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WINNING BACK LOST CUSTOMERS: OY BEWESHIP AB

Master's Thesis 2013

ABSTRACT

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Winning Back Lost Customers: Oy Beweship Ab

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The objective of this research was to find out what Beweship can do to win back lost customers. For finding the actions to succeed in customer win-back it is essential to investigate reasons that have caused the customer defection. This information was collected by a web-based survey which was sent to lost customers. For finding the possible service quality gaps the questionnaire was also sent to Beweship's sales and management.

The theoretical frame is based on customer satisfaction and service quality, as these factors play a significant role in customer loyalty. Customer relationship management in theory part provides tools and theories helping to approach the customer in a mutually satisfying ways.

As a result of this thesis, a tool called Mode of operation for Beweship has been written, in which schedules and persons in charge are defined for recognizing and contacting lost customers and keeping them satisfied and loyal.

FOREWORD

This thesis was written for Oy Beweship Ab. Beweship generously provided me a possibility to study also during my working days when needed.

Dr. Sc. (Econ.) Ilkka Virolainen from Kymenlaakso University of Applied Sciences was the supervisor of this thesis. I would also like to thank Pertti Silvennoinen, Traffic Director and Pia Ahtola-Hollo, Deputy Managing Director from Beweship for being so supportive and helpful with my studies and thesis, providing the information needed from the company's side.

I would also like to thank all of my colleagues who answered the questionnaire, and especially Mrs. Kristina Estlander, who patiently understood my absent-mindedness in work when there were hard times in my studies.

My gratitude also goes to my husband and children who self-sacrificingly gave me the time and peace needed to finish my assignments and thesis.

Kotka 12 November 2013

Johanna Nykänen

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1 CONTEXT AND CURRENT SITUATION

1.1 Oy Beweship Ab

Idea for this research is based on my 13 years experience as an employee in Oy Beweship Ab. During this time many of the customerships with even some remarkably big customers have ended and the reason is not necessarily known. The competition on transport and forwarding market in Finland has tightened especially during the last five years due to the worldwide economic situation, and many traditional companies have merged with competitors or been disbanded. As Oy Beweship Ab is a one of the rare big private owned Finnish freight forwarding and transport companies, it is important to find ways to serve customers better and thus improve company profitability and competitiveness.

Beweship was founded in 1957. Headquarter is located in Vantaa, and company has branch offices in Hamina, Turku, Vaalimaa and Vaasa. Subsidiaries are located in Eastern Europe – Estonia, Latvia, Lithuania, Poland, Hungary and Russia. Unlike seen in figure 1, Oulu branch office has been shut down since 31 October 2013.

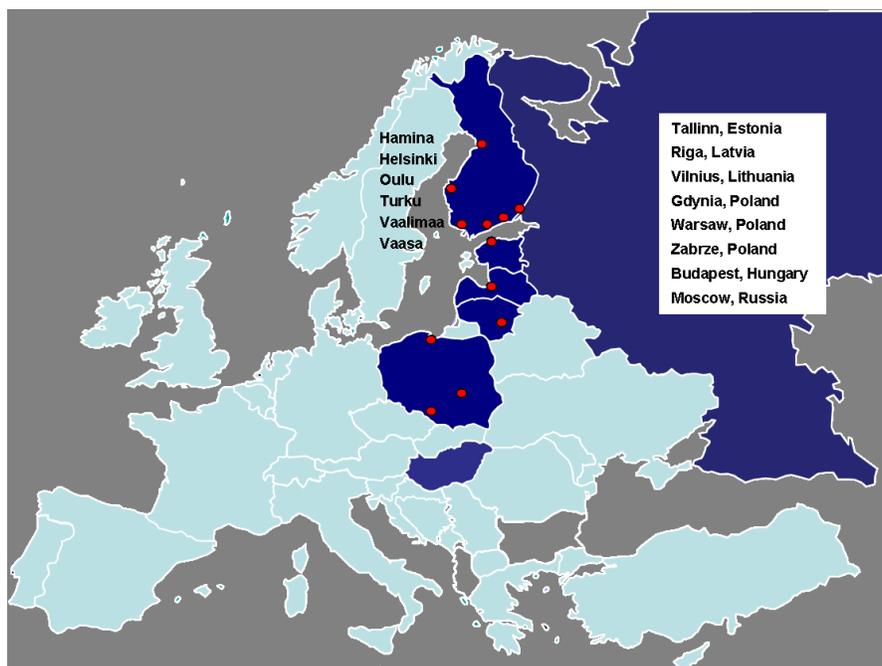


Figure 1. Beweship offices and subsidiaries

The annual invoicing is around 50MEUR and nearly 100 people are working in Beweship in Finland offices. The company's field of activities includes the following services:

- Air freight
- Sea freight
- Road freight
- Rail freight
- Project transports
- Fine art transports
- Warehousing
- Forwarding services
- Customs brokerage
- International removals

Oy Beweship Ab has several international logistics partners all around the world. These foreign forwarding/transport companies are taking care of the clearance and inland transport in destination/origin. Part of the shipments is booked by Finnish manufacturing companies (customers) and part by these international partners. In this research these foreign partners are not considered as customers, because agreements and conditions with partners differ remarkably from regular customers' agreements and making business with partners benefits both parties mutually (so called profit share). They can not be compared with customer driven relationships.

1.2 Transport and forwarding markets in Finland

The Finnish transport market is providing domestic and export/import deliveries for industry/wholesalers. The logistics markets in Finland are upmost affected by Finnish industries and its conformation, domestic consumption and investments, the economical development in Russia and Finland's position as

transit country for Russian import cargo. The demand in transport business, as in all areas of business, is derived demand, and improvement in GDP (Gross Domestic Production) has a remarkable role in developing usage of transport services. According to a Swedish research made by Andersson and Elger it was seen that if growth in GDP was less than 1.2%, the demand for transport services was reducing, but when the GDP growth exceeds 2.5% the transport service demand is growing faster than GDP. (Liikenne- ja viestintäministeriö 2012, 18.)

However, according to another publication, Liikenne- ja viestintäministeriö claims that due to the economical structural change the connection between GDP and transport volumes has decreased. The reason for this development is growth in service sector – the trading and hotel/restaurant/catering business is creating a remarkable demand for transport services. (Liikenne- ja viestintäministeriö 2009, 88.)

As Finland can be described as an island when it comes to the transport business, it is natural that a major part of Finnish export/import transportation is done by sea. As seen in figure 2, Finland's international freight transport in 2008 was in total 112.2 million tons of which 91.2 million tons were transported by sea. The second largest mode of transport, railroad, comes next with only 9.9 million tons. (Liikenne- ja viestintäministeriö 2009, 90.)

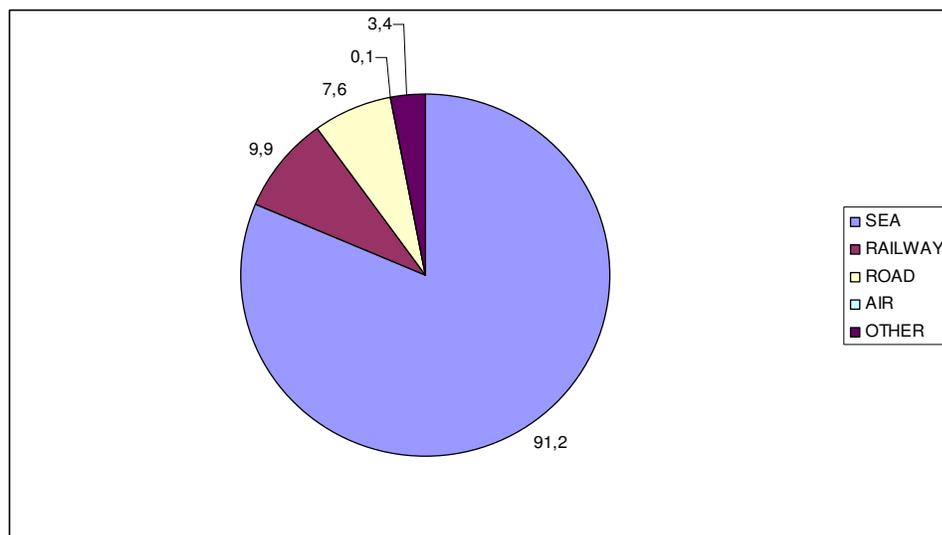


Figure 2. Finland's international transport (million tons) (LVM 2009, 90)

The size of the transport/forwarding company affects on internationality in its business. Only 60% of the business of big logistics companies is connected to Finland and rest of it happens in foreign markets, while over 85% of micro-sized logistics companies business is done in domestic markets. In transport markets it has become more common that big transport and forwarding companies are making long-term contracts with industry and trade customers, and subcontractors of these big logistics companies do the actual transporting. The reason for this kind of development is that customers want to make more comprehensive logistics contracts with fewer service providers.

(Liikenne- ja viestintäministeriö 2009, 107-114.)

1.3 Research question, aim and objective

Lost customers are an important source of information regarding customer satisfaction and loyalty. These customers have been using company's services earlier but have left since. The reason for this action is essential for a company to know in order to be able to develop its services.

