KEMI-TORNIO UNIVERSITY OF APPLIED SCIENCES

Customer Orientation vs. Customer Orientation Perception

Case: J & J Lakkapää Oy Tornio

Heli-Marja Inkeri Angeria

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ABSTRACT

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The objective of this thesis is to study customer orientation with the help of a widely adapted Selling-Orientation-Customer Orientation (SOCO) scale, in order to find out what is the extent to which J & J Lakkapää Oy Tornio and its consumer customers agree or disagree about the company's customer orientation level.

Both qualitative and quantitative research methods are utilized in this single-case study. The main data collection tools consist of semi-structured interviews, observations and point-of-sale self-administered questionnaire surveys. The local manager of the store was interviewed twice; firstly, to adopt a clear understanding of the company's past, present and the future, and secondly to map out the prevailing perception about the company's customer orientation. Furthermore, 145 questionnaires consisting of 10 SOCO scale statements were distributed for the customers during March - April 2011, in order to draw up an understanding of the consumer perception concerning customer orientation. The theoretical framework revolves around the concepts of a company's orientation towards the marketplace, as well as the seven 'Ps' of the extended marketing mix: price, place, product, promotion, people, physical evidence and process. The information sources include books and other printed material, as well as Internet articles coherent with the topic.

Finally, the data collected was analyzed and presented through tables and figures. The results were used to construct development suggestions for the company to further improve their customer orientation level. The development suggestions were designed to cover the relevant sections of the marketing mix: product, promotion, place & people.

Key Words: Customer Orientation, Customer Orientation Perception, SOCO scale, Marketing Mix, seven 'Ps'

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1 INTRODUCTION

This chapter begins with a case company profile description. It is followed by the motivation and background of the research, as well as definition of the research topic and questions. The chapter is concluded by an illustration of the structure of this thesis.

1.1 Case Company Introduction

The case company under investigation is J & J Lakkapää Oy Tornio. It is a limited liability company working in the hardware and agricultural field of business having offices in Ylitornio, Tornio, Rovaniemi, Oulu and Luleå. The headquarters are situated in Tornio.

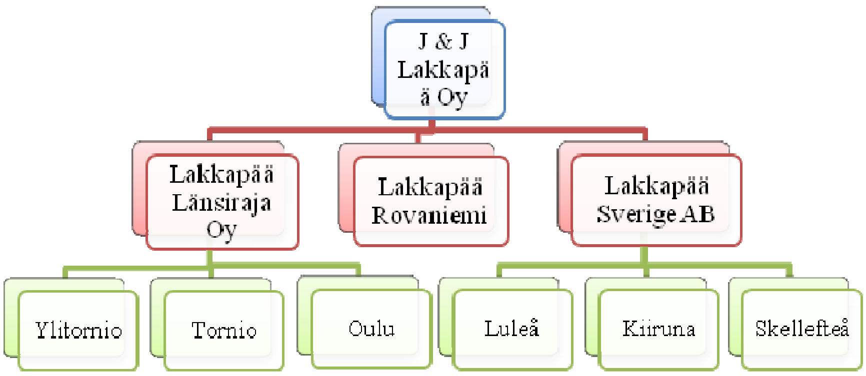
The company was established in 1964 in Juoksenki by Esa and Ulla Lakkapää. First it started as a small general store carrying the name of K-Valinta Esa Lakkapää. Their co-operation with Kesko began immediately and lasted over 45 years, until in 2009 the corporation decided to detach itself from it. In 1984 the company expanded to Ylitornio where the actual hardware store journey began. This is when the siblings Juha, Jukka and Jaana Lakkapää started to play a bigger role in the company. After a while Jaana decided to go her own way, and left the Lakkapää business.

A generational change took place in 1996 as the brothers took over the company. The areas of responsibility were divided as follows: Juha became responsible for the agriculture departments whereas Jukka took control of the hardware business.
The business was internationalized in April 2001 when a subsidiary J & J Lakkapää AB was opened in Luleå, Sweden. In December 2001, the business unit of K-Rauta Tornio was established. The operation continued to expand as the agricultural department was opened in Tornio. Since then, it has evolved to be the most important department for the corporation. The agricultural operations were escalated in 2001, when the Rovaniemi unit was opened.

In 2010, the market area expanded further, as the business unit of Oulu was opened up.

Today, Jukka Lakkapää is the CEO of the corporation, which is employing combined 123 employees in both Finland and Sweden. Juha continues to steer the agricultural departments and related activities. The last announced turnover from 2009 was 74.1 million €. In the near future, the business will continue to expand as new stores will be opened up in Sweden: Kiiruna and Skellefteå in 2011, Piteå in 2012 and Jällivaara in 2013. (Lassila 2011.) As the new stores open up, the organizational chart becomes increasingly elaborate. Table 1 depicting the internal relations of each Lakkapää branch is presented below.

Table 1. Organizational Chart: J & J Lakkapää Oy



In the following chapters, the case company will be referred to as Lakkapää Tornio, since the research is focused on the business unit of Tornio.

1.2 Motivation and Background

Customer orientation is a critical success factor for companies in today's marketplace. It is a generally recognized fact that customer-oriented companies outrank competitors and provide a higher level of customer satisfaction. (Donavan & Hocutt 2001, 294.) In addition, the studies by Narver and Slater (1990), Jaworski and Kohli (1993) and Hennig-Thurau (2004) empirically authenticate the relationship between customer orientation and potential economical success of a company. However, companies tend to lack the ability to document the extent to which a company possesses such customer orientation culture judging from the customers' perceptions (Goolsby & Kennedy & Lassk 2002, 159). The research available suggests that companies and customers may disagree about a company's market orientation level; companies have a tendency to think better of themselves than customers (Steinman & Deshpandé & Farley 2002, 6; Donavan & Hocutt 2001, 293). Above all, several researchers such as Day & Wensley (1998) and Walker & Ruekert (1987) indicate a lack of empirical attention to the critical bridge between customer orientation and customer orientation perception (Donavan & Hocutt 2001, 294).

It would be beneficial for both the case company and the research world to learn what is the extent to which the two parties agree/disagree about customer orientation when comparing Lakkapää Tornio's and its customers' perceptions. According to the store manager of Lakkapää Tornio, customer orientation is a crucial concept for businesses nowadays. However, there is a lack of a clear unified mindset of how the state of the company's customer orientation could be improved even further. (Lassila 2010.) The company would be given an important insight about their current situation, as well as an illustration of where they should be in order to satisfy and exceed customers' needs.

As Lakkapää Tornio no longer is a part of the Kesko conglomerate, it is vital for them to learn how to monitor and measure their level of customer satisfaction concerning different key aspects of the company. Before the separation of the two parties took place, Kesko used to take care of all the customer surveys – Lakkapää Tornio has no experience in this field. Due to this, it is beneficial for the company to be introduced to the process of gathering and analyzing essential data about the company as well as its clientele. Lakkapää Tornio would also acquire relevant information about their clientele for further segmentation and strategizing purposes. In conclusion, this topic is valuable in terms of research, since it has not been widely studied before.

1.3 Research Topic & Questions

The aim of the thesis is to study customer orientation with the help of a widely adapted SOCO scale, to understand the extent to which the case company and its customers agree or disagree about Lakkapää Tornio's customer orientation. Based on the extent to which the customers and the company either agree or disagree, suggestions will be drafted. The relevant concepts from the 7 P's, i.e. price, product, promotion, place, people, physical evidence & process of the extended marketing mix will be used as a framework (Bitner & Booms 2011). The concepts of SOCO scale and marketing mix are explained briefly below.

The SOCO scale in short is a tool which has been introduced by Saxe and Weitz (1982; 1986). In its first appearance, it was a paper-and-pencil scale consisting of 24 statements on a Likert scale of 1 to 9, developed to measure whether the salespeople are oriented towards selling or serving customers. (Saxe & Weitz 1982; 1986, 343-351.) Numerous authors have made modifications to the original scale by either changing the wording of the items, the number of statements or the number of items in the scale (O'Hara & Boles & Johnson 1991; Tadepalli 1995; Attaway & Williams 1996; Ryan & Soutar & Thomas 2001; Ckakrabarty & LeMay & Periatt 2004). The SOCO scale will be further examined and explained in chapter 2.2.2 Selling-orientation-customer-orientation (SOCO) scale.

The term marketing mix was introduced by Borden in 1965. It is a universal framework helping businesses in all fields of business to structure their thinking concerning marketing issues. The basic components of the marketing mix were first proposed by McCarthy in 1960; Product, price, place and promotion. (Baker & Hart 2008, 247-248.) Later on these components were regarded as insufficient, which led to the discovery of the seven 'Ps' in 1981, referred to as the extended marketing mix. The components in total were price, product promotion, place, people, physical evidence & process. (Bitner & Booms 2011, 1; McCarthy 2011, 1.) Relevant items of the extended marketing mix have been used as guidelines to develop suggestions for Lakkapää Tornio. This was done to facilitate the real life applicability and implementation of the suggestions. The relevant items of the extended marketing mix will be further elaborated in chapter 5. Suggestions through the marketing mix.

In accordance with the established research objectives, the following research questions have been developed:

1. How customer oriented does Lakkapää Tornio rate itself?
2. How customer oriented do customers perceive Lakkapää Tornio?
3. How can Lakkapää Tornio's customer orientation approach be further developed using the relevant features of the extended marketing mix as a framework?

