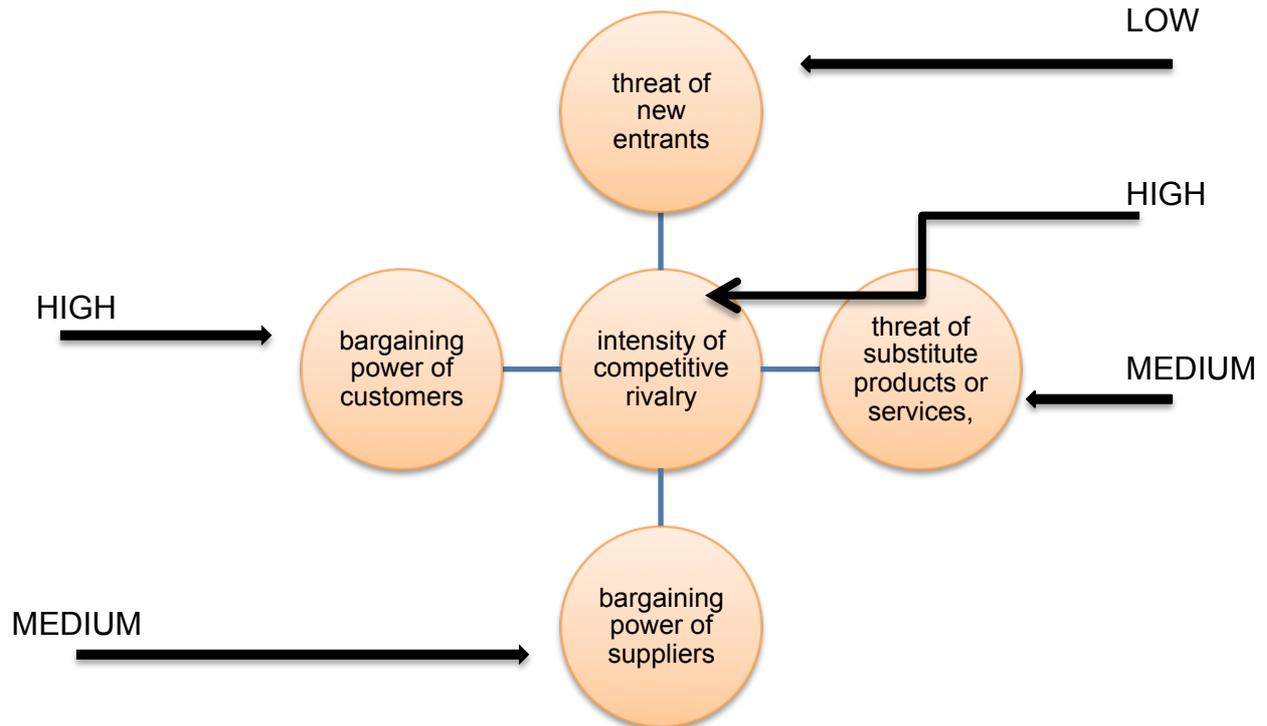


FIGURE 18. Porter's Five Forces for Oppilastalo Ltd

Rivalry inside the housing market is high. In Lahti there are several rental housing companies operating as well as private renters. Oppilastalo Ltd is still the only one providing housing only for students, which might give a picture that the customers are loyal to the company.

The loyal customers lead us to the next force, which is the threat of substitute products and it is medium. Some of the competitors offer small apartments right in the centre with furniture but with a bit more expensive price. The rents are slightly higher but the location attracts students. Still most of the customers want their own home to look like them and they prefer to have their own furniture and a bigger apartment.

The bargaining power of customers is high. In Lahti there is not a shortage from apartments. When the customers know that there are several apartments available they like to look around. The private renters cannot keep the prices too high because they know that companies can have the rent lower than them. Customers are comparing prices and Oppilastalo Ltd has student friendly rental prices.

Threat of new entrants is quite low. New apartment rental companies are not often just appeared. However, new extensions are a threat. Nuorisosäätiö is going to have over 200 apartments for rental in the Lahti centre. Nuorisosäätiö offers rental apartments for young adults in several cities in Finland. The apartments in Lahti will be small but the prices will be about 500 euros. The location is nice but the price might be a problem for some students.

The bargaining power of suppliers is medium. Extensions as new apartments are costly and the prices depend on the building costs. The electricity is included in the rent, which means that the company that offers the power to the apartments has also an effect to the rental prices. The separate maintenance company offers all the maintenance work and they have their own prices for their services, which are agreed with Oppilastalo Ltd.

#### 4.5 SWOT analysis of Oppilastalo Ltd

The table below presents the main points of SWOT analysis of Oppilastalo Ltd in Lahti. The author formulated the table based on her experiences and knowledge about Oppilastalo Ltd.

TABLE 4. SWOT analysis of Oppilastalo Ltd

<b>Strengths</b>	<ul style="list-style-type: none"> <li>• Cheaper accommodation</li> <li>• Safe environment</li> <li>• Accommodation close to the universities</li> <li>• Online possibility</li> </ul>
<b>Weaknesses</b>	<ul style="list-style-type: none"> <li>• Only a certain amount of accommodation</li> <li>• Health risks</li> <li>• Water damage</li> </ul>

<b>Opportunities</b>	<ul style="list-style-type: none"> <li>• International students</li> <li>• Specific target market</li> <li>• Fewer competitors targeting students</li> </ul>
<b>Threats</b>	<ul style="list-style-type: none"> <li>• Other rental companies</li> <li>• Private rentals</li> <li>• Unreliable tenants (customers), paying issues</li> <li>• Recession and inflation affect house prices</li> </ul>

The situation is quite balanced between internal and external factors. The strengths of the company point out that Oppilastalo Ltd offers cheaper accommodation for students compared to, for example, private rentals. Oppilastalo Ltd's website provides information about the apartments and the application form. Online possibility includes to fill the application form, switching apartments form and termination form. All the major documents can be sent online or by email and visiting the company's office might not be necessary if the customer arrives from far away. From ten different apartment locations only one is 20 kilometres from the centre of Lahti. All the other locations are close to the centre and the schools near by and all the distances are walk able.