The research question in this study is how Beweship can win back lost customers. To find the answer to this question, it is necessary to detect the reasons for leaving and actions that can help to win the business back.

The aim of this research is to help Beweship to win back as many lost customers as possible. This will help the company to increase customer satisfaction and company turnover and thus keep (more) people employed.

The objective of the research is to define reasons why customers have left and to construct a mode of operation for personnel and management for correcting the gaps between customers' experiences and company's assumptions regarding the service level.

1.4 Importance of customer win-back

The term customer win-back describes the process of companies revitalizing relationship with lost customer. The importance and effect of win-back must be recognized and respected in companies more widely, and evaluation of the

database of defected customers is a key opportunity for a company to increase and maintain customer base wide enough. (Thomas & Blattberg 2004, 31.)

Why it is so important to understand the value of lost customers? Like products and human beings, also the customership will come to an end eventually. According to Griffin and Lowenstein (2001, 5), an average firm loses 20 to 40 percent of its customers per year, and customer defection is the least recognized and most misunderstood process in many organizations. However, many times customers leave the company and no one makes an exit interview or in other tries to find out the reason why the customer has left. Neither is done anything to win them back. This lifecycle of customership can be very short or quite long.

Many companies pay more attention in new customer acquisition than customer retention. One main reason for this is limited data concerning lost customers. When the data is missing, it disproportionately emphasizes retention as opposed to customer acquisition. Collecting data only on existing customers is typical behavior especially for companies that are just beginning to create a customer management orientation. (Thomas 2001, 262.)

There are several reasons why it is important to keep up the records of the lost customers in a company. If a firm loses customers, they lose pure money and also gain a lot of bad business reputation. Example calculation of the losses for a lost customer per year can be seen in figure 3.

Lost Customer

1 unhappy customer spending 200\$ per month defects = \$2400 lost/year

Lost business due to negative word of mouth

The unhappy customer tells on average 11 other people = 11

These 11 people tell 5 others = 55

Total people 1 lost customer influences = 66

Assume 25% of those 66 people will not do business with you = 17

Amount of lost opportunity from 17 people who would likely spend 200\$ per month
= \$40800 lost/year

Total business forfeited

Due to 1 lost customer and associated negative word-of-mouth = \$43200 lost/year

Figure 3 Costs for losing a customer (Griffin & Lowenstein 2001, 8)

In tradition the most important section of the sales and marketing is creating and developing new customerships. But finding the unsatisfied and lost customers and their reasons for leaving is just equally important for a company. It is vital to find out in which areas of the service the company failed to fulfill customers' expectations, what can be done to correct these mistakes and how to avoid this kind of disappointments in future. Researching lost customers and their reasons for leaving will reveal new views and help to understand issues regarding loyalty, creation of new customerships and even business strategies. (Storbacka 1999, 121.)

According to Griffin (2001, 26), if a company really wants to win back their lost customers they should include win-back strategy in their customer loyalty program. The immediate benefits for this kind of win-back strategy are e.g. minimizing the costs of new customer acquisition, reducing negative word-of-mouth messaging and helping to recognize 'at risk' customers before they actually leave.

In transport and forwarding business it is common that customer companies are hunting lower service prices but there are also other reasons for changing

the transport/forward service provider: customers have followed a certain employee to his new company or service provider has failed badly in one of their shipments. In some cases the reason for ending up the customership could come from company's side as well, e.g. as unpaid bills. Not every customer is an ideal customer and there might be reasons why they are not wanted to come back. This lost customer segmentation will be looked more detailed in chapter 4.2.

The competition in transport business is tough, and as all the other companies also Beweship loses several customers per year. With this research I wish to find out the most common reasons for leaving and to create a mode of operation for the company, when contacting lost customer in order to win them back.

This item has not been investigated in Beweship earlier. It is now useful and easy to do, because technology, tools and computer programs are more available than ever before, and creating win-back program for the company gives a real competitive edge (Griffin & Lowenstein 2001, 18). With company's Shiplt program it is possible to get different kind of reports showing information on a customer basis, e.g. invoicing per year, shipments per year and profit producing rate.

2 CUSTOMER SERVICE –THEORIES AND CHALLENGES

2.1 Customer relationship management

By proper customer relationship management (CRM) companies can remarkably improve their competitive advantages. The main principal in customer satisfaction is the question “what can our company do for the customer to help him to reach his aims.” A competitive company is always one step ahead of its customer and is able to find a solution to his problems even before the customer knows about their existence. The solution is not to put too much effort on added value of the services but rather focus on the basic services and to be able to know the best selection of the service table which is provided to the customer. This can be done by analyzing customer’s processes and making the service quality and personnel skills to follow these requirements. (Storbacka et al. 1999, 13-16.)

As company wants to support the customer in his aims in the best possible way, the customer relationship has to be seen as a process. The customer - service provider relationship consists of several contacts - meetings, phone calls and e-mails. But when these confrontation positions are forgotten and instead of it both service provider and customer are aiming in common benefits, the actual sales actions are not seen so dramatically but rather seen as a part of the customer managing process. (Storbacka et al. 2002, 19-21.)

The traditional customer relationship management tools have been very technocratic and have not really brought the customer any closer to the company. Most companies still do not know their customers as well as needed in order to get the real competitive advantage in customer relationships. The new way to approach better results in CRM is called customer empathy, i.e. the whole organization is in readiness state for sensing the impulses from customer’s side and reacting accordingly. This can be obtained by investigating why the interests with customer and company are not meeting and how the differences can be solved. (Mattinen 2006, 11-12.)

Kumar and Viba (2012, 1-3) say that many corporations are adopting CRM as part of their management program because customers are becoming more

value-conscious, less loyal and do not tolerate low service level as earlier. In the same time markets are fragmenting and thus differentiation from competitors more difficult and competition tougher. This development forces companies to become more customer-oriented than product(ion)-oriented. When company is building a CRM program an important part of this process is customer segmentation and strategy.

“The implementation of a CRM strategy is an ongoing process of developing and executing a series of small projects aimed at satisfying the business needs and enhancing the value proposition to customer. Three essential ingredients needed to implement CRM strategies from a modeling perspective are database, technology and metrics”. (Kumar and Viba 2012, 3). For supporting company’s customer relationship management to gain these three ingredients has been created several different software solutions. Rigby et. al. (2002, 4) suggest to keep in mind that before it is possible for a company to successfully use a CRM software the company should at first create a proper *customer strategy*. Also Rigby et al. (2005, 8) mention in their article that building a functioning CRM is more dependent on strategy than amount of money spent in technology.

2.2 Customer strategies – different ways to approach

2.2.1 Segmentation based on profitability

In this customer strategy should be figured out which type of customers are the ones who are wanted to be kept in a relationship and who have potential value for the company. Customers should be divided in few groups varying from those who are profitable to those who are not worth keeping. This will help to clarify the customer groups which need to be invested in (the most profitable), which need more cost managing (make low profitability customers worth keeping and profitable by cutting service costs) and which customers belong to the group of unattractive, non-profitable customers (to be divested). (Rigby et al. 2005, 8.)

2.2.2 Storbacka and Lehtinen: three strategy models

Storbacka & Lehtinen (2002, 121-124) state that in general the customer strategy means company's capability to differ customers in groups based not only in their profitability and value for company but also based on customers' different needs and processes. The company should have a clear vision of how deep customerships are wanted and how much company is able and willing to adjust their processes according to different customer's needs. In most cases companies are treating all their customers through the same process, which leads to the situation where part of the customers are served with too heavy organization compared with their profitability to the company and some of the most remarkable customers are not getting as much of service resources as they should. The meaning of all customer strategies is increasing the customer value. The company success and improvement of competitiveness can be seen as a function of actualization of the good customer strategy.

Basic customer strategies can be divided into three different types according to Storbacka's and Lehtinen's (2002, 122-128) definitions: *sticker strategy*, *snap strategy* and *zipper strategy*. In sticker strategy the company sticks into customer and will make every move according to customer's wishes and requirements. This strategy has not been successful in long term affairs. Snap strategy is based on what company provides for the customer. In successful snap strategy the company has deeply understood the needs of the customer and is able to provide exact combination of services so that customer can be served fast and effectively. Snap strategy often requires customer's self service or using web based systems/automatics. Nowadays many of the services from port operators are for example mostly based on this snap strategy and customer (forwarder or driver) communicates mainly with a web based program or an automate.

The third customer strategy in Storbacka's and Lehtinen's definitions is called the zipper strategy. In this strategy the service process aims at win-win situation for both service provider and customer. The customership is based on seamless co-operation with long-term agreements and this requires the customer to give up for the continuous spot-bidding and start a partnership with

service provider. For implementing the zipper strategy successfully both parties must have full trust in each other. This strategy is widely used e.g. between industrial and transport companies as it benefits both parts – industrial side gets long-term lower prices with guaranteed transport capacity, and transport company gets continuity and economic frequency.