The first question aims to demonstrate the self-portrait of the company in the means of customer orientation, as well as to give an insight to the company's current situation. The second research question focuses on determining the other side of the coin; the perception of the customer. Given this, the final question stipulates the findings and knowledge from the first two questions. It concentrates on the development of suggestions for the company, offering ideas on how to further develop the customer orientation approach of Lakkapää Tornio.

1.4 Structure of the Work

The theoretical foundation for this work is built around the philosophies of a company's orientation towards the marketplace, as well as the seven 'Ps' of the extended marketing mix. The thesis is divided into six chapters. The first chapter begins with an introduction of the case company, as well as the research background. The main focus of chapter 2 is on explaining the methodology utilized in the executed research. It encompasses a deeper insight into the methods employed, a detailed research process description, explication of the data collection and analysis tools used, as well as the limitations of the research in question. Chapter 3 provides theoretical knowledge about the founding philosophies of the research. Different company orientation concepts, including sales, -product, -marketing, -production and customer orientation, are elucidated, followed by a case company orientation discussion. Chapter 4 incarnates and analyses the outcomes of the held questionnaire surveys and interviews and summarizes the results into figures and tables. Based on the analysis, chapter 5 continues with development suggestions for the company having the relevant components of the extended marketing mix as a framework. Finally, the conclusions and discussions of the conducted research are presented in chapter 6.

2 RESEARCH METHODOLOGY

This chapter focuses on explaining the research design of the thesis process. It encompasses a deeper insight into the methods, research process, data collection and analysis tools employed, and finally the limitations of the work.

2.1 Research Process

The research process started with signing a contract with the case company. Two overall interviews were conducted with the store manager Jaakko Lassila. First one was held to depict the general profile and situation of the company. The second interview was more in depth in nature. The SOCO scale was put into practice in the form of a questionnaire including 10 statements and a Likert scale from 1 to 5. In addition, a taped semi-structured interview was held using the 10 statements as a framework. The next step was planning and drafting the questionnaire survey in Finnish and Swedish with the help of language teachers. Next, a pilot study with a selected sample of 4 people was conducted to test the effectiveness of the questionnaires. After necessary adjustments and sampling, 145 copies of the questionnaire survey were delivered to the store and kept there for a time period of three weeks. Relevant literature review was carried out throughout the research process.

After all the necessary data were collected, the quantitative questionnaire data were translated into measurable means using Microsoft Excel, from which the data were further transferred into readable tables. Qualitative data were analyzed in order to find out its consistency with the quantitative results. Qualitative data were also used as a basis when developing the suggestions for the case company. However, the main emphasis was on quantitative findings. Finally, necessary tables were constructed to present the results, especially to depict the comparison between the perceptions of the company and its customers in a clear way. In addition, suggestions to further develop the customer orientation approach of Lakkapää Tornio were constructed. To facilitate the company’s reaction to the findings, suggestions were presented using relevant items of the extended marketing mix as a framework.

2.2 Methods

2.2.1 Case Study

A widely used research methodology usually associated with the interpretivistic research paradigm is called case study; it is used to explore phenomena in natural environments using various methods to gain in-depth knowledge (Collis & Hussey 2009, 74, 82). Case study focuses on using multiple sources of evidence; triangulation is associated with the methodology. It is not just a data collection tactic, but an all-encompassing research method covering the logic of design, techniques for data collection, as well as specific data analysis approaches. Case study is usually categorized as being either single- or a multiple case study. It is not restricted to just one type of evidence; it can include the collection and analysis of both quantitative and qualitative data. The strength of case study is its ability to cover a full variety of evidence: documents, artifacts, interviews and observations. In other words, case study is used to explain, describe, illustrate and enlighten a certain phenomenon in a real-life context; a set of prespesified procedures are used to investigate an empirical topic. In addition, the more the developed research questions aim at explaining a phenomenon through the question “how”, the more relevant the case study method becomes. (Yin 2009, 9-21.)

As has been justified above, case study is the most suitable research methodology for the thesis in question. Not only is it closely linked with the research paradigm and research questions identified, but it is also widely known and used in business contexts. Since the aim of the study is to utilize both qualitative and quantitative methods when examining the case company, choosing single-case study methodology seems natural; it does not exclude one or the other. As Eisenhardt (1989, 534 cited in Collis & Hussey 2009, 83) suggests, the best way to do case study research is to combine different methods, such archive searching, interviews, questionnaires and observation.

2.2.2 Selling-Orientation-Customer-Orientation (SOCO) Scale

For quite some time now, customer orientation approach has been one of the top interests of researchers in a business context. For the approach to flourish, a company-wide approach is needed where all of the businesses activities are aimed at customer satisfaction and establishing mutually beneficial long-term relationships. In other words, if a company wants to be fully market oriented, it needs to have a staff consisting of customer oriented experts. In order to be able to develop the past, understand the present, and look out for the future, the ongoing customer oriented behavior needs to be monitored.

Selling-Orientation-Customer Orientation (referred to as the SOCO scale) is a scale that measures this above mentioned behavior. It was originally introduced by Saxe and Weitz (1982) as a paper-and-pencil self-assessment scale, consisting of 24 statements on a Likert scale of 1 to 9. However, from the respondent's point of view, the magnitude of the scale might seem overwhelming. Also, it is always in the company's own interest, when the required data can be collected efficiently and promptly. Due to this, numerous authors have made modifications to the original scale by either changing the wording of the items, the number of statements or the number of items in the scale, to better fit their own purpose. (O'Hara & Boles & Johnson 1991; Tadepalli 1995; Attaway & Williams 1996; Ryan & Soutar & Thomas 2001; Ckakrabarty & LeMay & Periatt 2004.) In addition, some researchers only use the scale to investigate customer orientation, thus leaving out the statements referring to selling orientation. When reducing the original number of statements, one inevitably wonders if some information is left out. Accordingly, Ryan carried out research testing the effectiveness of the modified scales compared to the original, and concluded the results to be consistent. (Ryan 2001, 1.)

Through investigation of previous studies which have utilized SOCO scale, the relevant characteristics have been picked out, and combined into a scale that best fits this research context. Following the example of Ryan, Thomas and Soutar (2001), the number of statements have been reduced to 10. The statements referring to selling orientation have been excluded, in order to make the scale as neutral in tone as possible. A Likert scale of 1 to 5 was chosen, where 1 represents total disagreement while 5 equals to total agreement. As the scale was not only presented for the staff as originally planned, but also the consumers, the wording of the statements had to be changed accordingly. In addition, the scale was translated to Finnish and Swedish, since the research population consisted of both nationalities.

Most of the modifications were made in order to ensure the user-friendliness of the scale. However, cutting down the Likert scale consisting from 5 instead of 9 options not only makes the scale easier to understand and answer, but also facilitates the data analysis process. The research bias is eliminated in this sense, as there is no room for researchers' speculation of given scores.

Other researchers (Michaels & Day 1985; Dunlap & Dotson & Chambers 1988; Brown & Widing and Coulter 1991; O'Hara & Boles & Johnston 1991; Howe & Hoffman & Hardigree 1994; Tadepalli 1995; Williams & Attaway 1996; Pettijohn & Pettijohn & Parker 1997) have also utilized SOCO scale in their work, all of which support the reliability and dimensionality of the scale. Nonetheless, the research by Ryan (2001) was chosen as a foundation, since it comes in closest to the particular scale utilized in this research.

2.2.3 Sampling

Sampling is regarded to be the procedure of selecting random or specific units, e.g. people from a population of interest, in order to be able to generalize results by studying the selected sample. In a research work, the total group under investigation is normally called population. The population size and the wanted results determine the sample size used. The sample is basically the number of people or other items which the researcher decides to include in the study. However, the selected sample, and the actual sample might differ vastly, as the researcher has little control on whether the sample units wish to be part of the study or not. The group that is actually involved in the study is called the subsample, which is sometimes considered to have an impact on the reliability of the research results. When the sample chosen is random, the process is called probability sampling, which is used in the research in question. (Trochim 2006.)

Confidence interval is an interval estimate of population parameters used to depict the reliability of an estimate. Confidence level is a probability value expressed in percentages associated with confidence interval. Estimated range of values calculated from a given set of sample data, which is likely to include a population parameter is known as the confidence interval. If samples are extracted from a certain population, and the confidence interval is calculated for each sample, a certain percentage, e.g.

confidence level will include the unknown parameter of population. The most used confidence level is 95 % when calculating confidence interval. (Easton & McColl.) Since the statistical calculations were of secondary value for the research in question, the sample size was determined using a sample size calculator (Tomaselli 2010).
According to Mr. Lassila, Lakkapää Tornio has approximately 1500 customers visiting the store weekly, and this amount can even be doubled during the busy season in the summer. In order to be able to calculate the sample size for the questionnaire survey, the population amount had to be calculated. Taken into consideration the time frame of three weeks, as well as the weekly customer income of 1500, the population size was determined to be 3x1500=4500. Keeping in mind the fairly simple nature and purpose of the research in question, a confidence level of 95 % was considered suitable, as well as a confidence interval of +/- 8 was accepted. The sample was random, since the questionnaire was a point-of-sale self-administered survey. This way research bias was prevented, as the respondents were not hand-picked by the researcher. Also, the results are more likely to be generalizable, since the sample represents a larger population group.

Given the above criteria, the following conclusions were made:

Population size:	4500
Confidence level:	95 %
Confidence interval:	+/- 8
Required sample size:	145 copies

As Lakkapää Tornio is situated on the border of Finland and Sweden, it is inevitable that a fraction of the clientele consists of Swedish people. Due to this fact, as well as an inquiry from the store manager's behalf, 30 copies of the questionnaires were handed out in Swedish.