The weaknesses for the company are the certain amount of accommodations and the health risks. There are thousands of students needing an apartment in Lahti, which means that the demand is high especially in the fall period when the schools start the new semester. Oppilastalo Ltd has about 1200 rental apartments. Most of the times there are students who would like to live in the student housing but all the apartments are already full at the end of the summer. The health risks might be a cold home, mould, fire risks or any kinds of bugs. It is common for students to have part time jobs. The foreign students might be working as a paperboy. The newsletters or advertisements are often left for days in the apartment hallways, which make the fire risks grow. Another risks are the bed bugs because they spread really easily and they are hard to

terminate. There is also a danger of water damages. Students have a reputation to drink quite a bit and that increases the risk of passing out in the bathroom floor. Blocking the floor drain might cause serious water damages.

The company has a great opportunity from the international exchange students. There is clearly a large amount of exchange students that will require accommodation and will be unsure of where to situate themselves. Oppilastalo Ltd provides three apartment buildings in Mukkula only for the exchange students. The target market for Oppilastalo Ltd is really specific. The company rents the apartments only for students and it is clear for everybody. They are the only rental company in Lahti who only rent the apartments for students unlike the other competitors in the market. This means Oppilastalo Ltd has a competitive advantage.

Threats for Oppilastalo Ltd are the earlier mentioned competitors in the rental market. These other companies might have a better reputation and also the professional skills. Private rentals come along with the other competitor companies. Private rentals can decide themselves how high rent costs they will ask from the customer. They can also provide services that bigger rental companies cannot. Unreliable customers are a problem in all rental companies. Even the contracts are signed and the customer is responsible for paying the rent there is some customers who do not pay the rent. The company can evict the unreliable customer after a few months. This customer might get devastated and give negative word-of-mouth advertisement for the company. The last of the threats are the inflation and economic depression affecting the housing prices. European Central Bank expresses inflation as if there is a broad increase in the prices of goods and services, not just of individual items. As a result, you can purchase less for €1. Expressed the other way around, a euro is worth less than it was before. In this case the rents will rise for the rental apartments.

## 5 EMPIRICAL RESEARCH & ANALYSIS

This chapter covers the empirical research process of the thesis. The answers for the main research question “*How can Oppilastalo Ltd improve customer service with its current and future foreign and Finnish customers?*” are sought. The results of the interviews and feedback forms will be presented and analyzed.

### 5.1 Interview formulation

Most of the data for the thesis was collected by interviews. The author interviewed the customers of the company who were exchange students, foreign degree students and Finnish degree students. The study includes one phone interview, two group interviews, two email inquiries, and four face-to-face interviews. All together nine interviews were conducted. The phone interview was done with the assistant of international affairs. One of the group interviews was done with the exchange students and the other with the company’s employees. Another email inquiry was sent to a foreign customer and the other to a Finnish customer. One of the face-to-face interviews was conducted with a foreign customer and the rest were done with Finnish customers.

TABLE 5. Interview's purposes

Interviewee	Purpose of the interview
The exchange student group	To hear comments about short period stay and development ideas
2 foreign students	To hear comments from foreign customer's side and development plans
3 Finnish students	To hear comments from the customer's side and development ideas
Company interview	To hear comments and development ideas
The leasing manager	To hear opinions about the challenges
The international affairs assistant	To hear comments from the school's side

The interviews to the customer groups of the company were semi-structured. In semi-structured interviews the researcher has a list of themes and questions to be covered but these may differ from interview to interview (Saunders, Lewis&Tornhill, 2012). The interviews were carried out between 8.-17.3. The interviews for the customers were used to gather information concerning the customers' experiences with the company, how they feel about the customer service and what development ideas they have for the company. The face-to-face interviews were recorded and some of the interviews were conducted by emails. The duration of the face-to-face interviews varied between 20 to 30 minutes. One group interview for the leaving exchange students was done in December 2014.

This interview lasted an hour. The author was giving a presentation on behalf of the case company for the exchange students and the interview was decided to have before the exchange students were going back home. The actual thesis process started in 2015 and this is why the exchange student group interview is not on the data collection process timeframe in the table 5.

The first meeting with the company was to plan the participation of the company with the CEO and the leasing manager. In this meeting, it was decided that the author would contact the leasing manager for further information. The interviews with the company were formulated to the leasing manager and to the employees. The interview with the leasing manager was conducted face-to-face at the company's office. The interview for the employees of the company was also conducted face-to-face and recorded. It was a group interview with all three employees. The list of questions was sent before hand to the employees. Both of the company interviews lasted about an hour.

The interview to the secretary of international relations was conducted by phone. The interview was made to get better understanding from the school's side and how they work with the exchange students and with the student housing company. The interview lasted about an hour.

The aim for the interviews was to get different opinions from different points of views. The foreign and Finnish customers were interviewed to get their opinion about the company. The people working for the company were interviewed to get an image how they feel about their company. The secretary of international relations was interviewed to get opinions from the Lahti UAS and their co-operation. In sub-chapter 5.5 more information is given regarding to the interviews.

## 5.2 Data collection

The focus of this chapter is to build a picture of the time frame and the thesis data collection process.

TABLE 6. Gantt chart of Data collection process with a timeframe

Task name	Jan 2016	Feb 2016	March 2016	April 2016
Desk research	X	X		
Design interviews		X	X	
Conduct interviews			X	
Going through feedback forms			X	
Data analysis & results			X	X

The table above presents the Gantt chart of data collection process with a timeframe. The process includes both primary and secondary data collection. The process consists of desk study, interviews, and feedbacks. The author formulated the interviews and the company had formulated the feedback forms. The author was working for the company as mentioned earlier. The author came up with the topic based on her experiences and feedbacks she had heard and received. After the specific topic was designed for the thesis the author studied already published literature of customer service. When the frame of the theory part was completed the interview questions were made to support the aim of the study.

Oppilastalo Ltd gives out feedback forms to the customers to fill out. These feedback forms were also used to get knowledge on the customers' opinions.