2.2.3 Grönroos' four strategy models

According to Grönroos (1998, 41-42) company has four basic strategy options:

1. Technical quality strategy
2. Pricing strategy
3. Image strategy
4. Service strategy

Grönroos says that *technical quality strategy* is based on competitive technical solution that will serve customer more additional value than he could receive from competitor. This strategy is naturally widely used in companies that are producing e.g. industrial equipments. Company using *pricing strategy* bases its competitiveness in price level and special offers. The special skill of this kind of company is its ability to provide same service on lower price. Even though this type of strategy is tempting, it usually can not be recommended to be a long-term strategy because relationship with customer is based mainly on prices and after the prices raise, the customership ends. *Image strategy* does not refer to the public image of the company but instead to the image the customer builds in his mind of the certain product or service (e.g. jeans, cigarettes, perfumes).

The most significant strategy in Grönroos' (1998, 43-44) opinion is *service strategy*. With service strategy the company is not only able differ its service range according to the customer groups and thus create additional value for customers but also keep competitors off the customer by serving the customer in holistic way. Important parts of the customer-oriented co-operation strat-

egy/service strategy are e.g. increasing customer knowledge among employees, deeper understanding of customer's processes and binding the customer into company's service improving progress. When these parts are under control the natural consequence is improvement of service level, deepening of customer relationships and success in all levels of the service process. (Selin & Selin 2013, 97)

By using service strategy as the leading customer strategy even a difficult financial/competitive situation can be turned into beneficial process, as seen in figure 4:

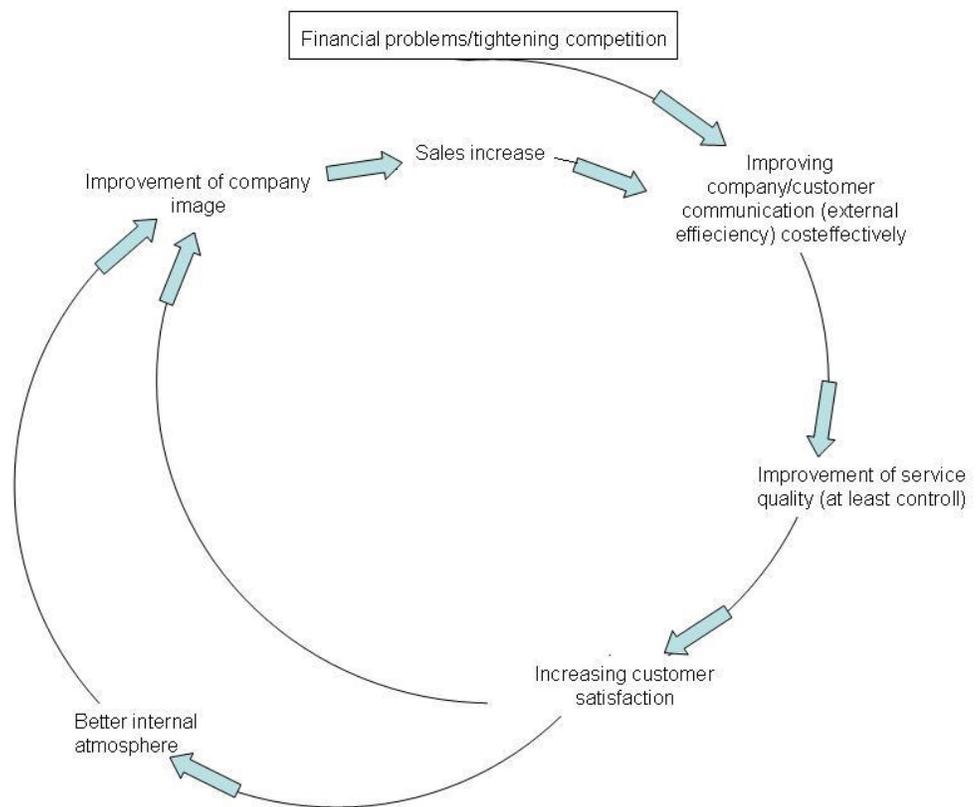


Figure 4. Service oriented strategy circle (Grönroos 1998, 160)

2.2.4 Choosing and executing strategies

There are huge amount of strategic decisions every day to make. Therefore companies can not build their actions based only one above mentioned strat-

egy but rather pick one point here and there and choose one main strategy to follow. (Grönroos 1998, 41)

According to Selin & Selin (2013, 97-98) problems in spreading the strategy in the whole organization are that employers

- do not know why or how to work as asked because lack of the information or instructions
- do not know the rules in company or thinks that they do not concern him/her
- does not get enough feedback from what he/she does
- do not believe in what is being done
- do not think his/her duties are important or meaningful

For these reasons also the personnel of the service provider should be participating in planning of how the strategy should be turned into practice.

On the other view of customer strategies there is Griffin&Lowenstein's (2001, 52) customer lifetime cycle in which the customers are divided into strategy groups based on their location in lifetime cycle: acquisition, retaining, save and win-back strategies.

2.3 Customer satisfaction and loyalty

Even if the customers are satisfied with company's services, it does not mean that they will remain loyal. Approximately 60-80 percent of the customers who have change the service provider were quite or very satisfied with the previous company but have changed because of the lower price or better product of the competitor or company's lack of interest towards them. (Storbacka 1999, 61.) One main problem in customer satisfaction rate is that it does indicate only the current situation and also very often managers do not see the heterogeneity of the customers – while one customer is satisfied and loyal, it

does not mean that some of the customers would not change company for lower costs or even for variety-seeking behavior. (Verhoef & Langerak 2002, 73.)

However it has to be noticed that the satisfied customers are not necessarily loyal customers and the loyal customers are not always profitable customers. By comparing these two variables can be found out very important information for the company. It might show that unhappy customer is not very profitable and the company can consider how much effort should be given to keep him loyal. In case a very profitable customer is unhappy it should cause immediate actions. (Storbacka et al. 2003, 66.)

Also, when evaluating the customer satisfaction relevance in loyalty, it needs to be taken into consideration the branch of business in which the company acts. As in many other service providing sectors, also Finnish transport services have suffered from the financial problems due to the economic downturn during the past five years. In many transport companies the financial and competitive situation leads into a consequences seen in figure 5. In order to cut costs the company is making some internal cost saving decisions as dismissing employees, increasing the self-service part in customer's processes etc. This might give only minor cost savings but cause a lot of dissatisfaction among the customers, deteriorate the internal atmosphere in company and thus deteriorate the service quality and furthermore create more unsatisfied customers. With this process the image of the company is damaged and the circle goes on with more financial problems. (Grönroos 1998, 140.)

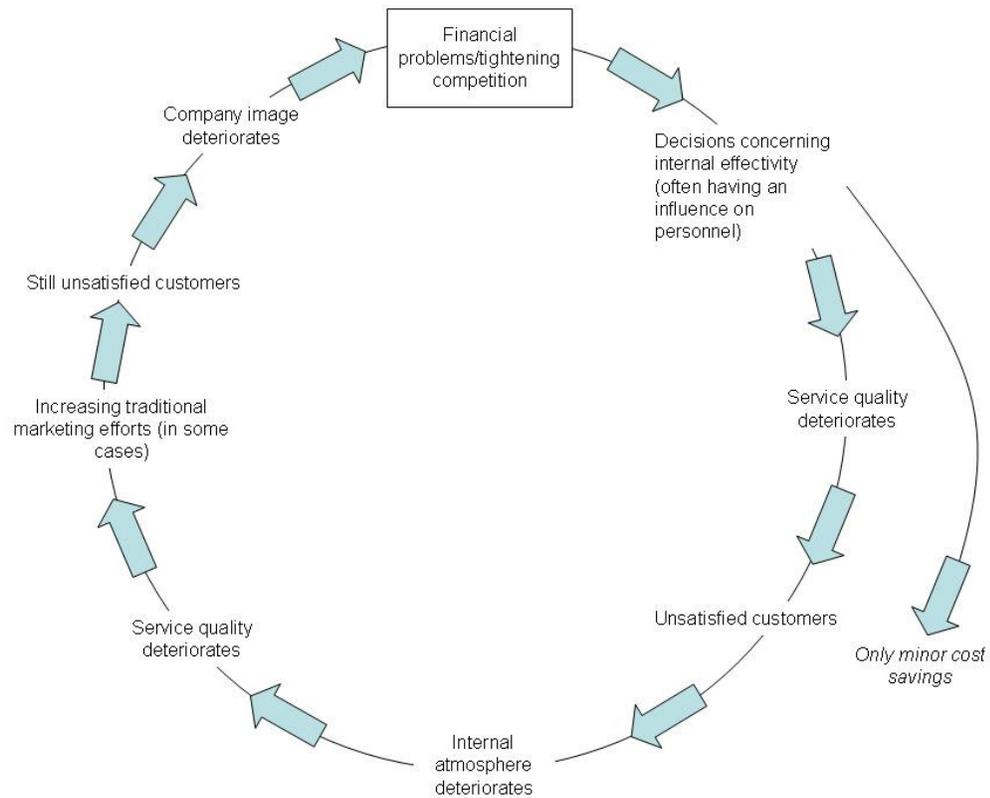


Figure 5. Strategic managing trap (Grönroos 1998, 140)

When a customer is unsatisfied he usually has three options: leaving, claiming or staying (Gummesson 2000, 126). Haden (2012) has listed eight ways to make customers leave company:

1. Personal chemistry between the customer and contact person in company do not work. Customers do not buy from the company, they buy from the people working there.
2. Customers are served same service but not the same appreciation.
3. Company focuses too much on the low price level.
4. Company is selling the wrong service, not what customers actually want or need.