2.3 Data Collection & Analysis

As was explained above, the research utilized a widely adapted SOCO scale, to measure the actual customer orientation gap when comparing the customers' and management's perceptions about how customer oriented Lakkapää Tornio is. The scale was put into practice through the following:

Firstly, a small scale pilot study measuring the effectiveness of the questionnaire was conducted with 4 people. The intention was to make sure the questions were understood correctly after the translation, as well as to ensure the reader-friendliness of the survey.

Secondly, a SOCO scale questionnaire was provided for the store manager, who brought the voice of the staff through to the research. The questionnaire was in a normal SOCO scale form, having ten statements which could either be agreed or disagreed with on a Likert scale of 1-5. The intention was to collect primary quantitative data concerning the perceived level of customer orientation.

Thirdly, a random point-of-sale self-administered questionnaire survey was delivered for the consumer customers. Thus, they filled in the survey in Finnish and Swedish during Lakkapää Tornio’s opening hours without special supervision. The wording of the questions was further modified in a way to better fit the intention to collect primary quantitative data on customer orientation from the customer’s perspective. The questionnaire was in a normal SOCO scale form, having ten statements which customers either agreed or disagreed with on a Likert scale of 1-5.

Finally, two semi-structured interviews were held with the store manager of the company, using the SOCO scale as a framework in the second interview. However, instead of quantitative data, the aim was to collect mainly qualitative data. A tape-recorder was used to tape the interview, in order to be able to observe the store manager’s behavior while answering the questions, as well as read between the lines. As was mentioned before, the store manager was asked to fill in the same questionnaire survey as the customers did, in order to be able to identify whether or not the company perceives their customer orientation in a similar way.

General observation was conducted while visiting the store multiple times, keeping in mind the 10 statements of the SOCO scale. Notes were made concerning the staff’s way of dealing with the researcher as a customer. Observation as such is not treated as a research tool in this thesis. Moreover, it was a way to make sure the findings were consistent with reality.

The data collected from the questionnaire surveys were thoroughly studied and analyzed. In case customers were unable to answer all of the questions in the survey in a correct way, the copies were removed, since they failed to serve the purpose. Also, the co-operation with the store manager served as a guideline in judging the relevance and veracity of the answers.

The term frequency refers to the number of observations for a specific variable (Collis & Hussey 2009, 230). The thesis will take use of a familiar statistical model called frequency table to be able to present the results of the quantitative questionnaires in a readable way. All of the answers for each statement were written into a table form, from which the average, median and mode were calculated. This was done in order to facilitate the comparison between the perceptions of the two parties involved.

The qualitative data gathered were of assistance when planning the development suggestions for the company. In addition, qualitative data was analyzed in order to understand the consistency/inconsistency in answers by the staff and the owners.

2.4 Limitations

As was mentioned before, case study is a widely used research method due to its multiple strengths. However, as all methods, it also has its downsides.

The main concern with case study is argued to be the lack of rigor. This is the result of the researcher being sloppy, or the fact that ambiguous evidence and biased opinions have been allowed to influence the outcome of the research. Due to this, following systematic procedures when conducting the research is vital. (Yin 2009, 14.)

A second concern with case studies is the difficulty of scientific generalization of research results. The question of “How can you generalize from a single case?” is often heard. The simplest answer is that case studies can be generalized in the means of propositions, and not population or universe. In fact, the goal is to expand and generalize theories instead of enumerating frequencies.

A third issue with case studies is the fact that they can be time-consuming and result in vast unreadable documents. This might be true when considering how case studies were conducted in the past, but does not have to be the way they are conducted in the future. (Yin 2009, 15.)

Too short of a timeframe can be a constraint no matter which method is used. This was also the case with the thesis in question. The widely adapted SOCO scale used has its own challenges. It was translated from English to Finnish to Swedish and back, and adapted to a simpler version, which could result in losing some information. In addition, there is always the possibility of collecting data which is not accurate or true. This can be the case especially when conducting a qualitative interview with any of the staff members; answers might be given in order to make the company look better. However, this does not mean that the outcome of the research was jeopardized due to these possible shortcomings – they just needed to be kept in mind when conducting the research, to be able to avoid them to the greatest length.

3 COMPANY ORIENTATION PHILOSOPHIES

This chapter discusses the 5 prevailing company orientation philosophies, which are production-, product- , sales-, marketing and customer orientation, as described by Bhatnagar (2009,1). These orientations are related with the way the company organizes its marketing activities. The details of each orientation are described, and finally the case company is categorized under the most suitable philosophy, according to the research findings presented in Chapter 4. Customer Orientation vs. Customer Orientation Perception.

3.1 Production Orientation

When production orientation is being employed by a company, the main focus is to produce as much as possible in a shortest possible timeframe. This approach might end up in reducing the efficiency of the mechanisms, as well as lowering the quality of the goods produced. As Bhatnagar (2009, 1) has stated, it can either extremely boost the company’s sales, or in the worst case throw the company in a pitfall. This kind of orientation should only be employed when there is an extreme demand of the product, and the company can be sure that the products will be purchased by customers.

3.2 Product Orientation

The key concern of product oriented companies is the prestige and quality of the produced goods. No thoughts are spared over the quantity of the goods in the market. This might end up as an overload of goods in the market, which again might drop the value of the products. However, the companies concentrate on the fact that if the product is good enough in quality, the customer will most definitely buy it. This method is usually applied when research has been conducted, and the company is certain about customer need, wishes and wants.

3.3 Sales Orientation

The main objective for a company working under the sales orientation philosophy is to get their products sold. Usually, the sales process goes on without thinking about demand or the customer requirements and desires. Thus, customer satisfaction can experience serious damage, when working under this philosophy. The sales people use their best skills, to get the goods distributed to the store out to the markets by any means. Usually, this kind of method should only be applied when the company wants to eliminate a certain product, due to its sales being at minimum.

3.4 Marketing Orientation

This approach is utilized in a contemporary market when the product-to-market time has been studied and analyzed carefully, and the segmentation has been conducted accordingly. As the needs and requirements of customers continue to change, so should the tools and methods employed by the marketing departments. This orientation depicts the best possible planning and research, as well as the valid promotion techniques needed to get the product marketed and finally sold.

3.5 Customer Orientation

As the name of the orientation states, this approach is employed under the objective of studying, understanding and exceeding customers’ needs and requirements. Obviously, if the product offered does not satisfy customers, they will not buy it. Due to this, customer orientation philosophy concentrates on identifying and analyzing the customers’ needs, and directs the business activities accordingly throughout the company. (Bhatnagar 2009.)

The case company perceives itself as working under the customer orientation philosophy. The overall rating the company gave itself concerning the level of customer orientation was 4. However, was interpreted from the interviews analyzed in chapter 4.1 and the other research findings presented in chapter 4.2 and 4.3, the customers do not quite agree with this scoring. Nevertheless, it can be said that Lakkapää Tornio is partially employing customer orientation, even if the daily business activities are still vastly guided by the sales orientation philosophy.

4 CUSTOMER ORIENTATION VS. CUSTOMER ORIENTATION PERCEPTION

This chapter begins with a deeper review of the two semi-structured interviews held with the store manager of Lakkapää Tornio. In addition, the questionnaire surveys conducted with both the store manager and the customers are analyzed. Finally, the chapter comes to an end with a summary of the main findings of the interviews and the questionnaires.

4.1 Analysis of Interviews

The interviewee in question was the Tornio headquarters' store manager and the CEO of Lakkapää Länsiraja OY Mr. Jaakko Lassila. He is responsible for all the daily business activities, as well as the staff at Lakkapää Tornio. At first, the intention was to submit the questionnaire to all of the staff members to measure the company perception. However, the store manager is the person who is responsible for directing the staff's behavior into the right direction, as well as communicating the company's strategy to them. Due to this, it was commonly decided that it is more important to focus on the perceptions of the key player, which in this case is Jaakko Lassila. He has been working for Lakkapää for the past four and a half years, possessing an educational background of Business Administration on a vocational level, as well management trainings provided by Kesko.

There were two main objectives for the conducted interviews. The first objective was to investigate the company's current customer orientation level based on general interview questions. Secondly, the objective was to understand how the company itself perceives the level of customer orientation approach based on the SOCO scale framework interview and the questionnaire, which was filled in by the store manager. A tape recorder was used to be able to monitor the behavior of Mr. Lassila, while conducting the interviews. The full interview transcripts can be found in the Appendices 1 and 2.As the interviews were conducted in Finnish, the transcript was translated into English by the researcher.

According to Mr. Lassila, customer orientation is an objective that all businesses should set as their number one priority, even if it is a tough one to reach. He sees customer orientation as a full set of services which recognize the wants and needs of customers, and adjust the sales work accordingly. Lassila describes every single customer as unique, therefore having diverse wishes, which a salesperson needs to be able to read. Lassila also points out that keeping in contact and building relationships with the customers have an effect on the revenue, which is the foundation for all businesses. He puts forward that understanding and knowing the customer personally are key aspects of their customer orientation approach by pointing out that “The closer you get to them, the better”. Customer orientation is a daily process of thinking and pondering how to get closer to the customers, their preferences and expectations. Lassila also accentuates the fact that one of their strengths is being local and knowing the clientele, which relates to customer orientation. (Lassila 2011.)