### 5.3 Data analysis

This chapter provides details of the data collection process. First the company interviews are analysed and then the customer interviews. After the interviews the feedback forms will be analysed.

#### 5.3.1 Company interview analysis

The first company interview was with the leasing manager. The interview did not have specific questions and it was more a conversation about the company's situation and what is happening at the moment. A lot of changes are going on because during the summer 2015 Oppilastalo Ltd had a change of ownership and now they are part of Lahden Talot – concern. The figure above presents the main themes of the interview with the company.

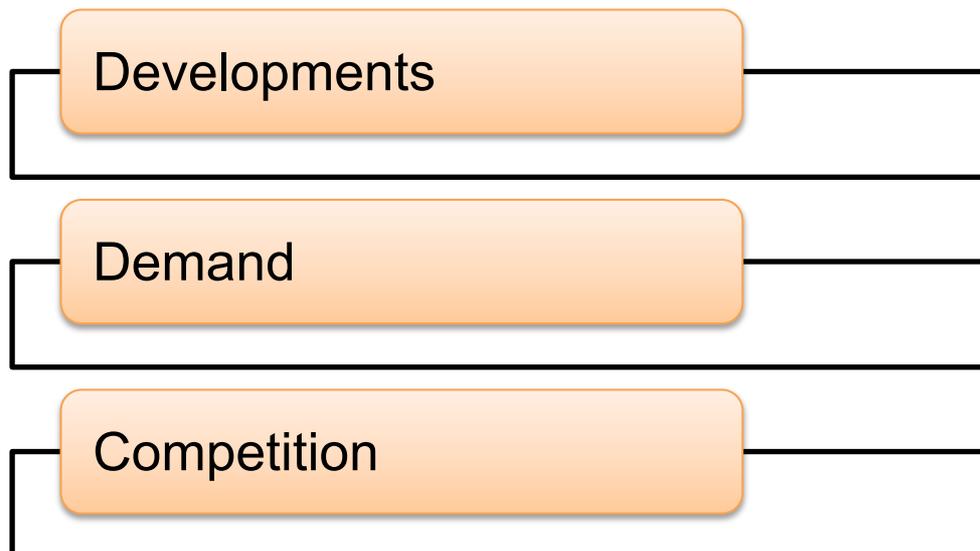


FIGURE 19. Main themes of the company interview

First it was discussed which kind of changes are being developed. A new location for student housing is under a renovation. The new building includes mostly studio apartments and it will be taken into use as soon as possible. Enlargements are discussed as building new apartments. The locations have to be thought thoroughly. First thought might be that the

new locations should be near the campus area but who knows how long the school will be in that location.

A new intranet is designed and it needs to be tested before taking into use. New intranet is called "Nettikoti" and it will make the communication between the company and customers much easier than it is now. Nettikoti will include filling out forms online such as a termination form, fault reports, moving in inspection and it will have a possibility to sign contracts online. The online contract signing is mostly for Finnish customers because the Finnish bank account details are needed. There is a Facebook group for the customers of Oppilastalo Ltd but the Nettikoti will have a forum for the customers to discuss and ask questions directly from the company.

Another idea for development is to start working on a summer hotel. The summer hotel means that for starters one of the locations of the student housing would be turned into a hotel for the summer period. The students would live in the housing from September to May and then move out for the summer. They could leave their personal things in the storage place but leave the furniture in the apartment. During the summer someone else would live in the apartment and then when September comes the same student would move back in. The student would not have to pay rent for the summer but still could keep his same apartment. This thought needs still more planning about which kind of furniture the apartments need to include, payments and are the students interested in this kind of change.

Second topic was the exchange students. Oppilastalo Ltd has a building reserved only for exchange students. In the fall period all the apartments are mostly in use as more exchange students are arriving. In the springtime there are more empty apartments. The apartments could be rented for other students but the contract would be made until the end of August because the new exchange students are arriving again in the fall.

Third topic was the demand. The demand for apartments is high every fall when the schools start and new students are arriving. Oppilastalo Ltd is the only company who only rents apartments for students as mentioned

earlier. They still have competition, which was the fourth topic, because some other companies are targeting young adults. The apartments are in the centre but they are rather small and pricy apartments. The question is how to maintain the interest of customers to Oppilastalo Ltd. The demand also effects to the prices. In general there is no shortage of apartments in the Lahti region, which means that the rental prices cannot be too high. The students are also worried about the future if the student financial aid from Kela will be lower and the rents will stay the same in the student housing.

The group interview was with the three employees of the company. The interview was conducted in Finnish and then translated in English. The first question was about what is the employees view on the company's position in the rental apartment markets. The main point, which stood out, was that Oppilastalo Ltd is the only one targeting only students. The competition was discussed and it leads to the next question, which was why Oppilastalo Ltd is a strong competitor.

Oppilastalo Ltd is a strong competitor because they offer different types of accommodations. The accommodation types are single room, one-room flat, two-room flat and three-room flat. The customer can request if they want to live alone or in a shared apartment. The employees have experience on the field and a vision what students need in the housing. The shared apartments are a positive advantage in competition because they enable cheap accommodation.

The third question involved suggestions to develop the company. The main thought was to break down old buildings and build new ones to replace them. The apartment buildings right now are quite old and some of the apartments are too big for the students. Most of the students would like to live in a studio apartment, which should be kept in mind when designing new apartments. Currently, essential repairs are being done to some of the buildings. The Internet connection has raised a lot of comments when it works and when it doesn't. Wireless Internet connection would be more to this day rather than the modem.

The fourth question was about the strengths and weaknesses of the company. The discussion about strengths started with the fact that Oppilastalo Ltd has a lot of studio apartments, which students most likely prefer rather than shared apartments. The prices are student friendly and the company offers different types of services such as sauna reservations and laundry rooms. The houses are well located quite near to the centre. The location is also a weakness because the location in Asikkala is about 20 kilometres away from the centre. Another weakness is that comprehensive renewal has not been done and no new strategies have been thought of. The reason for this might be that the students as a target group have always been secure and easy.