5. Company does not focus either on stability of the personnel or providing high quality services.
6. Company forgets the most important customers and neglects contact with them and same time focuses on getting new customers.
7. Sales persons are better profited for getting a new customer instead of keeping good contact with existing ones.
8. Personnel are not educated to solve customers' problems independently or flexibly according to the current situation.

2.4 General customer behavior

According to Thomas, Blattberg and Fox (2004, 34) it is more difficult to recapture a customer if it has been a long time since the last purchase. By that time the customer has already engaged to a new service or even changed her actions/behavior.

Selin&Selin (2013, 29) say that even though there is a business-to-business relationship between a service provider and a customer, the customer should still be seen as an individual. Every service purchaser has got two levels of needs and expectations: What does the company he represents need and hope for its functions and what does the person self need and hope? In the same way the customer has two level suspicions and other negative issues that he needs to have an answer before closing a deal.

While Selin & Selin remain in two different levels, Arantola and Simonen (2009, 13) are sharing business to business customers' behavior on five levels (figure 6). Even though customers are different, they usually act similarly in same kind of situations. Analyzing these different situation levels will open new possibilities to recognize the most auspicious moments to provide company's services to the customer, and when customer is leaving a service provider, the reason for this action can be found in one of these levels. These five levels are:

1. Personal situation – the customer is always also a human being, having her personal situation affecting on decisions in business, like promotion, and family situations.
2. Operational situation – the person is always part of an organization, and if there are some changes in organization, working tools and products. it gives possibilities to create some new value for the customer.
3. Company situation – the customer company might have new management, new strategy, they are decreasing costs or corporate acquisition.
4. Branch of business situation – new competitors, globalization etc.
5. Community situation – law amendments, changes in trends, changes in values.

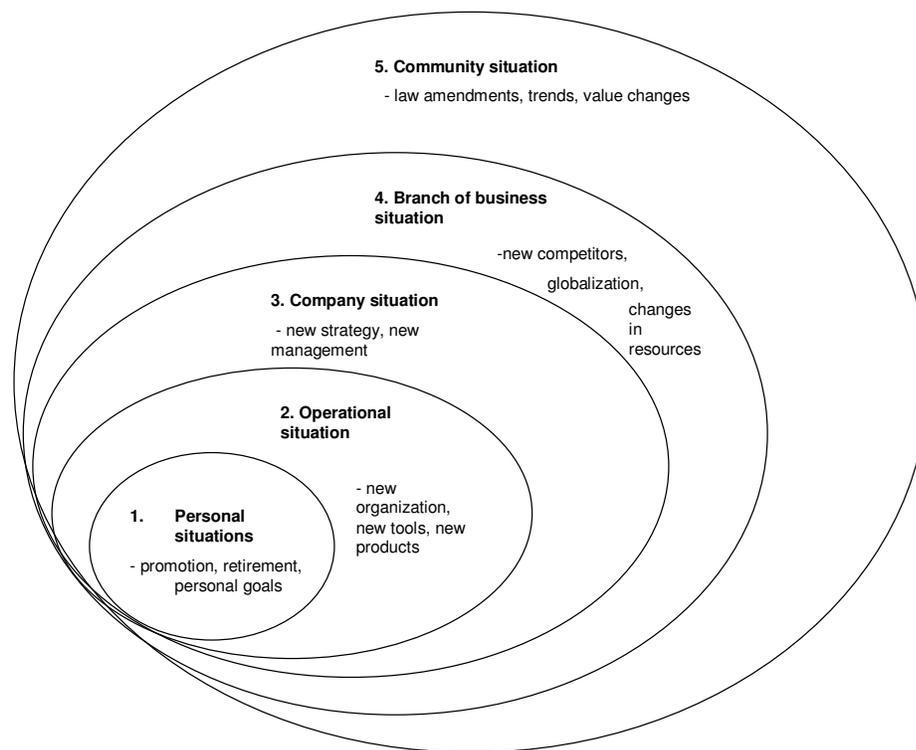


Figure 6. Examples of customer situations on different levels (Arantola & Siimonen 2009, 13)

3 SERVICE QUALITY

3.1 Servqual

Service providing companies primarily try to improve customer satisfaction by improving the quality of services. Successful service providers will direct their effort in this based on thoughts of what customers do require or prefer. The term service quality can be interpreted differently by people. Quality is basically capability of providing customers what they really wish. (Aghaei et.al. 2013, 2148.)

According to Grönroos (1991, 73 and 2010, 114-115) there are six criterions for high quality service:

- Professional skills of the personnel, knowhow of the contact persons
- Attitude and behavior of the personnel, positive and active behavior
- Flexibility and accessibility of the service; customers will get the feeling that systems and employees of the service provider are able to adjust to customers needs and requirements
- Reliability; service is provided correctly starting from the first time, invoicing is accurate, privacy policy etc.
- Normalizing skills (problem solving), when something unexpected happens the service provider will immediately aim to fix the situation or to find an alternative solution
- Good company reputation

As per Parasuraman et al. (1988, 23) service quality consists of five dimensions:

Tangibles: Physical facilities, equipment and physical appearance of personnel

Reliability: Ability to perform the promised service dependably and accurately, according to the given promises

Responsiveness: Willingness to help customers and provide prompt service

Assurance: Knowledge and courtesy of employees and their behavior improves customer's trust and confidence towards the company

Empathy: Caring, individualized attention the firm provides its customers.

These five dimensions together form the scale for SERVQUAL. These servqual components describe customers' feelings about the experienced service.

3.2 Service quality gaps

For analyzing the reasons for problems in customer service and finding the tools in improving the service quality has been created a model for service quality gap. With this model it is possible to see which are the customers' insights and expectations for the service quality and the gap between expectations and experiences. In the lower part of the gap model there are company's management ideas of what service level should be offered for the customers and the actual customer service. (Grönroos 1998, 101.)

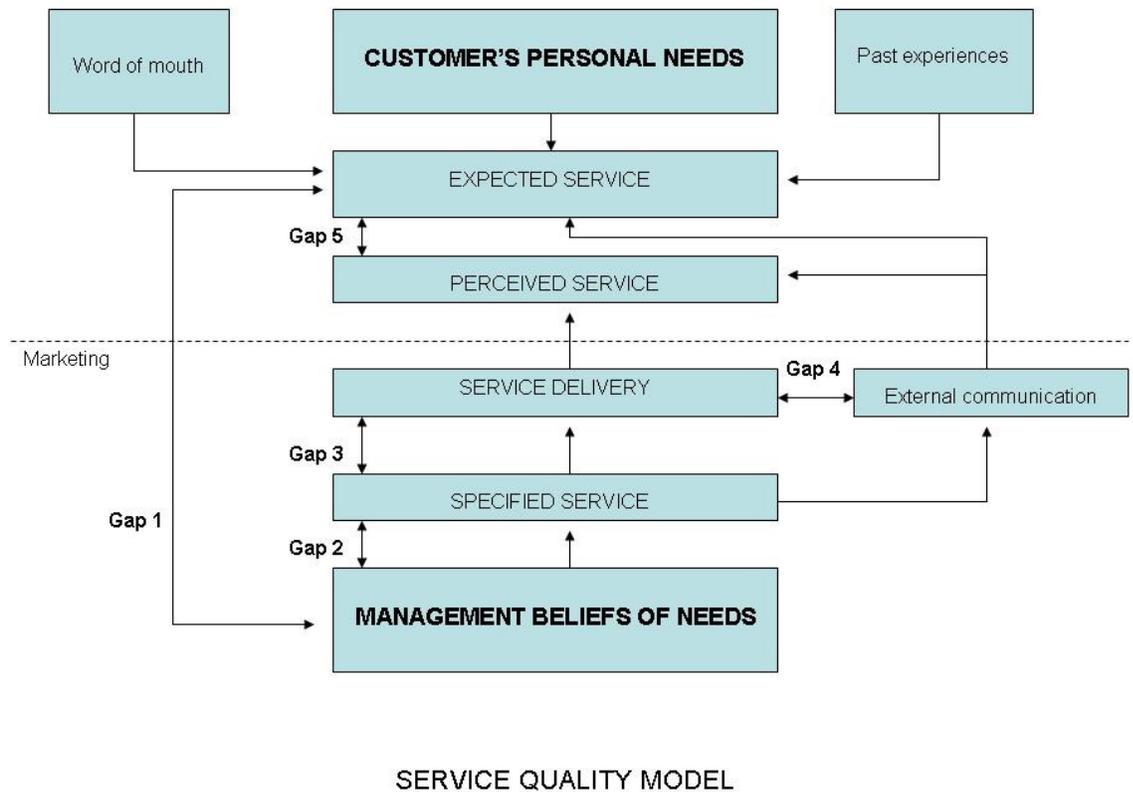


Figure 7. Service quality model (Grönroos 1998, 102)

Service quality gaps are the gaps that exist between planning and producing the service. Grönroos (1998, 102) shares the service quality process into five different gaps (figure 7):

Gap 1. Management beliefs of customers' needs

Gap 2. Adapting these management assumptions into service quality standards (specified service)

Gap 3. Using the set service quality standards in daily process with customers (service delivery)

Gap 4. Between marketing messages (external communication) and actual perceived service

Gap 5. Between the perceived service quality and customer's expected service quality.