Mr. Lassila was a calm and assertive interviewee during the first session which took place on January 12th 2011. He gave an intelligent and up-to-date impression of himself, and took the time to prepare for the interview beforehand. He was able to reason and justify Lakkapää as being one of the top players in the field when it comes to customer orientation, and seemed very interested in the research about to be conducted. Especially one argument implied the philosophy of the company to be customer orientation. Lassila stated firmly that “When customers step into the store, new or regular, they deserve full service, regardless if they happen to find a suitable product at that time or not”. As no company is perfect, Lassila admitted that also they have some areas that need improvement. The main issue seemed to be related with the size of the store. Due to the enormous premises, the staff is experiencing difficulties in catching up and serving each and every one of the customers. In addition, after the detachment from Kesko, Lakkapää Corporation needs to reorganize their purchase and marketing activities, since they are no longer centralized.

The second interview took place on February 17th 2011. In the session, the questionnaire statements were discussed in order to get a clear vision of how the company perceives itself in terms of customer orientation.

During the second interview, Lassila explained the importance of building and maintaining customer relations by stating that “The relationship building is very important – I want to know my customers and I want them to know me.” He also characterized what takes place when the customer enters the store, as well as the interaction with the customers. Summarized, the customer is welcomed, after which the salesperson waits for the customer to initiate the needs-mapping process by asking for help. Lassila underlines the importance of needs-mapping in the sales process by pointing out that “The needs-mapping is always done first, in order to be able to know what the best suitable product to be offered is.” He implied that the staff influences customers’ decision making by information rather than pressure, gives a truthful description of the products offered and leads the customer to the product best suitable to their needs, which usually is the most expensive one. Lassila also stated very clearly, that the staff needs to be willing to even disagree with customers, if it helps them make a better decision. Throughout the interviews Lassila seemed very confident about the level of customer service in the store. Nevertheless, the question of what he thinks are the customers’ up-most feelings when leaving the store, was answered with a long silence. Finally, he emphasized that “I want to believe they leave happy.” His main concern seemed to be the lack of employees during the busy season, when customers might wonder through the whole store without anyone paying attention to them. Finally, Lassila was asked to grade their customer orientation on an overall level of 1 (non-existent) to 5 (excellent). His answer was the following: “Not the best, but not the worst either. A normal answer would probably be 3, but I would have to say 4. Five is what we are aiming for.”

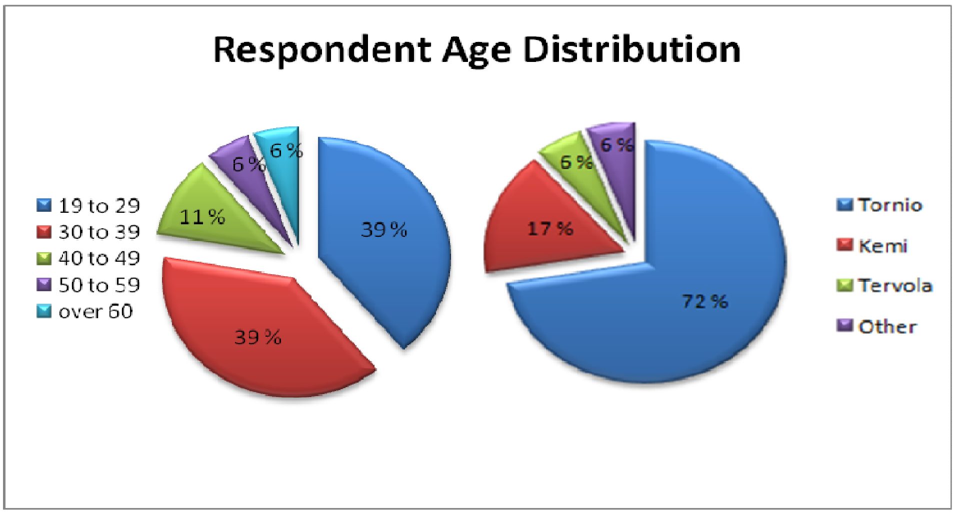
The first session gave a clear impression that the main emphasis of Lakkapää Tornio is on customer orientation rather than sales orientation. During the second interview however, Mr. Lassila stated that the primary goals of Lakkapää Tornio are 70 % sales-related and only 30 % customer-related. In addition, when Lassila was asked straight what the objective of the staff is when a customer enters the store, the answer was plain and simple, “selling”. This brought up the question of how customer oriented is the company after all. Finally, Mr. Lassila was asked to fill in the questionnaire measuring the customer orientation of Lakkapää Tornio. The findings will be presented in the next chapter, along with the findings from the consumer questionnaires.

4.2 Analysis of Questionnaires

The questionnaire was randomly distributed to the premises of Lakkapää Tornio, with the research population consisting of mainly Finnish respondents, as only one customer answered in Swedish. A total of 145 questionnaires, from which 30 were in Swedish, were distributed, resulting in 18 returned and usable copies with a response rate of 12.4%. Five copies were unusable, since the respondents failed to answer several sections of the questionnaire. Inducements such as lottery among the returned questionnaires could have been used to increase the number of respondents. In addition, by prolonging the time period of the questionnaire, the results might have been more numerous. However, the aim was to collect data from customers who choose to answer because they want to get their voice through, instead of answering just to win a lottery. The questionnaires can be found in the Appendices 3, 4 and 5.

From the total questionnaires, 50 % were females and 50 % males meaning both were equally represented. The majority of the respondents were either in the age group of 19-29 or 30-39 years with a frequency of 39 % each, 40-49 years with 11 % and 50-59 years as well as over 60 years both had a frequency of 6 %. As could be predicted, the majority (72 %) of the respondents marked Tornio as their place of origin. In addition, 17 % came from Kemi, 6 % came from Tervola, and another 6 % came from a non-specified town. These details are presented in Table 2.

Table 2. Respondent Age and Place of Origin Distribution



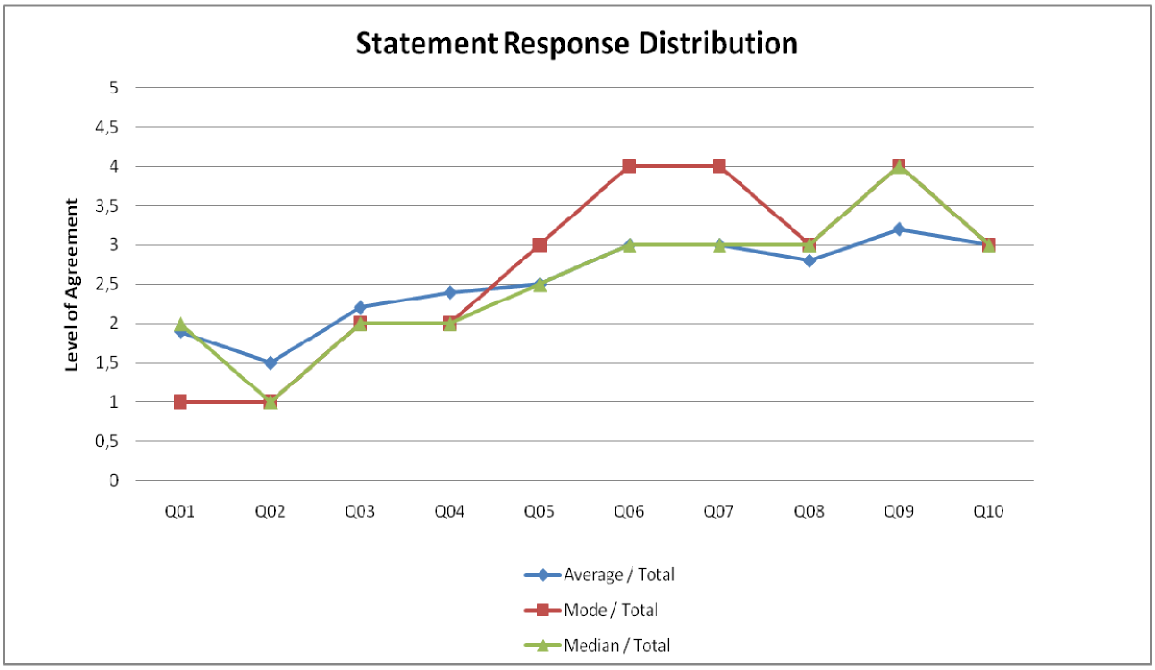
The answers from each of the returned questionnaire were transferred into a table, in order to be able to analyze the spread of the answers, as well as to be able to do the needed comparison later on. This information is presented in Table 3.