Moving on to the questions about the customers and culture. Oppilastalo Ltd has printed out brochures in different languages as preparation for the foreign customers. The brochures include information about the company, rules, recycling, fault reports, services, rents and so on. English is main language when communicating with the foreign customers. Cultural differences stand up when offering the shared apartments for foreign customers. Some customers have requests on from which nationalities their roommates come from. This makes it hard to position customers in shared apartments to respond customers' requests.

The customers are treated according to the Finnish standards. The customers come to Finland and they should understand the culture differences. It might also help them to integrate when they are not treated differently from the Finnish standards. For example, the cleanness of the apartment can be seen differently according to the nationality. Oppilastalo Ltd has taken part to the orientation day the school provides for the exchange students. Oppilastalo Ltd.'s part is to tell about the company, accommodation and behaviour in the housing. This kind of orientation should be provided to the degree students too and not only for the exchange students.

The relation with the customers differs from one an other. Some customers come to the office to sign the contract and next time the

customer contacts the company it is the time to return the key. Other customers might have problems with the accommodation and contact the company about it. The problem solving methods affect on the customers' view of the company and how the customers talk about the company in the future.

Lastly, the other comments were discussed and the conversation went to the comments that the author heard from the customers. Oppilastalo Ltd provides the housing for students and customers have to move out from the apartment when they graduate. The moving out is the following August from the graduation. Some customers would like to stay longer in the apartment, for example, a year longer. The company's employees think that basically it is a good idea but the company's vision is to provide the housing for students. It would not be fair for the new students if there were not enough apartments for them because of the already graduated customers living in the apartments.

### 5.3.2 Customer interview analysis

First interview was a group interview to the exchange students. The exchange students are staying in Lahti for four months to one year. Mainly the moving in process was easy because the tutors from the school, Lahti UAS, helped them a lot and get connected.

The exchange students find it important that the housing provides the Internet connection. LAMKO, which is the Student Union of Lahti University of Applied Sciences, provides the household boxes and the boxes include all kinds of kitchen accessories and a pillow and a blanket. The sauna culture is big in Finland and the exchange students hoped that there would be more available times for the sauna. The exchange students hoped that there would also be more laundry machines.

The exchange students did not have any specific expectations of Finland or studying in Finland. The difficulties were already mentioned laundry machines, weak furniture and the heating. Many exchange students come

from more southern countries than Finland and they hoped that the heating could be adjusted higher and they would not have to feel cold in the apartment. Otherwise the exchange students were quite satisfied with the student housing.

The exchange students had ideas about what else could be included in the housing. Coffee machine, microwave and darker curtains, to keep the room darker, were wanted in the apartments. The information coming from Oppilastalo Ltd should be friendlier because sometimes the communication feels to be impolite.

At the end of the interview other comments were asked for. The sauna got good comments as well as the location for the business students because Mukkula is quite near to the Niemi campus. Almost all the exchange students are located in Mukkula. Oppilastalo Ltd.'s involvement to the orientation day was noted to be important because only few exchange students take the time to read the brochure they get when they arrive to the housing. It showed friendliness and care from the company.

Second were the individual interviews with foreign and Finnish customers. Two interviews were done for the foreign degree students who were Vietnamese and three interviews were done for the Finnish students.

The foreign degree student interviews and email inquiry are gone through first. Both of the customers have lived in the student housing for about three years. Lahti UAS informs the students about the student housing and that is how most of the foreign students get the information about the student housing.

Both of the customers chose to apply for Oppilastalo Ltd.'s housing because it was the easiest option for them. The company has good reputation and the prices are good compared to other rental companies. The moving in process in general was said to be easy. They do not have help from family or friends like Finnish students do and it is costly to take a taxi or many bus rides in Finland.

The customer service was not always satisfying. The language could be fixed by using fixed guidelines. Recycling has been an issue in many Oppilastalo Ltd.'s locations. Many foreign customers do not follow or understand the importance of recycling if it is not practiced very much in their own country. This is why it would be necessary to have an info session with the new foreign customers. It could be organized with the school's orientation days or it could be Oppilastalo Ltd.'s own event. All the new customers, Finnish and foreign, could join the event if it was organized by Oppilastalo Ltd.

The heating system was brought up again as it was in the group interview with the exchange students when talking about what is important in the student housing. The company is doing some essential repairs at the moment and it was hoped that the window seals should be fixed in some locations. The heater adjustment range was said to be too small because in wintertime it is too cold even inside the house. The Internet connection and its speed were also mentioned to be important in the student housing.

The strengths of the company were the variety of the apartment types and the prices but at the same time it is mentioned to be their weakness. Some of the buildings are located right in the centre but some of the locations are too far away. The students would prefer small studio apartments located near to the school or to the centre.

Both of the customers would recommend Oppilastalo Ltd to their friends and in general their stay in the student housing has been good. The development ideas were concerning new houses closer to the centre and the ways of communication should be improved. As it was mentioned before the new intranet is designed and waiting to be tested and taken into use. The new intranet makes the communication between the company and the customers easier than it is at the moment.

Third were the interviews and an email inquiry with the Finnish customers. All three customers have lived in the student housing for almost three

years. Oppilastalo Ltd was found through the Internet when looking for student apartments in Lahti or from the Lahti UAS.

All of the Finnish customers said that the reason why they chose Oppilastalo Ltd was the price related to the services. The Internet connection, water, and electricity is included in the rent. The moving in process was easy but filling in the apartment card brought some difficulties. The apartment card is an online form where the new customers fills in all the details of the apartment, for example, if there are stains in the floor or holes on the wall. The form was said to be unclear.

In general the Finnish customers have been satisfied with the customer service. The employees seem friendly and answers have been received fast. It feels too quick that when an apartment is offered it needs to be decided within a few hours or max in one day that if the customers wants this apartment or not. But even though the process seems too fast it is understandable because many new students in Lahti need a place to stay. The Finnish customers understand that they have been used to the Finnish standards but the foreign customers might not and this is why the foreign customers might think the service is impolite.

The price and the location were again the first to be mentioned when talking about what is important in the student housing. Good kitchenware was mentioned too. The price and location were said to be the strengths of the company as well as the variety of the apartment types. The weakness was the communication. There is not enough information on the upcoming changes or event. The customers hope that the information is sent by emails. The office opening hours are shorter after the fusion with Lahden Talot. One of the customers hoped that it would be easier that the office could be open on some morning and some afternoons, and not always only in the mornings.