In this research will be focused in the whole gap between management/sales assumptions of what the customers want to gain by using Beweship's services and how have the customers experienced the actual service quality.

Main reasons for big gap between management assumptions and customer's actual experiences of the service quality are lack of information in decision-making step in the company (not enough customer researches, incorrect interpretation of the given information, bad communication from lower steps of the organization). When making the actual service action in working level there might be too complicated demands from the management, employees see that management demands are not in line with the customers' demands and thus not support providing good customer service, inadequate IT-systems/techniques or bad managing of the service operation. Difficulties concerning marketing are usually consequence of inadequate coordination, exaggeration or service level's neglecting the demands while marketing follows the settled rules.

Fifth gap can be either positive or negative: it is possible that customer is getting better service than he expects. This is the most important part of the customer service: despite of what the company's management and service providers settle for demands, service quality is simply the customers' subjective experience.

This service quality gap can be researched e.g. by sending the same questionnaire regarding customer satisfaction both for customers and for sales/management of the company. The perceptual differences in service quality between customers and personnel will provide insight into what actually has been delivered to clients versus what staff believes was delivered. (Griffin & Lowenstein 2001, 285.)

4 CUSTOMERS' LIFETIME

4.1 Lifetime cycle

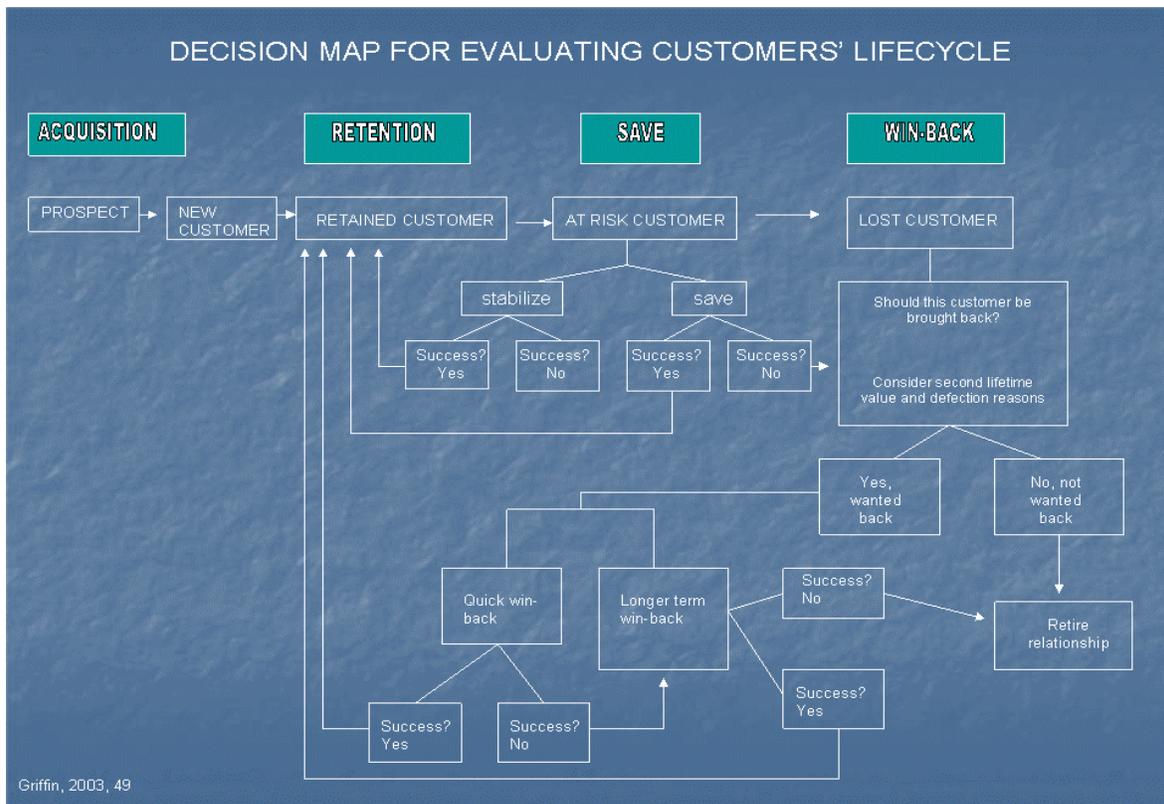


Figure 8. Decision map for evaluating customer's lifecycle (Griffin & Lowenstein, 2001, 49)

Griffin has created a map for evaluating customers' lifecycle (figure 8). There are four main steps in customer's lifecycle. Every company should have strategy for handling each of these groups. (Griffin 2001, 49.)

In this research the main point will be the last win-back part in decision map. In this map customers have been divided into five different groups (prospects, new customers, retained customers, at risk customers and lost customers). In this study will be focused in the last segment, lost customers.

4.2 Segmenting lost customers

The definition for 'customer' is often very clear in corporate life. Customer is the one who is buying a product or a service and pays for it. (Selin&Selin 2013, 15.) Ending of customer relationship is usual in every business. Customers are not always moving after lower prices or better services but most of the lost customers are disappointed in way the company has handled their relationship. (Storbacka & Lehtinen 2002, 108; Storbacka & Lehtinen. 2003, 132.)

Griffin (2001, 61-64) divides lost customers in five groups: intentionally pushed away, unintentionally pushed away, pulled away, bought away or moved away.

Intentionally pushed away customers might have poor credit risk or providing services for them is more expensive than the profit they provide to the company. Pushing away customers can be done by reducing the provided service level or not renewing their contracts. (Griffin & Lowenstein 2001, 61.)

Unintentionally pushed away customers are the ones the company would like to keep but who are not happy with the product or service level, or they might have not liked some changes in your policy or pricing. Also one easy thing how a company can loose a customer is improper handling of complaint. Clients also do like to feel like they are unique and taken for granted and if this need is not fulfilled client may become a lost customer. (Griffin & Lowenstein 2001, 62.)

Pulled away customer is one that has gone to the competitor because they are able to offer him better value, service level or some advantages like longer guarantee time, latest innovations or more personal service, better conditions for payments etc. (Griffin & Lowenstein 2001, 63.)

The bought away customer is one who has followed the competitor due to their lower prices only, and are often switching their service providers back and forth according the best price available (Griffin & Lowenstein 2001, 63). These kind of customers are typical in transport and forwarding business.

Company may lose customer for some new company due to their aggressive pricing, but it is also very common that these bought away customers are likely to come back within three months since competitors are not able to fulfill their promises (Griffin & Lowenstein 2001, 64).

Moved away customer is, as the term describes, a customer who has physically relocated or her needs have been changed due to the age or life cycle changes (Griffin & Lowenstein 2001, 64).

The customers who belong in the groups of pulled away or unintentionally pushed away customers are the most important lost customers, and if most of the lost customers do belong in these groups the company has to take it seriously. Company's competitiveness will soon be lost its basis. (Storbacka et al. 2002, 42-43.)

However, all customers are not worth of keeping. If they are unprofitable and can not be turned profitable in reasonable time they are better to be released for other companies. There are some ways how customer can be turned profitable; require customer to buy more, order in larger quantities, forgo certain services or pay more of the existing services (Kotler 1999, 138). If none of these actions turns the customer's profitability, then it is better to release the customer. But Haenlein and Kaplan (2012, 466) recommend companies to be careful in pushing away customers as it may have influence in existing customers' attitude towards the company. Existing customers may penalize company by leaving or at least by raising their voices against such behavior. Haenlein and Kaplan suggest that before pushing away an unprofitable customer the companies create a clear understanding of the benefits and losses caused by this action. On the positive side there are saved losses in future for serving a non-profitable customer but on the negative side there is bad word-of-mouth and exits of the existing customers in case they do feel their position as a customer insecure.

4.3 From unsatisfied customer to lost customer

When customer is leaving a company, they might not give any signs in advance. If the customer has not made any claims it is difficult to find out the

reason for leaving and make any corrections. But most often customer who has an intention to leave their relationship with a company do send some known or unknown messages to the company they are leaving. These signs are for example lack of contacts from customer's side, less orders or in some cases even a straight threaten of ending the customership. (Storbacka et al. 2002, 111.)

According to Gummesson (2000, 126) a customer does have three options if they are not happy; they can whether leave, make a claim (and give company a possibility for correction) or stay due to some reasons.

Storbacka and Lehtinen (2002, 111) point out that there are crises in every customer relationship. These are consequence of disappointments in confrontations and service actions. However, these crises are actually possibilities for companies to gain information for developing customerships.