Table 3. Questionnaire Response Data

Respondent	Sex	Age	Origin	S1	S2	S3	S4	S5	S6	S7	S8	S9	S10
R1	female	30-39	Tornio	1	3	1	2	2	4	4	4	3	3
R2(SE)	man	30-39	Tornio	1	1	1	1	1	1	1	1	1	1
R3	man	30-39	Kemi	1	1	2	2	2	2	3	2	3	3
R4	female	19-29	Tornio	1	1	1	1	1	1	1	1	1	3
R5	man	50-59	Tornio	2	3	2	2	2	3	2	2	5	2
R6	man	40-49	Tornio	1	1	1	3	1	1	1	3	1	1
R7	female	30-39	Kemi	3	1	4	3	5	5	5	5	4	3
R8	man	19-29	Tornio	3	2	3	4	3	3	3	3	4	3
R9	female	19-29	Tornio	3	3	4	4	4	4	3	4	4	4
R10	female	19-29	Other	3	1	2	2	3	3	4	3	3	4
R11	female	19-29	Kemi	2	1	2	2	2	3	3	2	2	3
R12	female	30-39	Tornio	2	1	3	3	3	3	3	3	4	3
R13	man	40-49	Tornio	2	1	2	2	2	2	2	2	4	4
R14	female	19-29	Tornio	4	3	3	4	3	3	4	4	4	3
R15	man	over 60	Tervola	1	1	4	4	2	4	4	3	4	3
R16	female	19-29	Tornio	1	1	2	2	3	4	4	3	4	4
R17	man	30-39	Tornio	1	1	1	1	3	4	3	4	3	3
R18	man	30-39	Tornio	2	1	2	1	3	4	4	2	4	4

The table has fourteen vertical columns including respondents (R) in ascending order, the sex, age and origin of the respondents, as well as the ten statements (S), depicting each score given accordingly. In order to make the findings more explicit, the mean (referred to as the average), median and the mode for the scores given were calculated. All three were calculated in order to see the consistency between them. Mean is calculated by adding up all the items and dividing the sum by the number of items. Median is calculated by listing the items in an ascending order and taking out the item in the middle. Mode is calculated by checking which item occurs most often. (Gilers-Peters 2005.) The average, median and mode calculated are presented in the following Table 4.

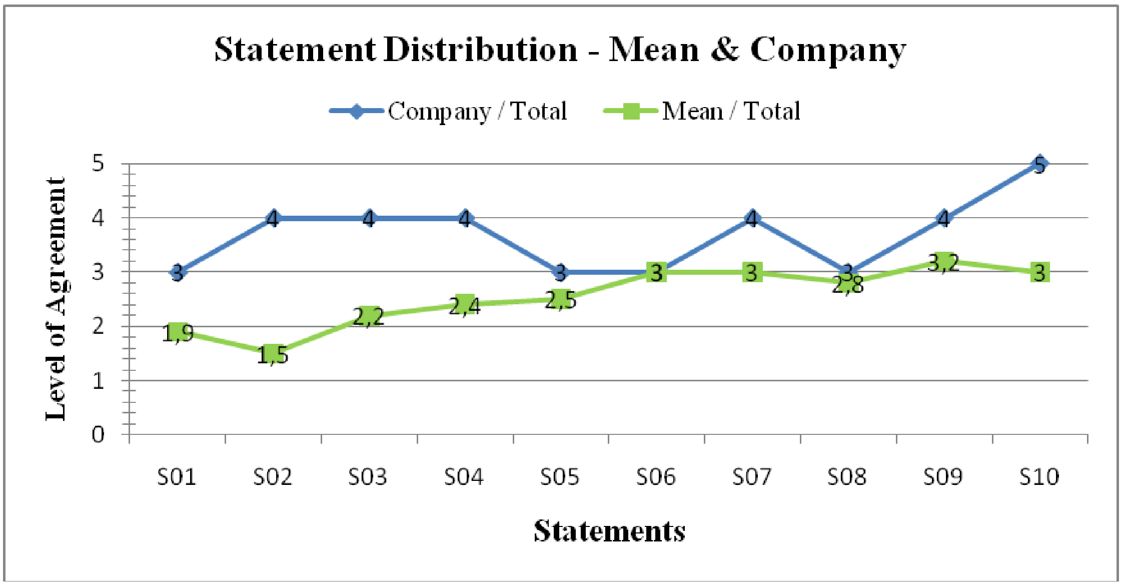
Table 4. Statement Response Distribution – Mean, Median and Mode.



As can be seen from Table 4, the values regardless of which statistical method used to calculate are consistent. The biggest inconsistency is concerning statements 01, 06, 07 and 09. For statement 01, the mean and median score is 2, whereas mode gives a score of 1. For statements 06 and 07, both mean and median give a value of 3, whereas mode gives 4. Concerning statement 09, median and mode give a value of 4, whereas mean comes up with a value of 3.2. However, there is an overall consistency with the answers, as for each statement; at least two of the statistical models give a similar value. As depicted by the Table 4. The mean values have the greatest stability, thus not having high peaks like the other two. Due to this the mean values are utilized in the upcoming comparison.

As was mentioned in the chapter 4.1 Analysis of Interviews, also the store manager filled in the similar questionnaire as the customers did. Table 5. Statement Response Distribution – Mean and Company elucidates the scoring of Mr. Lassila concerning the ten statements compared with the mean values given by the customers.

Table 5. Statement Response Distribution – Mean and Company



From the table can be seen that there are some consistencies, but also some inconsistencies between the answers. Scores given for statements 05 and 08 are close to one another, whereas the scores for statement 06 are the same. There is a difference of two or more points in statements 02 and 10, and a difference of around 1 or more in statements 01, 03, 04, 07 and 09.

The biggest difference is seen with S02 related with whether or not the staff refers to its customers by name. The company gave a high score of 4 while the customers only scored 1.5. Obviously, the staff cannot remember the names of every single customer. However, if the strategy of 'being local' of Lakkapää Tornio was successful, this score should be higher. S10 has a difference of 2 between the two respondents. It depicts that the staff is not always willing to disagree with customers to help them make a better decision. The customers might be left with the perception that the staff is not professional enough, or interested enough to guide them all the way through the purchase process. The problems related to S01 have already been noticed by the company; however, the situation has not been solved. Mr. Lassila emphasized the importance of needs-mapping and understanding customers needs in the sales process. Still, S03 and S04 dealing with the discovery and understanding of needs scored only 2.2. Also, Lassila confirmed that there is no need to paint rosy pictures of the products offered, since they are widely known high quality products. Nevertheless, the customers still require more accurate information concerning the products, and confirmation that the product will last as expected (S07). The scoring of S09 about the staff's way of trying to influence customers' purchase decisions had a difference of 0.8. This is already a close call, however, there is still some improvement needed.

4.3 Summary

This summary draws on the results of both quantitative and qualitative data gathered from the semi-structured interviews and the point-of-sale self-administered questionnaire survey. The findings were brought together into Table 5. Statement Response Distribution – Mean & Company, depicting the company's and its customers' perceptions regarding the customer orientation approach of Lakkapää Tornio in chapter 4.2. As was seen, almost all of the respondents conform to each other regarding the statements, with only minor differences.

A positive aspect for the company was revealed, as there are some aspects upon which both the company and its customers agree upon. However, as this was not the case with most of the scorings, it can be said that a customer orientation gap between the two perceptions has been identified. In addition, it should be noted that the overall score which Mr. Lassila gave for Lakkapää Tornio's customer orientation was 4. The average customer perception did not reach this score once. As suggested by researchers such as Steinman et al. (2002) and Donavan & Hocutt (2001) companies, including Lakkapää Tornio, have a tendency to think better of themselves than customers. The customer orientation gap will be further analyzed in the upcoming chapters, as well as suggestions on how this gap could be bridged will be presented in chapter 5. Suggestions through the Marketing Mix.

5 SUGGESTIONS THROUGH THE MARKETING MIX

This chapter reveals the suggestions constructed for Lakkapää Tornio, supported by the theoretical background of the extended marketing mix concept. Through the suggestions, the company is able to further develop their customer orientation approach, as well as try and bridge the identified customer orientation gap.

As was mentioned in chapter 1.3, the extended marketing mix consists of seven P's: price, product, promotion, place, people, process & physical evidence, which will be presented in the following chapters. However, based on the qualitative and quantitative findings, suggestions will only be presented for the most relevant features of the marketing mix items, which are product, promotion, place and people.

5.1 Product

For over centuries, sales people relied on the fact that a good product would eventually sell itself. However, in today's highly competitive markets, bad products as such rarely exist. In addition, even if a bad product does exist, the laws and regulations give the customer the right to return the fallacious product. Consequently, the role of defining and understanding the different characteristics of a product which meet and exceed customers' needs becomes critical. Moreover, just providing the right product is not enough; it also needs to be presented truthfully and prominently. Consequently, the packaging, quality, functionality, brand, service, support and warranty are all key determinants related with the product desirability. (McCarthy 2011.)

According to Mr. Lassila (2011), Lakkapää Tornio provides a wide range of high quality goods, which are widely known and used. There seems to be no problem with the products offered, in fact feedback was given by a respondent, commenting how Lakkapää Tornio's product variety is exceptional. Nevertheless, based on the research findings, the customers are experiencing a sort of lack of comprehensive and professional presentation of the products offered. This might be due the staff's lack of product related information and experience. In order to tackle this problem, product related training should be provided for the staff on a regular basis; the more the staff knows, the easier it is for them to sell the products. Even better would be, if the staff would be able to personally try at least some of the key products sold in the store.

5.2 Promotion

It can be said that in nowadays markets, promotion is the most important among the marketing mix items. It includes all the marketing armory weapons: advertising, selling, sales promotions, public relations and the hyped concept of the 21st century, social media. Companies need to come up with a specific plan concerning how the chosen target groups are informed about the organization and its products. Whether it is a television commercial, a leaflet, a poster, or an advertisement in the local newspaper, it all needs to come down to a bigger marketing strategy. (McCarthy 2011.)

As has been explained previously, the case company has had to start a new era in their marketing. Previously, the marketing for all of the branches was conducted by the central organization Kesko. After the divestiture, Lakkapää Tornio became responsible for its own ongoing marketing strategy, which according to Lassila, has not been an easy one to develop.