All of the interviewed Finnish customers would recommend Oppilastalo Ltd to their friends. The development ideas concerned improving the

communication. Frequently asked questions –section is needed to find general help for the questions that that many customers might have.

### 5.3.3 The secretary of international affairs interview analysis

Pia Puonti is an international affairs assistant working for Lahti UAS. She is one of the first contacts the exchange students get from Lahti and she has a lot of experience with the exchange students from the school's side.

The interview started with the assistant telling about her relation with the exchange students and the company. The school asks the exchange students to fill in feedback forms, which the author was able to use in her study.

The culture was the first topic to be discussed. The cultural competence seems to be missing from Oppilastalo Ltd. The Finnish standards in communication were mentioned before in the employees' interview. It is pointed out that even small talk is not common in Finland and it is common in other countries and it is felt to be impolite to leave it out. The foreign students appreciate fast answers and if the question cannot be answered immediately it is important to let them know that the message has been received. The friendliness in email messages is really important because the facial expressions or tone of voice does not come across in written messages.

Next an improvement was suggested and it combines two events. First is that Lahti UAS arranges an orientation day for the exchange students and orientation for the foreign degree students too. A representative from Oppilastalo Ltd has been asked to come to the exchange student orientation event and tell about the company but the event is only for the exchange students. Second is that the new customers have to go to the office to sign a rental agreement. The opening hours for Oppilastalo Ltd changed to be shorter after the fusion and some students have complained about the impracticability. The suggestion was that the

representative could bring the rental agreements to the orientation event and the exchange students signed the agreements there.

The communication was brought up as it was when interviewing the customers. For example, there were some problems with the Internet connection a while ago. The people who are in charge of giving the notices for the customers only provided the information in Finnish even the company has foreign customers. Another let-down were the problems with the deposit returning without proper information. The information should reach the customers before something unusual happens if it is known beforehand.

#### 5.3.4 Feedback form analysis

The customers return the feedback forms when they are moving out from Oppilastalo Ltd.'s apartment. All the customers (the exchange students, foreign degree students and Finnish students) have received a feedback form to fill in. The author went through 374 feedback forms from which 311 were from Finnish customers and 81 foreign customers. The feedback form has three questions:

1. When you moved in did you information about housing?
2. During your stay in Oppilastalo has customer service in housing office been bad, good or very good?
3. The reason why you moved out Oppilastalo's flat?

In general enough information was received when moving in. Customer service has been good and usually the reason why a customer moves out is because of the end of their studies.

The questions had some space for comments. According to the forms the customers, Finnish and foreign, filled in the satisfaction and opinions on customer service varied from welcoming and fast to poor and impolite customer service. The maintenance service also received all kinds of feedback. Some foreign customers complained about the maintenance men's language skills and some said that the service was really friendly and fast.

The Finnish students were not satisfied with filling the apartment card. It was unclear that what is supposed to be checked and how precisely. A specific list of inspected items should be provided from the company to the new customer. The Finnish students staying in Mikkola hoped more recycling information from the company to the foreign students because the trash canopy has been really messy.

Sauna and laundry services were really valued on both foreign and Finnish customers' side but there should be a limit how many times one person can book a laundry room per one week. The foreign students mentioned a few times how the range of the heater adjustment should be bigger.

#### 5.4 Discussion

All the interviews and feedback forms have been gone through and many opinions have been told. The customers and the company have similar thought but there are some differences too. The company is happy to offer different types of accommodations with student friendly prices for the customers and customers are very satisfied with it. The customers pointed out good services that the rent includes such as the laundry room, saunas, Internet connection, electricity, water, and maintenance services. The customers had different points of views to the actual customer service. Some said that the customer service was really welcoming at the office but not as good with emails. Some of the customers felt that the customer service was in general friendly and fast but some others felt it to be unclear or poor. It has to be taken into account that the culture differences affect on the opinions. It also depends on if the customer had to have any communication with the company besides getting or returning the key.

The employees have a lot of experience on their jobs and they have an image what students need and appreciate in a student housing. They still would like to ask from their customers what the customers want to have in a student housing. New apartment buildings are wanted from the company's side and from the customers' side therefore designing the new

apartments taken into account the customers wishes would make both the company and customers more pleased.

## 6 DETAILS OF DEVELOPMENT PLAN

Based on the primary data collection from the potential interviews and feedbacks it is time to conduct a development plan for the case company. The SOSTAC® -model as Situation Analysis, Objectives, Strategy, Tactics, Actions, and Control will be used to understand the situation of the company and how to develop it. SWOT –analysis was presented already and it tells the situation where the company is at right now. The objective of Oppilastalo Ltd is to provide enough affordable, compact and well-located student houses. The emphasis of this development plan is to offer the company suggestions how to provide more effective service for the customers.

### 6.1 Strategy of Oppilastalo Ltd

Next the strategy of Oppilastalo Ltd. will be presented.

#### 6.1.1 Segmenting

Oppilastalo Ltd is a rental apartment company and they have narrowed their market to students as being the student housing company. Students in general are a big group and it has to be divided into smaller groups. The smaller group are the exchange students, foreign degree students and Finnish students. These students are usually university students.

The exchange students are the smallest group from these three but the variation is the fastest. The exchange students come to study in Lahti for about four months and then go back to their home country. Some exchange students might stay longer, a year. The exchange students might behave as they are staying only for a short time that they can do almost whatever they like. The exchange students go back home and tell to their school, friends and family how the exchange was and at school it has a lot of weight on other students opinions about an exchange semester.

The foreign degree students are people who come to study in Lahti UAS for the whole degree program from a foreign country. These students might not have ever been in a foreign country before and it might be their first time living alone without their parents. The foreign degree students come from a different culture. The author interviewed only Vietnamese degree students but they are not the only foreign student group. Oppilastalo Ltd has many customers from, for example, China and Russia.