4.4 Second lifetime value (SLTV)

Every customer does have certain lifetime as can be seen in figure 5. It is possible to count a lifetime value (LTV) for each customer by using numbers of orders and their value per year, direct costs, acquisition costs for the first year and after that annual retention costs. Calculating of SLTV is not a scientific method as it requires not only clear numbers but also assumptions. (Griffin 2001, 44-45.) Terms customer lifetime value and customer profitability can sometimes be used in the same meaning (Pfeifer, Haskins & Conroy 2005, 12) but when moving to the field of already lost customers it is possible to use term second lifetime value (SLTV). As the customer already is lost, LTV is not as important as the value the customer could provide for the company if they would be regained. However, SLTV can differ a lot from the same customer's previous LTV, mostly because of the conspicuousness of the services provided, needs of the customer, previously gained data of the customer's likes and dislikes and finally because it is more easy and effective to create personal bindings between a known customer than anonymously recruited first time customer. (Griffin 2001, 55-56.)

Basically, companies should calculate SLV for each of the lost customers, segment them based on this information and evaluate based on this segmentation why the customer has defected (Thomas et. al. 2004, 33). Using this SLTV tool in future can be very useful in evaluating which customers are worth of getting back. However, I have focused in my research on the actual reasons why customers leave Beweship and how to win them back rather than evaluating the lifetime length or value.

5 THE METHOD AND IMPLEMENTATION OF THE SURVEY

5.1 Data collecting and analyzing

The data for this survey was collected by web based questionnaire (appendix 1). The invitation was sent by e-mail to total of 114 companies. These customers were those who have been in Beweship's TOP100 customers list earlier but not anymore during 3Q/2012. This accounting department's list consists of 460 customers based on 2012 3rd quarter invoicing statistics. After listing these drop-out customers, all of them were checked through company's invoicing program (ShipIT) to see which of these customers still actually had been had some invoicing during year 2013. If the customer was not invoiced in 2013 it was chosen to be in this survey. A few companies were added to the survey based on the list formed by Beweship's sales manager and sales personnel. In addition to the customers, the questionnaire was also sent to Beweship's sales personnel and management in order to achieve the service quality gap information between lost customer's achieved experiences and Beweship's management/sale expectations.

The questionnaire was sent to three different groups; 95 lost domestic customers, 19 lost foreign customers and 18 internal repliers (=Beweship's sales personnel and management). The response rate among domestic customers was good, 45.3%. Foreign customers' rate is 21% and internal repliers' rate 67%. Some of the customers' e-mail addresses were not valid and for these were found out replacing person/e-mail address in which the invitation message was sent to.

The invitation for target groups was sent twice – 20 September 2013 the first round and reminder 30 September 2013. Invitation for internal repliers was sent 11 October 2013 and answer was asked by 16 October 2013. Result report was created with ZEF 2010 Editor 17.10.2013 concerning all customer groups.

The questionnaire was prepared and numerical results analyzed with web based program ZEF 2010 Editor. The questionnaire (appendix 1) consists of 13 questions which were formed based on both Grönroos' service quality gap

and Parasuraman's SERVQUAL model. Seven of the questions were multiple choice questions in which the customer could choose one or more options. Two of the questions consisted of eight different attributes and the customer was asked to evaluate the importance of these attributes and Beweship's success in these areas by scale from 1 to 5. Five questions were open questions where customers were able to answer with their own words. In the last question the customer was able to give the contact information if he wanted Beweship's sales persons to contact them. Some additional questions to the questionnaire were asked from Beweship's side, but as they would not have been supportive to the actual survey but aiming at collecting more business-linked information, these questions left out of this survey.

Customers were able to answer the questionnaire anonymous and thus I am not able to point out which opinion is from which customer (a few of them are recognizable as they added their phone/e-mail information for contacting). Possibility to anonymous answering increases the willingness to answer in this kind of surveys.

There are several benefits in online survey research. It is cost-effective, extensive and data is easy to collect and evaluate. It is faster and more economic than posting questionnaires or calling. The mistakes caused by saving results manually decrease and the results are visible in program immediately after receiving the answers. The accumulation of answers can be followed in real time and thus it is possible to make the first conclusions sooner. (Berndtson & Lounasmaa, 2004.) There are also weaknesses in survey research: it is not possible to know how carefully or honestly customers have answered in questions, there are difficulties in evaluating how unambiguous the given options in questions are and the loss (amount of customers not answering the questionnaire) can be remarkably high (Hirsjärvi et. al. 2013, 195).

As web-based survey programs like ZEF 2010 Editor, Webropol etc. are easily available, the amount of different questionnaires has increased explosively during last ten years. The float of questionnaires and tiredness to answer all these researches has decreased the response rates. Problems are also

spam-filters in organizations' mail servers which cause the invitation messages to stuck in spam before reaching the target group. (Ruskoaho, Vänskä, Heikkilä & Hyppölä 2010, 283.)

5.2 Methodology

In collecting the data and interpreting the results in this survey was used methodological triangulation. It is a combination of both qualitative and quantitative methods. In the questionnaire there are numerical questions (e.g. evaluation of the significance of the forwarding/transport service providers reliability in scale 1-5) and open questions in which is asked to mention the most important attributes the customer requires from forwarding/transport service provider. These measures should be equal, and in addition the open question gives a possibility to add some attributes which were not mentioned in quantitative questions. (Hirsjärvi et al., 2013, 239.)

While answers in quantitative research are presented in the numerical form, the qualitative answers are narrative in form. When using both of these methods it is called mixed methods (MM). The MM research is not so widely known as qualitative and quantitative methods and this is because it has been interpreted as a separate orientation during the last 25 years. Answers in mixed methods questions are given both in narrative and numerical forms and this forms the integration of statistical and thematic data analyzing techniques. (Teddlie & Tashakkari 2009, 5-8.)

5.3 Reliability and validity

The reliability of a research means repeatability of the results, in other words the ability to achieve results that are not random. In this survey the reliability is proven by the expectation which was mentioned in the very beginning that most of the customers were left for two main reasons: the price and the service level.

The validity of the research evaluates if the survey measures the qualifiers that were meant to be measured. In questionnaires this means that the customer understands the questions in the way the researcher has meant. (Hirs-

järvi et al. 2013, 231.) In this survey the validity has been achieved as the customers were asked the same qualifiers in both open questions and scaling questions. The validity in this survey is also proven by using mixed survey methods (questionnaire sent both for lost customers and sales/management in Beweship). Also mixing both open and scale/multiple choice questions in the survey questionnaire supports the mixed methods theory by using quantitative and qualitative methods.

Information that was collected with the questionnaire versus the objective of the survey (to find out why customers have left and to construct a mode of operation (M.O.) for personnel and management) do complete each other as all of the questions were chosen based on service quality theories and answers of the customers correlate the assumed reasons (prices, service quality etc.).

Answers provide a good internal view on Beweship's customers, but since the sample of customers was relatively small and the customers' response rate average (domestic and foreign customers) 55.8%, the results can not be used in wider generalization of lost customers' opinion and behavior. The aim of the survey is to find out what Beweship can do to win back lost customers, therefore the wide generalization of results was not even the point.

Answerers had understood the questions and answering options very clearly but question "In which aspects mentioned in last answer you think Beweship has given a good/bad performance?" some of the answerers had answered very shortly in the way it was not possible to immediately differ if Beweship had given a good or bad performance. Answer like "problem solving and delivery time" does not tell in which one was good and which one bad. This question should have been divided into two different questions in order to avoid this kind of interpretation difficulties. Also question about wishes/proposals for Beweship turned to be more or less useless as customers had already told their opinions and problems in earlier open questions, and thus this question could have been left out from the questionnaire.

Since it is not possible to know the reasons for leaving in the point when customers for this survey were chosen, I assumed in the very beginning of the research that most of the customers left because of the price level. Also some mistakes in deliveries (damages, losses) or improper claim handling were first assumptions of the reasons.

As a result this survey provided Beweship valuable information of what has been done wrong when customers were lost and what can be done better to get them back. As the foreign customers' group is very limited it is not useful to make a wide generalization according to their answers. I have included all customers' answers together when interpreting the results.

6.1 Service usage

Only one domestic and one foreign company said that they are not acting in import/export business anymore so it is a very rare reason for leaving Beweship. In question of what kind of transport services do these companies use, the most used service is road and sea transport, with forwarding and air services following with quite similar shares (see figure 9). This result connects with Beweship's common customer type diversity.