It was clearly stated in the interviews that Lakkapää Tornio has not conducted segmentation. However, it is a basic marketing principle to identify one’s target market, in order to be able to point out whom the marketing is aimed at. This way the proper channels of promotion can be chosen. Due to this, it is highly suggested that Lakkapää Tornio would start conducting a comprehensive market research and customer segmentation aiming at identifying the key customer clusters. This way the company’s marketing strategy could be renewed to better suit the wanted purpose.

5.3 Place & People

In order for companies to be able to reach their ultimate goal which is to satisfy and exceed customers’ needs, they need to provide the right product, in the right place, at the right time in the right quantities for the right customer. The location of the store, functioning logistics, motivated suppliers and up-to-date service and gear are all factors which influence whether or not the right product meets the right customer. Each person involved in the service consumption process, whether it is a basic level employee, a manager of a customer, adds value to the final product or service offered. Due to this, companies need to implement ways to better be able to utilize the knowledge and information embedded in the key players. (Booms & Bitner 2011.)

As stated by Lassila (2011), Lakkapää Tornio has a well-functioning logistics network, given the fact that they had to reorganize it from scratch after the divestiture form Kesko. However, it seems some of the customers remain dissatisfied. Three of the respondents specifically mentioned problems with either the logistics or the promotion in their feedback. There had been several cases where the requested product did not arrive to the store as promised. In addition, respondents seemed very unhappy with the way the staff had dealt with the situation; the staff's "answer" to the missing products was a shrug or silence. In addition, customers responded they were not noticed once they arrived to the store.

Firstly, Lakkapää Tornio should reconsider their supplier network and logistics system. Instead of purchasing products from hundreds and hundreds of different small suppliers scattered all around the country, a more centralized purchase method could be considered. In addition to decreasing the number of suppliers, the location of these suppliers should be taken into consideration. Purchasing in bigger bulks, and organizing the transportation route in a way that as many suppliers as possible are situated in the same area, the expenses would be efficiently allocated, and the profitability could be increased.

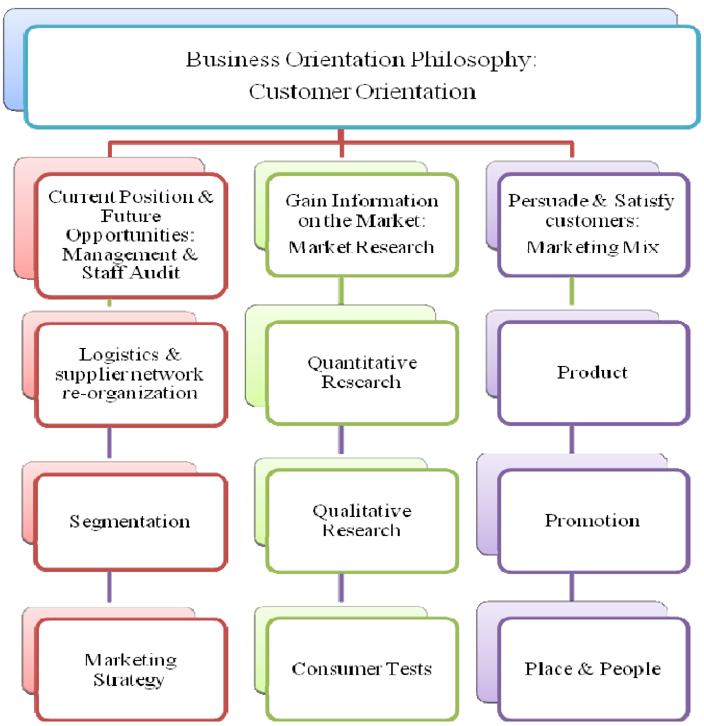
Secondly, as it seems the customers are unhappy with the way the company is dealing with the given feedback, a service desk or an information center concept could be implemented. Lakkapää Tornio should follow the lead of other bigger companies in the area, such as Citymarket, Ikea and Prisma, who already have implemented the concept. The objective of Lakkapää should be providing the best quality products at the best prices at the best location. However, the reality is that no such thing as a perfect line of products exists, and products will be returned. Nevertheless, with excellent after sales service and warranty, even the unhappy customer can change one's mind to return to the store. Also, the company should consider recruiting more personnel, especially during the busy season, when the customers are most often left without service.

Finally, Lakkapää Tornio should implement a continuation of customer and employee surveys, in order to be able to utilize the everyday knowledge, expertise and information of the key players involved in the business. Previously, Kesko has been organizing all the surveys, which the branches have then delivered in the stores. Like any other business, Lakkapää Tornio should aim at constant growth and development. The best way to do so is to include the customers and the employees in the process, by asking their opinion in the form of a questionnaire or other surveys.

5.4 Summary

Based on the research findings and the explanation in the above chapters, the suggestions constructed were related with the marketing mix items product, promotion, place and people. In order for the company to be able to easily grasp, adapt and implement the ideas suggested, the table below was created. It brings together all the key concepts discussed in the above chapters into a reader-friendly table.

Table 6. Suggestions for the Company



6 DISCUSSIONS AND CONCLUSIONS

The final chapter brings about the conclusion of the thesis research process carried out under the title Customer Orientation vs. Customer Orientation Perception. This chapter reveals the overall findings of the research, provides answers to the developed research question as well as gives suggestions for future research.

6.1 Conclusions

During this thesis research process, the extent to which the case company Lakkapää Tornio and its consumer customers agree or disagree upon the company's customer orientation level was investigated and analyzed. As has been stated by researchers such as Steinman et al. (2002, 6), companies have a tendency to think better of themselves than customers. This was also the case with Lakkapää Tornio.

The first research question aimed to demonstrate the self-portrait of the company and to give an insight to the company's current situation concerning customer orientation. The question was formulated in the following way:

1. How customer oriented does Lakkapää Tornio rate itself?

To be able to answer this question, two semi-structured interviews were held with the store manager Jaakko Lassila, using a tape recorder to be able to monitor the interviewee's behavior during the session. In addition, SOCO scale questionnaire survey consisting of 10 customer orientation statements was delivered for him. On a scale of 1 to 5, from non-existent to excellent, an overall score of 4 was given.

The second research question focused on the determination of the other side of the coin; the perception of the customer.

2. How customer oriented do customers perceive Lakkapää Tornio?

For this question to be answered, a set of 145 point-of-sale self-administered questionnaire surveys on a Likert scale from 1 to 5 were delivered to the store. The questionnaire was the same as was provided to the store manager earlier. However, the wording in these two questionnaires was slightly different, to better suit their purpose. All in all, 18 usable responses were collected, giving a response rate of 12.4%. The data gathered from the questionnaires was transferred into a table, from which the mean, median and mode were calculated. Afterwards, Table 5 depicting the opinion of the company, and the perceptions of the customers was drafted. By analyzing the data and the tables constructed, a customer orientation gap could be identified, as the company rated itself higher in terms of customer orientation than the customers did. On average, the customers of Lakkapää Tornio rated the customer orientation level of the company with an overall score of 2.6. However, it should be noted that the response rate concerning the questionnaires was rather low. All in all, the answers were however consistent with one another due to which the results can be generalized to the clientele to a moderate extent.

The third and final research question concentrated on the creation of suggestions for the company, offering ideas on how the gap between the customer orientation perception and the actual customer orientation of the company can be bridged.

3. How can Lakkapää Tornio’s customer orientation approach be further developed using the relevant features of the extended marketing mix as a framework?

The final research question stipulated the answers from the first two research questions. McCarty’s (2011, 1) theory on the marketing mix, as well as the extended model of Bitner & Booms (2011, 1) served as a basis for the suggestions, to facilitate the implementation of the suggestions. The further development of the company’s customer orientation approach could be acquired through the following suggestions:

- Providing training for the staff in terms of product knowledge and sales tactics to better be able to cope with the customers’ requirements
- Recruiting professional employees to cope with the lack of personnel, especially during busy seasons

- Constructing of a service desk, to be able to register given feedback and returned goods, as well as to provide the necessary service for unhappy customers
- Re-organizing of the supplier and logistics network to minimize costs and maximize efficiency and profitability
- Centralizing and re-allocation of purchase activities, to keep the costs at a minimum through buying in bulks
- Carrying out segmentation, and qualitative & quantitative clientele analysis on a regular basis in order to understand and keep track of the customers' constantly changing requirements
- Developing of a company-wide marketing strategy, based on the segmentation and clientele analysis, to be able to attract the right customers at the right time.

Each and every department in the store plays a significant role in providing the best possible customer service for the consumers. In addition to the customer-related suggestions, also costs were taken into account, and especially the fact of how they could be minimized. If Lakkapää Tornio is able to keep their costs at a minimum, they will be better than at present equipped for offering competitive-priced products, which again has an effect on customer satisfaction. All in all, to be efficient, the company should repeat the research after necessary actions have been taken, in order to be able to see whether aimed results could be reached. To conclude, even if a customer orientation gap based on the perceptions was identified, with the right tools and the right timing, the gap can be bridged, followed by happier customers.

6.2 Suggestions for future research

During the thesis process, a few suggestions for future research came up. First of all, thorough customer segmentation and identification of target groups would be in the company's best interest. Secondly, based on the segmentation results, a company-wide marketing strategy could be developed. Finally, the company needs a general tool for measuring and analyzing the level of customer satisfaction, which would make an interesting research topic.