The third group is the Finnish students. Finnish students group includes the university students and high school students. Some high school students have already moved out from their parents place and Oppilastalo Ltd does not limit their services depending on which student the customer is even the majority are the university students.

#### 6.1.2 Targeting

The Finnish customers were more satisfied with the customer service than the foreign customers. This is the reason why the development plan focuses on more improving the customer service for the foreign customers. Both foreign groups, the exchange students and foreign degree students, can be targeted with similar strategies because both groups have a lot in common. The difference is how long they are staying because the exchange students are staying for a shorter period of time.

The company has the knowledge on rental apartment markets and customer service but training once in a while is required. A company should not stop progressing even the target customer groups are very clear but plan for expanding. They must notice the customers' needs to fill the needs and be better than the competitors.

#### 6.1.3 Positioning

The customer service of the company got positive and negative feedback. The figure below presents the positioning of the company according to the customers' feedback and interviews.

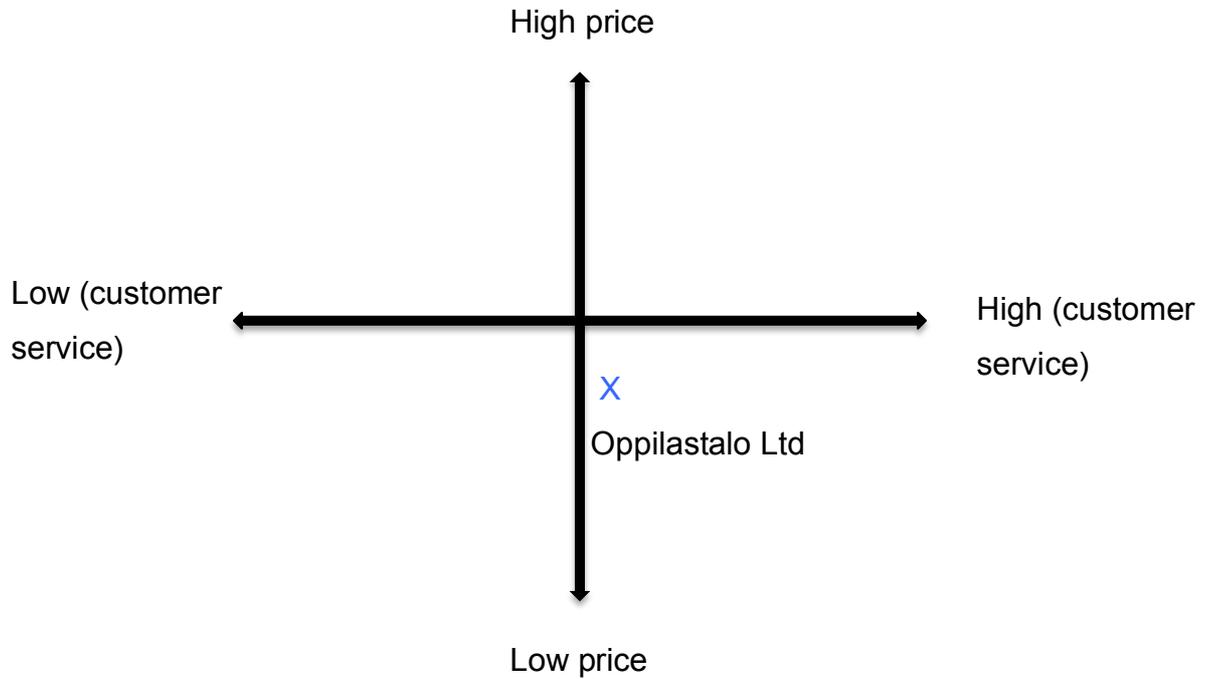


FIGURE 20. Positioning of Oppilastalo Ltd

Oppilastalo Ltd is set on a position where it is on the low price area and on the high customer service area. The customer service was said to be good in general and at the office it is welcoming. The employees are willing to help and advice the customers when needed. The written communication was said to be negative multiple times and this is why the positioning is not higher for the customer service factor. The price was said to be good for students and the company wants keep offering affordable accommodation for students. The price is in a good relation with the services the customer gets from the company. The apartments are big enough and most of them are in a decent location.

## 6.2 Tactics

The 4Ps are used to describe the details of the strategy and how the customer service can be more effective.

### 6.2.1 Product

The company offers student housing for the customers and customer service is a big part of it. Usually, the customers want small, clean and well

located apartments. The apartment inspection should be made before the new customers moves in because there has been difficulties defining who did damage into an apartment if either of the customers admits it. Sometimes it happens that the apartment is inspected weeks after the customer has moved in.

The customer service the company offers has divided opinions. Most of the Finnish customers thought the service is good but not all the foreign customers could agree. The main issue is the written communication. It is recommended that the company would use pre-designed email formats. These formats would already include greetings and polite thank you for the message. Using the word "please" is commonly used in English but in Finnish there is no direct translated word for "please", and often Finnish people forget the importance of this small word. The written communications could be improved with a course provided for the employees every once in a while.

### 6.2.2 Place

The company's office is located right in the centre of Lahti and this means the company is easily reached with the opening hours. Most of the company's rental apartments are in the centre area or close to the Lahti UAS. The company has to take into account the competitors and where they are locating their apartments. The customers at the moment would like to have more small studio apartments located near to the centre. The company should focus on the sizes of the new apartments when designing them. Students, who only stay in a student housing for four years, do not need extra space in their apartments. An apartment with twenty five square meters would be enough and the customers would not have to pay extra for space they do not need.

### 6.2.3 Promotion

The employees said that comprehensive renewal has not been done in sometime and no new strategies have been thought of. The reason for this

might be that the students as a target group have always been secure and easy. Oppilastalo Ltd still is the only student housing company in Lahti but there are still competitors on the rental apartment market. The company does not have many advertisements nor they do not have publicity. The school gives out information about the student housing for new students and this is how the new students usually find out about the company. It is worthy co-operation that the school provides information about the student housing for new students. It would also be good to have posters at the school because when the applicants for the school come for the entrance exams, they would see the student housing advertisements right away. The applicant already has seen the poster of student housing and if they get selected to the school they know where to apply for an apartment.