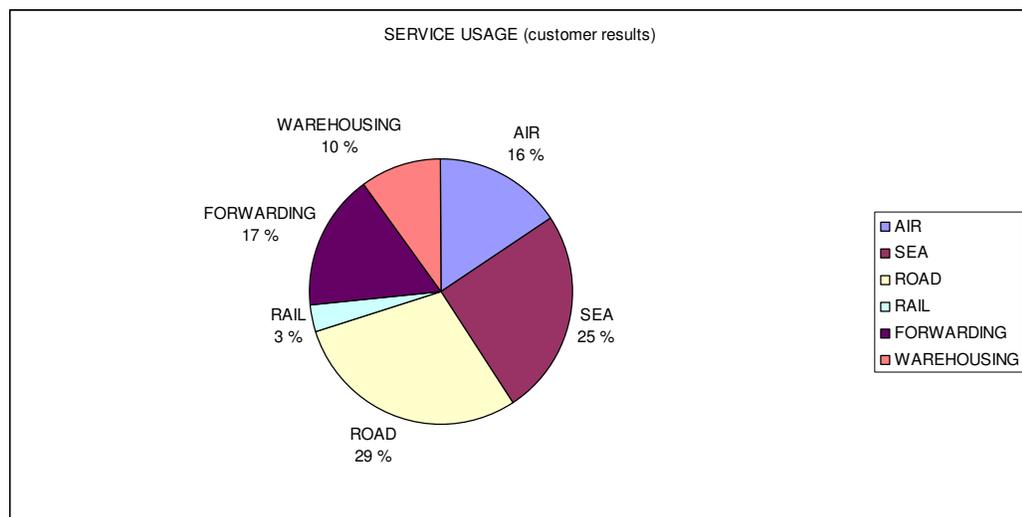


Figure 9. Services used by lost customers

In the results it can be seen that many of the lost customers are using a wide range of transport/forwarding services: 29 of 63 lost customers are using three or more service types. This is interesting as it is possible that if the need for such a wide service range exists, Beweship has not informed these customers of the total service selection available. This is most prominent in case of one of the lost customer who first states that they are using six (=all) of the services in range, and in question where Beweship's performance is asked to be evaluated, answer is that "we can not say because we have used Beweship only for a few air shipments for a long time ago". There is clearly a market niche for sales persons.

6.2 Reasons for not using Beweship

Customers were asked to give reasons for not using Beweship's services at the moment and it was found that the most important reason according to the customers for leaving was better prices from competitor (figure 10). However, there are a high percentage of answers in group "other" and the very wide range of reasons for leaving can be found in these written answers.

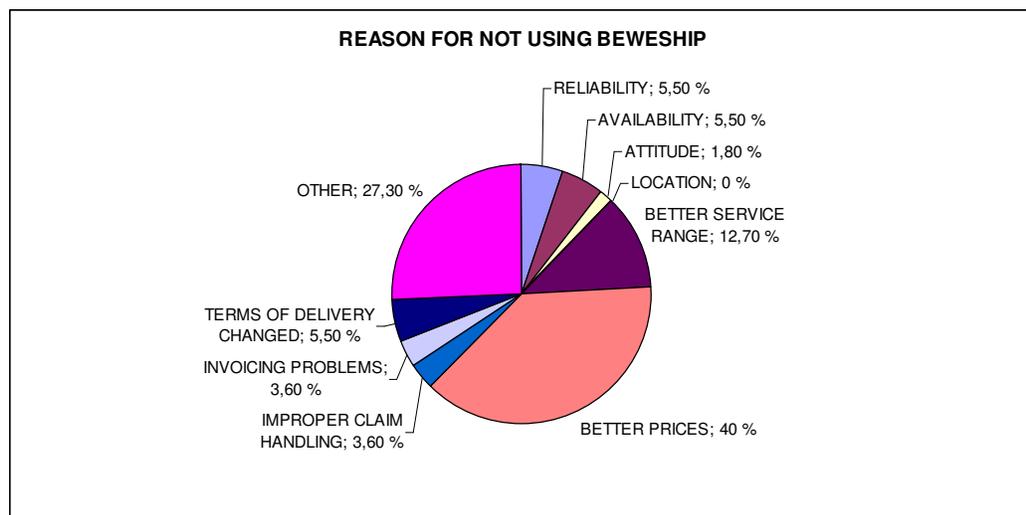


Figure 10. Reasons why lost customer is not currently using Beweship's services

Customer who chose the option “other” reported following reasons:

- replying in offer requests takes too long
- main contact person in Beweship changed the company
- contact persons in Beweship are changing very rapidly
- few difficult shipments, after that Beweship’s sales persons did not contact anymore
- no own employees in Beweship’s warehouse
- long term agreement valid with competitive transport company
- Beweship is not on the list of globally accepted co-operation companies
- own export deliveries amount decreased remarkably

What is comforting to notice from these results is that the price alone is not the only reason in most of the ending customerships. There are also such reasons as difficulties/delays in deliveries, long-term contract with some other service provider etc. and other service quality related issues that are able to be corrected by improving service quality. Also the importance of local service, named contact persons instead of impersonal group e-mails and stability of the personnel has a significant role in relationship’s constancy.

6.3 Claiming

Six of the answerers said that they did claim Beweship before leaving, and according to them the handling of claims is proper and polite. However these customers were not able to get required services or prices from Beweship and were therefore changing the service provider. One of the customer especially mentioned that he has claimed Beweship several times concerning cargo damages during the transportation and was not satisfied with the service quality, therefore changed the company when competitor was able to provide lower prices.

6.4 Conditions for returning

Only four customers said that they would not consider getting back to Beweship in any circumstances. Only if their present service provider would remarkably raise the price or weaken the service level they could be able to

consider, otherwise they will keep loyal to their present logistics service provider. The company which was very unhappy with cargo damages named those damages a reason for not coming back.

This means 60 possible win-back customers who have left the door open for Beweship to contact them and re-negotiate the prices and terms. 15 of these said that if the prices and service level are on the right level they would consider returning. Also named contact person/s, permanent employers, local office/people and good contact with sales and operative personnel are mentioned to be reasons which affect on returning willingness. Some customers asked Beweship to mention some competitive advantages that differs Beweship from other transport/forwarding companies.

There were also very satisfied companies saying that they will come back as soon as they will need sea/export/import services again. They have however answered earlier that they do still have import or export deliveries, so it seems that these customers are not fully aware of the whole service range that Beweship has to offer.

6.5 Evaluating Beweship's performance in services

The best grade (4.0) for Beweship was given in personnel's service attitude/friendliness. Employees' professionalism and skills was evaluated as the second best. Also problem solving willingness, service availability and reliability got decent grades. The weakest is, as expected, price level which got only 2.8 of 5 (figure 11).

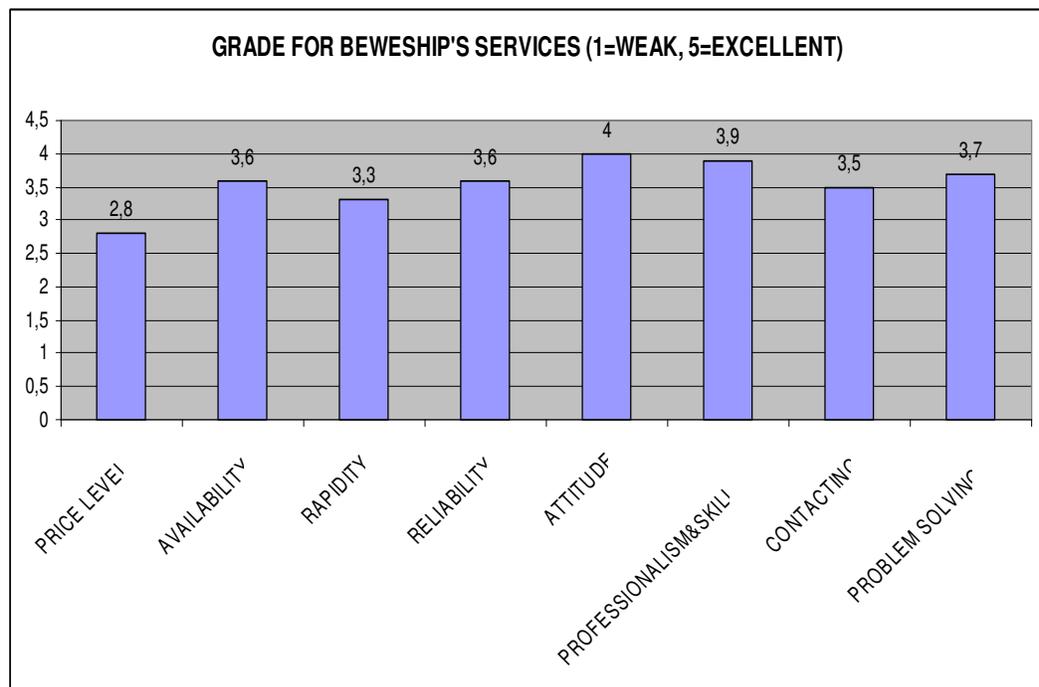


Figure 11. Grades for Beweship's services

6.6 Meaning of service quality factors

In this question the customers were asked to evaluate the meaning of eight different service quality factors for their company (figure 12). According to these results, transport/forwarding company's two most important factors for customers are service reliability and employers' professionalism/skills. After that comes rapidity, problem solving skills and service availability, and only on the sixth place is actually the meaning of the price level. Based on these results the cause for leaving Beweship was said to be the price level or other things but in reality it most likely is that customer is not satisfied with some other service quality factor, they get then lower prices from competitor and only after that will change the company. If they do appreciate service reliability, professionalism, rapidity and problem solving skills as much as these results show, the main reason for leaving is not the price even though the customers themselves do think so. In other words if the customer is satisfied with the services they are more expected to stay as a customer even though the price is not the lowest.