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INTERVIEW FRAMEWORK 1 Appendix 1

The Interviewee

1. What kind of an educational background do you possess?
    a. Vocational Qualification in Business & Administration
    b. Mr. Lassila has carried out managerial- and leadership courses organized by Kesko.
2. How and when did you start your career at Lakkapää?
    a. Mr. Lassila started working in the tools department 4 ½ years ago as a regular salesman
3. How would you describe your position and what are your areas of responsibility?
    a. Mr. Lassila is the CEO of Lakkapää Länsiraja Oy, which consists of the units of Ylitornio, Tornio and Oulu, as well as the store manager of the Tornio unit
    b. Besides his managerial activities, he insists on working as a cashier and in the warehouse on a daily basis. He described it to be the perfect way for him to stay in contact with the personnel, giving him a chance to see the areas of development more clearly, as well as keeping in touch with the clientele.
4. What does customer satisfaction mean to you?
    a. When customers step into the store, they deserves full service, regardless if they will find a suitable product or not at that time
    b. Customers need to be noticed, even if they just want to look around.
    c. Keeping in contact, and building up a relationship with the customers will have a positive effect on the revenue
    d. An important part is receiving feedback and reacting to it, there is always ways to improve. We need to keep developing constantly, in order to improve our customers’ satisfaction level.
    e. The store does not have a physical box where the customers could leave their feedback. However, it is received face to face and through email.
5. How do you understand the concept of customer orientation?
    a. It is an objective that companies should set as their priority. However, reaching the objective is not as simple as it could seem.
    b. Full service that recognizes the wants and needs of a customer, adjusting the sales work accordingly

   c. Every single customer is unique and therefore has diverse wishes, which a salesman has to be able to read. Understanding the customers and knowing them personally facilitates the sales process – The closer you get to them, the better.
   d. Everyday process of thinking and pondering how one could get closer to the customers and their preferences

The Corporation in Figures

1. Describe the history of the company from past to present
   a. The company was first established to Juoksenki in 1964 by Esa and Ulla Lakkapää. The co-operation with Kesko started immediately, as the store started carrying the name "K-Valinta Esa Lakkapää". The operation expanded to Ylitornio in 1984, where the actual hardware store journey started. The siblings Juha, Jukka and Jaana started to play a bigger role in the business. After a while, Jaana decided to go her own way and left the Lakkapää business.
   b. A generational change took place in 1996, when the brothers took over the company. Juha's area of responsibility was the agricultural department, whereas Jukka was in control of the hardware department. Nowadays Jukka is the CEO of the whole corporation.
   c. The business was internationalized in April 2001. The subsidiary J & J Lakkapää AB in Luleå, Sweden was opened. Already in December, K-Rauta Tornio was established. The operation in Tornio expanded in 2001, as the agricultural department was opened. The agricultural operations were expanded to Rovaniemi in October 2002. A huge step was taken in 2009, when the corporation decided to detach itself from Kesko. The stores were no longer called K-Rauta, but started to carry the name of Lakkapää. In 2010, the business expanded to Oulu.
   d. In the future, the business will expand even more as new stores will be opened to Sweden: Kiiruna (2011), Skellefteå (2011), Piteå (2012) & Jällivaara (2013).
2. Where is the corporation headquarters situated?
   a. The main office is in Tornio. Both Juha and Jukka Lakkapää have their offices there.
3. What is the most important/profitable area of business for the corporation?

   a. The agricultural department is the most profitable. However, the income is seasonally bound to a certain extent
4. How many people are employed by the corporation at the moment?
   a. Finland and Sweden combined there are around 123 permanent employees. The amount of staff is going to increase as the business expands to Sweden.
5. What is the corporation's latest announced turnover? What is the rate of turnover accumulated from Sweden?
   a. The turnover was 74,1 million € in 2009, from which approximately 20 % comes from Sweden.
6. What does the organization chart look like?
   a. Presented in Table 1. Organizational chart: J &J Lakkapää Oy

The Tornio Unit

1. How many permanent employees are there?
   a. At the moment there are 34. During high seasons the amount increases.
2. What is the most important department in Tornio?
   a. The agricultural department
3. What is the level of co-operation in the store, how intertwined would you describe the different departments to be?
   a. We have just started renovating the store to fit in with our new policy. According to it, every staff member should be able to serve the clients equally regardless of the department they are working in. Due to this, the employees must learn to work together more. Of course people have their expertise in specialized areas, but everyone should see the big picture and know what the store offers.
4. What is the level of competition Lakkapää is experiencing in Tornio? Could you name some of your main competitors?
   a. When looking at the region of Kemi-Tornio, a fully comparable competitor does not exist, judging by size and area of expertise. However, Kesko is opening up a big K-Rauta to Haparanda in the near future. This store will be a key competitor, since Mr. Lassila thinks the market is not quite big enough for two huge corporations working in the same industry.
   b. The area has a few smaller-sized competitors that need to be taken into consideration: Wotsi, Puukeskus & K-Rauta in Kemi. Also, some

competition is experienced from the north (Rautia), and from the south (Ojan Rauta).

5. How would you describe the strengths of the company? What about weaknesses?
    a. Strengths:
        i. “Being local” - Knowledge about the area and the locals
        ii. Functioning logistics – The deliveries are fast and on time, which is especially important for the business customers
    b. Weaknesses:
        i. Due to the size of the store, the staff is experiencing difficulties in trying to notice and serve each and every customer.
        ii. After detaching itself from Kesko, Lakkapää has had to reorganize its purchasing activities. Instead of everything coming from Kesko, now they are buying their goods from hundreds of places.
        iii. Logistics has to be planned in a way that the freight does not interfere with the selling price.
        iv. The corporation has had to start its marketing from scratch (detach).
    c. Is the company taking actions to measure its performance?
        i. There are no specific systems. However, just recently we have agreed upon implementing personal sales targets to every salesman. These targets will be planned and followed together with the employees.

Marketing & Advertising

1. How does the company advertise itself?
    a. The main channel is television, and then comes newspapers and local magazines. The company is also present in local events.
    b. The business customers get personal letters by post. Also, the company remembers its customers by providing tickets to events, organizing events, distributing calendars, t-shirts etc. The company also provides courses for its customers through a third party
2. What is the primary objective for your marketing, acquiring new customers or preserving existing relationships?
    a. The main goal is to acquire new customers. However, we also want to give a reminder to our existing customers, as well as strengthen our brand (reliability)

The Clientele

1. Have you segmented, a.k.a devided your customers into groups? If so, according to what terms?
    a. No proper segmentation has been done. The customers have been devided into three main groups according to which the marketing is conducted: Agricultural customers, Constructor/Hardware store customers & Company customers
2. In your opinion, which one has more value: b2b or b2c sales?
    a. We put more effort into acquiring and maintaining consumer customer relationships
3. What actions does the company take in order to attract new customers?
    a. Acquiring new customers is solely based on our advertising and presenting a good image.
4. How do you maintain you existing customer relationships?
    a. We offer for example courses the consumers can take part in. We also distribute t-shirts, calendars and coupons to remind that we appreciate the relationship. It’s the small things that matter. For company customers, the same policy is put into practice, just on a larger scale.
5. Does the company have a customer register?
    a. We register the following customers: company customers, agricultural customers, constructor/renovator customers & customers who open up credit accounts
6. How would you differentiate company customers from consumer customers?
    a. Building up a relationship with another company does not happen overnight, it is a more long-span process. They also appreciate different aspects of service than consumer customers, such as fast & functional logistics etc. Also, company customers usually visit our store in the mornings, whereas consumers and Swedes come in the afternoon or during the weekends
7. Has the company conducted customer satisfaction surveys?
    a. Kesko used to conduct surveys on a yearly basis, we have not done so after detachment.
8. Do you have any requirements/recommendations regarding the questionnaire I am about to make?
    a. The basis for both consumers and company customers can be the same, just add a few special questions for both. (Appreciate different things)

b. The questionnaire could be held in the store for 2-3 weeks, and should be conducted at least in Finnish and Swedish

INTERVIEW FRAMEWORK 2 Appendix 2

1. Would you define Lakkapää Tornio's primary goals to be more sales- or customer related?
   a. 70 % sales-related and 30% customer-related
   b. Some employees are more service oriented than other, depends of the individual. Some people serve customers with bigger purchase potential better, than new customers.
2. Describe how the customers are taken into account when they enter the store. How long do they have to wait for service?
   a. First of all they are welcomed, which is usually followed by the customer asking for help, or telling us what he/she needs. If it is a busy time, or the staff has something else on their hands, the customer might be able to go around the whole store without getting service.
   b. At the time being, the customer might have to wait max. 5-10 minutes. Unfortunately, during the busiest season, one might have to wait for a very long time. Due to this, we have even considered putting reservation number-system into practice. At least then the customers would feel secured that they will get the service needed.
3. How important is it to you to build a customer relationship?
   a. The relationship building is very important – I want to know my customers, and I want my customers to know me. (However, the emphasis is more on b2b customers, and construction customers). Needs-mapping and chatting with the customers is done daily on the floor-level.
   b. At the staff meeting held recently, the emphasis was on the importance of the relationship building and maintaining. Different kinds of customers take longer time in order for a relationship to develop. For example agricultural customers demand a longer time, but are more loyal, and the relationship can last for decades. (From father to son)
   c. Maintaining the relationships is also important, since recruiting new customers is a costly and time-consuming process. However, we are constantly scanning for construction customers, by keeping an eye on new property reservations ect.
4. Are the customers referred to by their names?