#### 6.2.4 Price

The advertisement posters were suggested in the last paragraph. It would not be a major gap in a budget to print out poster near to the school. The price for the improvement of written communications skills course should be also thought about how much the company wants to put on it. The monthly financial aid from Kela to the students is going to be lower and the students hope that the student housing does not raise the rents for the apartments. The company has to keep an eye on competitors' rents hence the competition stays steady.

#### 6.3 Actions

A clear plan for the company is done for the company in this part. As mentioned earlier, new intranet has been designed and now it is waiting to be tested and released. This is a step for more efficiency as the communication between the company and customers becomes easier than it is now.

The feedback forms are currently only on paper. In the future the feedback forms should be online because it would be easier for the customer and easier for the company to check them and control them. When the

feedbacks are given online it would be easier to follow if the opinions are changing to better.

The written communications skills course should be organized as soon as possible. Many companies organize courses to maintain the employees skills and to improve the service. During this written communications course some main cultural differences can be gone through and the fixed email formats could be designed with guidance on language and politeness. Unified way of communication creates a feeling of a solid company.

A simple form of a clear email

- Title
- Greetings
- Thank you for contacting or for the message
- Message of the email
- Ending words

An email should be short and simple without forgetting to be friendly. If necessary, apologies should be placed in the beginning of a message because otherwise the receiver might think that the apology is not sincere. Using the conditional is felt to soften the message but it also lowers the authority. In English the word “please” is important and in Finnish “-han” form is better to be used than the “-isi” form.

The company could provide projects for the international students of the Lahti UAS to design the notifications’ and language checks for the company. With this kind of co-operation the students could earn ECTS credits (ECTS stands for European Credit Transfer System) and the company could get right spelled and reformed information notes.

A Gantt chart is used to visualize what needs to be done and when with the customer service within a year.

TABLE 7. Actions for customer service development

	Summer 2016	Fall 2016	Winter 2016
Written communication course	<b>X</b>		
Designing email formats	<b>X</b>		
Going through feedbacks from students moving out		<b>X</b>	
Applying learned skills to new customers		<b>X</b>	<b>X</b>

The feedbacks should be checked every once in a while to see if there is any change in customers' opinions after the improvements have been done. The communication should be clear and polite. Imagining yourself in a customer's position can help to communicate in a way that everyone is left with a good feeling and clear vision of the situation.

#### 6.4 Control

A utilization rate is a good measure to see how the company is doing. The higher the utilization rate is the more apartments are rented. There are empty apartments available if the rate is lower than 100%. The website

visitors could be counted to see how many people are interested in student houses. The feedbacks should be checked every once in a while as mentioned earlier to see if there are new development ideas or if the improvements have worked and customers are more satisfied. It should be decided in the company that how often and who does something to the feedbacks and makes actions concerning them.

The risk is to stay in place and hope that nothing changes. Successful customer-experience plans look forward, not backward (Maynes & Rawson, 2016). Technology is getting better and better and competition is rough. Even the target customers seem like a steady and safe group it is important to try to progress. Improving already known skills might seem useless but there might be facts that are forgotten or new ideas have been thought of. It is important to keep going forward even there is a risk of failure. But there is a big chance to succeed.

## 7 CONCLUSIONS

This part aims to summarize all the findings and results this study has found. The reliability and validity of the study are discussed. Some suggestions for further research are mentioned at the end of this part.

### 7.1 Answering research question

This study focused on customer service and improving customer service by making a development plan. The case company wanted to know customers' comments and new development ideas. The main research question was: **How can Oppilastalo Ltd improve customer service with its current and future foreign and Finnish customers?** The main research question is answered later on, but first the sub-questions are gone through.

#### **What is effective customer service?**

The first sub-question is to understand the concept of customer service and what are the factors in providing great customer service. Customer service is defined as an organization's ability to meet the needs and desires of its customers, and customer service begins before, during, and after the customers' requirements are met. Without customers, you do not have a business and this is why loyal customers are highly important for any company. The customers need to trust the company to be loyal to the company. The customers need to be treated with respect to earn their trust. Patience, smiles, attention, and appearance are some key elements to good customer service.

#### **What do foreign customers expect from their student apartment/student apartment staff?**

The foreign customers expect to be treated with respect, fairness and friendly gestures. Working Internet was also mentioned to be very important. The Internet offers many possible ways stay in contact with their families and many school assignments require the use of the Internet.

Finland is a cold country during the wintertime and the customers who arrive from southern countries appreciate a working heating system. The demand for apartments differs in every country and this is why the difference in customers' opinions on rental price varies from high to low.

**What do Finnish customers expect from their student apartment/student apartment staff?**

The Finnish customers expect the same values as the foreign students. Friendly communication is expected but the Finnish customers know the Finnish standards and they have lived with them for their whole lives. The Finnish customers understand that communication can feel impolite for the foreign customers as the Finnish customers see it as normal communication. Finland is a very developed country and the company's customers expect high value of their rental apartment. The student apartment needs to be clean, quiet, and it has to have low rental price. The internet connection is expected to be fast and working at all times.

**What are foreign customers satisfied with, what more could be included and what are the main improvements wanted?**

The exchange students were satisfied with the furniture in the student housing. Suggestions such as adding a coffee machine, microwave and darker curtains to rooms were mentioned. A foreign student suggested that the company could provide a possibility to rent a flatiron or a vacuum cleaner. People use these machines every once in a while but perhaps there is no need for everyone to buy them if the company would provide these services. In general, customers were satisfied with the customer service but the written communication got negative feedback.

**What are Finnish customers satisfied with, what more could be included and what are the main improvements wanted?**

The Finnish customers were really satisfied with the rental prices of the apartments. It was said that the price is one of the main reasons they chose Oppilastalo Ltd instead of other rental companies or private renters.

The locations of the buildings are good and it was hoped that in the future more apartment buildings would be located closer to the center. The Finnish customers were satisfied with the customer service and no negative comments popped up.

With the sub-questions now presented and answered, it is time to answer the main research question.

### **How can Oppilastalo Ltd improve customer service with its current and future foreign and Finnish customers?**

The SWOT analysis and Porter's Five Forces model were used in chapter four to analyze the situation of the case company. Seven interviews were conducted to gain information on customers' views on the company and two interviews with the company were conducted to hear comments from the company's side and understand the situation at the moment after the fusion.

After all the data collection, it can be seen that in general the customers feel satisfied with the company and its customer service. The Finnish students were more pleased with the service than the foreign customers and according to this fact; the company should focus on improving the communication with the foreign customers. The provided written information should be given as clearly as possible and briefly, and even better for the new customers would be an organized event where the company presents essential information face-to-face to the new customers.

## **7.2 Validity and reliability**

The main purpose of the study was to find answers to the research question. The secondary data for the theoretical part was gathered from literature, such as academic books and internet sources. The primary data for the empirical part was based on the interviews with company employees and customers, feedback forms and the author's own observations. Based on these facts, the study is valid and reliable.

### 7.3 Suggestions on further research

This study focused only on customer service and how to make it more effective in the company. According to the interviews, new apartment buildings are wanted from the customers and from the company's side. Further research is needed on what kinds of apartments will be built in the future. It needs to be figured out if, for example, the studio apartments are the most wanted among students. Internet was one of the wanted amenities that the student housing should include. Furthermore, it should be thought of if the local area networks should be replaced with wireless local area networks in the future.

## 8 SUMMARY

Oppilastalo Ltd is a well-known student housing company in Lahti. The company became a part of Lahden Talot –concern in 2015. The company is in the process of finding a stable course after the fusion. The purpose of this thesis was to find answers to the research question of how the case company could improve customer service with its current and future foreign and Finnish customers. The final goal was to implement a development plan and suggestions for the case company.

This study was conducted by using deductive research method and supported by qualitative approach. The secondary data was gathered from literature, such as academic books and internet sources. The primary data was collected through interviews with company employees and customers, feedback forms and author's own observations.

The theoretical framework of the study introduced the SOSTAC® Planning System –model, which was applied in the study to create the development plan. SOSTAC® contains six elements, Situation Analysis, Objectives, Strategy, Tactics, Actions and Control. Customer service was defined as a concept and explained thoroughly. The case company, Oppilastalo Ltd, was introduced and valuable information was presented about the company.

The data analysis was a combination of interviews and feedback forms. The interviews were recorded and created to find out the customers' opinions about the strengths and weaknesses, and to hear development ideas for the company.

The final part of the study was to design a development plan and suggestions on how to make the customer service more effective for the case company. By using both theoretical data and empirical data, the development plan was conducted.

In conclusion, the study managed to reach its final goal by answering the research question properly with a high level of validity. The reliability is not as high because customers from all different foreign countries were now interviewed but the feedback form results back up the interview results. The limitations of the study are the limited area, lack of detailed facts from other rental companies, and the study does not include financial aspects. Future research should focus on the types of buildings that will be built in the future and what are the students' wishes they would like to have in a student house.

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## APPENDICES

### APPENDIX 1.

#### Interview for leaving exchange students

1. Was the process easy to move in to Oppilastalo's student housing?
2. What is important for you in a student apartment?
3. What did you expect from the student housing?
4. Did you have any difficulties with the student housing during your stay?
5. What were you satisfied with the student housing?
6. Which aspects would you like to see developed in the future?
7. Would you have anything else to add?

### APPENDIX 2.

#### Interview for foreign degree students

1. How long have you lived in Oppilastalo's apartment?
2. How did you find out about Oppilastalo?
3. Why did you choose to live in Oppilastalo's apartments?
4. Was the process easy to move in to Oppilastalo's student housing?
5. What is important for you in a student housing?
6. What do you feel are the strengths and weaknesses of Oppilastalo?
7. Would you recommend Oppilastalo for your friends?
8. Which aspects would you like to see developed in the future?
9. Any other comment and notions?

### APPENDIX 3.

#### Interview for Finnish students

1. Kuinka kauan olet asunut Oppilastalon asunnossa?
2. Mistä kuulit Oppilastalosta?
3. Miksi valitsin Oppilastalon?
4. Oliko muuttaminen helppoa Oppilastalon asuntoon?
5. Mikä sinulle on tärkeää opiskelija-asunnossa?
6. Mitkä ovat sinusta Oppilastalon vahvuudet ja heikkoudet?
7. Suositteletko Oppilastaloa ystäville?
8. Mitä kehitysehdotuksia sinulla on antaa Oppilastalolle?
9. Muita kommentteja ja lisäyksiä?

## **APPENDIX 4.**

### **Feedback form**

- When you moved in did you get information about housing?  
Little, some, enough
- During your stay in Oppilastalo has customer service in housing office been  
Bad, good, very good
- The reason why you moved out Oppilastalo's apartment?  
Ending studies, some other

## **APPENDIX 5.**

### **Interview for the employees**

1. Mikä on näkemyksesi Oppilastalon asemasta vuokra-asuntojen markkinoilla?
2. Oletko tyytyväinen tähän asemaan?
3. Miksi Oppilastalo on mielestäsi vahva kilpailija?
4. Minkälaisia kehitys ideoita sinulla on toiminnan parantamiseksi?
5. Mitkä ovat Oppilastalon vahvuuden ja heikkoudet?
6. Miten olette valmistuneita vastaamaan eri kulttuureista tulevien asiakkaiden tarpeisiin?
7. Millainen suhde sinulla on asiakkaisiin ja koetko, että asiakkaiden ja työntekijöiden välisessä luottamuksellisessa suhteessa on parannettavaa?
8. Muita kommentteja tai huomioita?

## **APPENDIX 6.**

### **Interview for the employees (translated)**

1. What is your opinion on Oppilastalo Ltd.'s situation on the rental apartment market?
2. Are you satisfied with this situation?
3. Why Oppilastalo Ltd is a strong competitor?
4. What kinds of development ideas you have to improve the service?
5. What are the strengths and weaknesses of Oppilastalo Ltd
6. How have you prepared for meeting the needs of customers from different cultures?
7. What kind of customer relationship you have and do you feel that the confidential business relationship between customers and the employees needs to be improved?
8. Any other comments or notions?