    a. Some are, however, only the most frequent visitors.
5. How is the customers' needs-mapping conducted?
    a. Usually the customer comes to us and tells us their needs.
6. Is it more important to figure out customers' needs, or persuade them to buy?
    a. The needs-mapping is always done first, in order to be able to know what the right product to offer is.
    b. The statement Jaakko made on the phone during the interview contradicts with the above: "Don't explain, do business".
7. Are the customers painted with a truthful or a "rosy" picture of the store and its products? Is there a need to over-flatter?
    a. It is not necessary. The products we offer are widely known, and our services are functioning. Besides, you always hear back from over-flattering, so there's no point in doing so.
8. How does the staff try to influence the customers' purchase decision?
    a. Too often there is a complete lack of sales closure – "Do we have a deal?" The customer is left with a too easy way out of the whole sales process.
9. Can staff members disagree with the customers, in order to help them make a better decision?
    a. Yes, and they should. If you only conform, when a customer is clearly making a bad decision, you might end up losing more than one customer, and suffering great losses. Of course, if you have pointed out all the facts and the customer still wants to buy the "wrong" product, there's really nothing you can do about it.
    b. The products and services are constantly developing, and the customers are having a hard time keeping up. It can especially be noticed with the older generation.
10. Based on what principles are the customers familiarized with different products?
    a. Basically, the customer is taken to the most expensive and best product there is, otherwise they might start to wonder why we don't offer our best products. Secondly, it is much harder to first try and sell a cheaper one, and then switch to a more expensive one, than it is the other way around. But of course this always depends of the situation and the customer at hand.
11. What is the main goal for the staff when the customer walks in to the store?
    a. Selling

12. Who has the biggest impact on the staffs' behavior, attitude and goals? How is it modified?
    a. That must be me. First we give the staff the freedom to show their skill. Then, if they turn out to be more of a product-presenter than a salesperson, they are guided towards the right directions – selling goods & services.
13. What do you think are the up-most feelings in customers' minds when they leave the store?
    a. Long silence… I want to believe they leave happy. However, especially during the busy season we get a lot of negative feedback about service quality, due to long waiting times, and bad quality of products. All in all, I think they leave with a happy mind.
    b. We go through all of the feedback with a certain criticism, and see whether or not we can take actions to become better. All of the staff members have a right to express their opinions regarding the feedback.
14. Do you think your customers would recommend the store to their friends and family?
    a. Yes, I believe so.
15. On a scale of 1 (non-existent) – 5 (excellent), how would you rate the level of customer orientation at Lakkapää Tornio?
    a. Not the best, but not the worst either. A normal answer would probably be 3, but I would have to say 4. Five is what we are aiming for.
16. How big is your clientele? How many visitors per week?
    a. Approximately 1500 per week. During the busy season the amount doubles.

CUSTOMER QUESTIONNAIRE Appendix 3

Dear Valued Customer, Thank you for visiting our store!

J & J Lakkapää Oy is committed to customer satisfaction, which is a result of customer orientation throughout the company. By participating in this survey you will help us understand the level of Lakkapää's commitment to customer orientation. Our goal is to improve constantly – You can help us reach that goal! This survey is anonymous, and the results will be dealt with confidentiality.

1. Gender:
Male ☐ Female ☐

2. Age:
< 18 ☐ 19 – 29 ☐ 30 – 39 ☐ 40 – 49 ☐ 50 – 59 ☐ 60 < ☐

3. Place of residence
Tornio ☐ Kemi ☐ Keminmaa ☐ Haaaparanta ☐ Other:____________

For the following statements about J & J Lakkapää Tornio, please indicate whether you: Strongly Agree (5); Somewhat Agree (4); Neither Agree Nor Disagree (3); Somewhat Disagree (2); Strongly Disagree (1).

1.	I am noticed by the staff when I enter the store	1	2	3	4	5
2.	The staff refers to me by my name	1	2	3	4	5
3.	The staff tries to discover what my needs are	1	2	3	4	5
4.	The staff has a clear understanding of what my goals are	1	2	3	4	5
5.	The staff always has my best interests in mind	1	2	3	4	5
6.	The staff offers products that will satisfy me also in the long run	1	2	3	4	5
7.	I am given an accurate expectation of what the product will do for me	1	2	3	4	5
8.	The staff answers questions about products as accurately as they can	1	2	3	4	5
9.	The staff tries to influence my purchase decision by information rather than pressure	1	2	3	4	5
10.	The staff is willing to disagree with me in order to help me make a better decision	1	2	3	4	5

11. On the scale of 1(Extremely Dissatisfied) to 5(Extremely Satisfied), what is your level of satisfaction with Lakkapää's service? ________

Other comments:

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____

Thank you for participating in the survey, we appreciate your answers!

CUSTOMER QUESTIONNAIRE (FI) Appendix4

Arvoisa asiakas,
Lakkapää Tornio on sitoutunut asiakastyytyväisyyteen, joka on seurausta asiakaslähtöisyyden toteuttamisesta yrityksen jokaisella eri osa-alueilla. Vastaamalla tähän kyselyyn autat meitä ymmärtämään Lakkapää Tornion asiakaslähtöisyyden tason, sekä kehittämään toimintaamme entisestään paremmin vastaamaan asiakkaidemme tarpeita. Tutkimus suoritetaan anonyymisti, ja käsitellään luottamuksellisesti.

1. Sukupuoli: Nainen ☐ Mies ☐
2. Ikä: alle 18 ☐ 19 – 29 ☐ 30 – 39 ☐ 40 – 49 ☐ 50 – 59 ☐ yli 60 ☐ ☐
3. Asuinkunta: Tornio Kemi ☐ Keminmaa ☐ Haaparanta ☐ Muu:__________

Alta löydät 10 väittämää Lakkapää Torniosta. Ympyröi mielestäsi sopivin vaihtoehto: (5) Täysin samaa mieltä, (4) Jokseenkin samaa mieltä, (3) Ei samaa, eikä eri mieltä, (2), Jokseenkin eri mieltä, (1) Täysin eri mieltä.

1. Minut huomioidaan viipymättä saapuessani liikkeeseen 1 2 3 4 5
2. Henkilökunta kutsuu minua nimeltä 1 2 3 4 5
3. Henkilökunta pyrkii selvittämään tarpeeni 1 2 3 4 5
4. Henkilökunnalla on selvä käsitys tarpeistani 1 2 3 4 5
5. Henkilökunta ajattelee ensisijaisesti minun parastani 1 2 3 4 5
6. Henkilökunta opastaa minut aina parhaiten sopivan tuotteen luokse 1 2 3 4 5
7. Minulle tarjotaan tuotteita, jotka täyttävät odotukseni myös jatkossa 1 2 3 4 5
8. Minulle annetaan tarkka kuvaus siitä, kuinka tuote on minulle hyödyksi 1 2 3 4 5
9. Henkilökunta pyrkii vaikuttamaan ostopäätöksiini tiedolla painostuksen sijaan 1 2 3 4 5
10. Henkilökunta ilmaisee tarvittaessa eriävän mielipiteen auttaakseen minua päätöksenteossa 1 2 3 4 5
11. Muu palaute yritykselle:

____

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KIITOS OSALLISTUMISESTA, ARVOSTAMME REHELLISIÄ VASTAUKSIASI!

Heli Angeria **J & J Lakkapää Tornio**
Kemi-Tornion Ammattikorkeakoulu

CUSTOMER QUESTIONNAIRE (SE) Appendix 5

Bästa kunden,

Lakkapää Tornio är engagerad till ypperligt kundbetjäning, som är ett resultat av utfört kundorientering alltigenom företaget. Genom att delta i den här gallupen hjälper Du oss att bättre förstå tillståndet av vår kundorientering, och vidare utveckla företaget. Undersökningen avlades anonymt och konfidentiellt.

Kön: Kvinna ☐ Man ☐

Ålder: under 18 ☐ 19 – 29 ☐ 30 – 39 ☐ 40 – 49 ☐ 50 – 59 ☐ över 60 ☐

Båstadsort: Tornio Kemi ☐ Keminmaa ☐ Haparanda ☐ Övrig:_______

Nedan finns 10 satser om Lakkapää Tornio. Ringa in numret Du tänker passar bäst: (5) Helt överens, (4) något överens, (3) inte överens eller avstånd, (2) något avstånd, (1) helt avstånd.

Jag blir omedelbart beaktad när jag kommer in i butiken 1 2 3 4 5

Personalen kallar mig på mitt namn 1 2 3 4 5

Personalen försöker ta reda på mina behov 1 2 3 4 5

Personalen har en tydlig uppfattning av mina behov 1 2 3 4 5

Personalen primärt tänker på mitt bästa intresse 1 2 3 4 5

Personalen alltid hjälper mig till produkten som bäst passar till mina behov 1 2 3 4 5

Jag är utbjuden produkter, som tillfredställer mina behov också i framtiden 1 2 3 4 5

Jag får en tydlig beskrivning av hur produkter är nyttiga för mig 1 2 3 4 5

Personalen försöker att påverka mitt köpsbeslut genom att ge information 1 2 3 4 5
i ställen av att pressa

. Personalen vågar uttrycka avvikande åsikter, om de hjälper mig att fatta 1 2 3 4 5
bättre beslut

. Övrig återkoppling till företaget:

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TACK FÖR DIN MEDVERKAN, VI UPPSKATTAR DINA ÄRLIGA SVAR!

Heli Angeria **J & J Lakkapää Tornio**

Kemi-Tornion Ammattikorkeakoulu