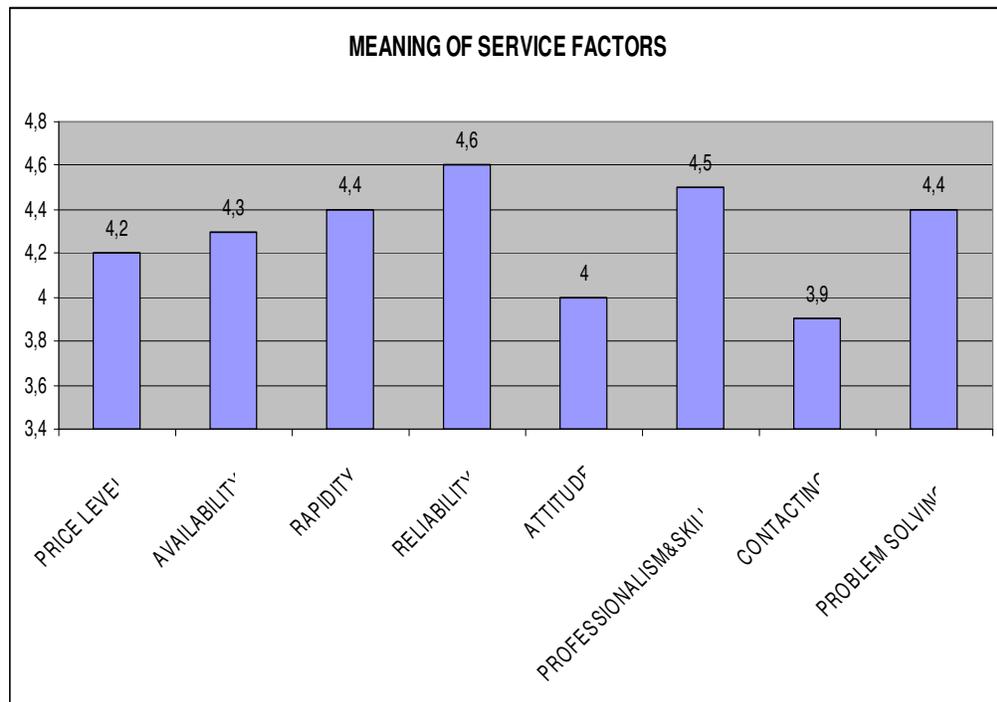


Figure 12. Meaning of service quality factors for customer

6.7 Key aspects required from forwarding/transport company

In open question where customers were asked to mention three main aspects they expect from their transport company, four attributes were most common: rate, reliability, professionalism and good contacting. About rate it was mentioned that it should be “in context with the service level” or “competitive”. Reliability was described as proof delivery schedules and proof agreements (“what has been bought, happens”). Professionalism was often connected with problem solving skills, diverse expertise and constant personnel. Contacting was expected to be easy, regular, fast and informative, and in many of the answers it was especially mentioned that contacting should happen through a named contact person.

When inquiring Beweship’s performance in these aspects in written, the results were quite similar with the results from numerical evaluation. Professionalism and contacting was praised, while price level was criticized to be relatively high. Special mentions were given for lack of local representative/local office.

7 SALES AND MANAGEMENT RESULTS

7.1 Service usage

Evaluation of sales and management persons in Beweship show that these people do have a good insight of the real share of traffics. While four most used services among lost customers was said to be sea, air, road and forwarding, the answers of personnel went to exact the same order, although some differences in percentage did appear.

7.2 Reasons for not using Beweship

In sales and management evaluations of reasons for not using Beweship's services at the moment was seen six remarkable differences (figure 13). While customers named service range, competitor's better rates and other reasons more often to be the reason, the management & sales did not see those to be as remarkable reasons. When it comes to availability, attitude, location and terms of delivery changes, the results show that customers are less satisfied with attitude and location than thought, and that terms of delivery in most cases are not the reason why services has not been used. The question about location and availability is interesting, as when customers were asked about "other" reasons for leaving, they named often the lack of local offices/representative for reason.

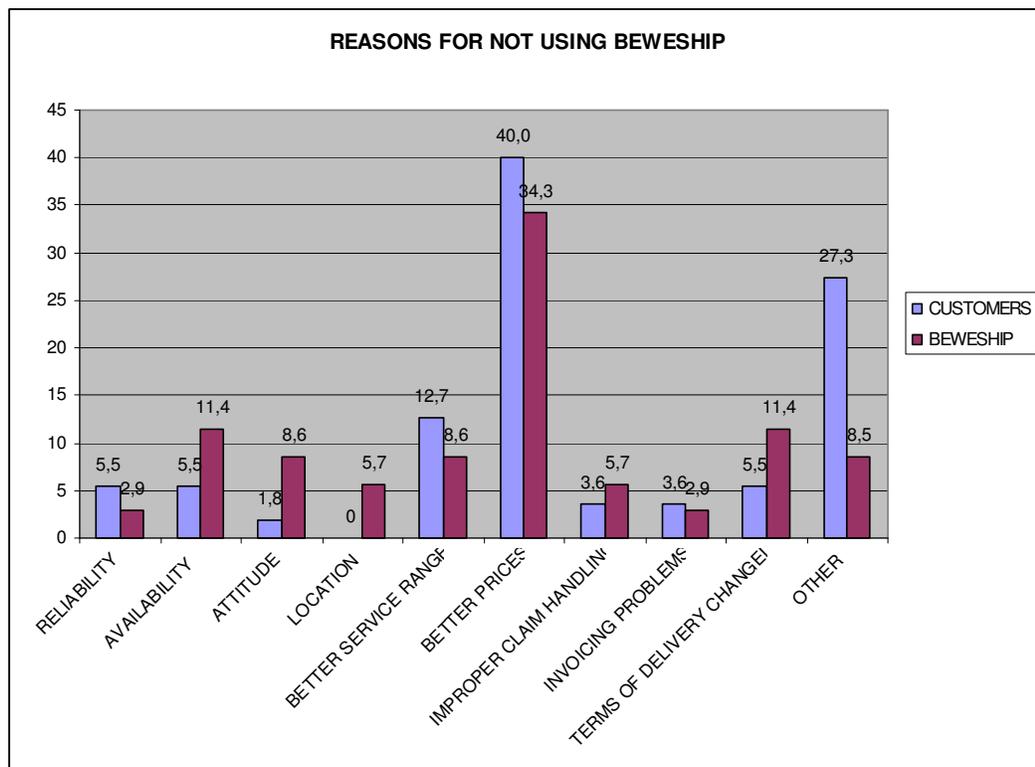


Figure 13. Reasons for not using Beweship's services (%)

7.3 Evaluating Beweship's performance in services

The knowing of the service level satisfaction among Beweship's management and sales is in line with customer's opinions (figure 14). There are no remarkably large differences between customers' opinions and Beweship's evaluation, so it can be said that Beweship's management and sales are well aware of the company's strengths and weaknesses.

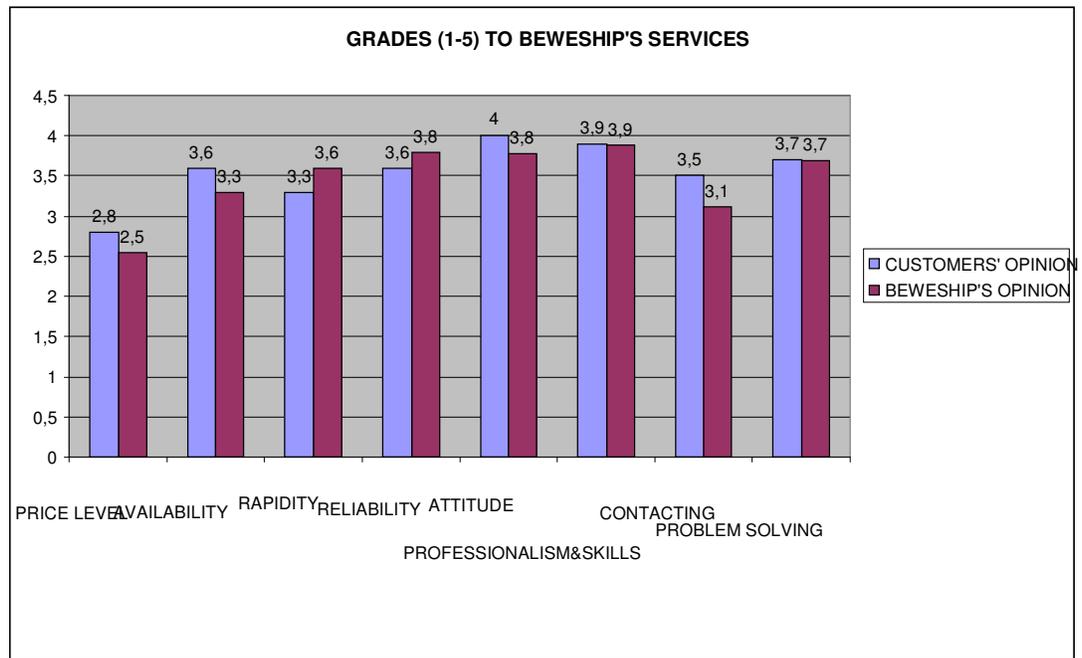


Figure 14. Evaluation of Beweship's services

7.4 Meaning of service quality factors

In every part of the service quality factors the customers see these aspects to mean more than what management and sales in Beweship do (figure 10). Biggest difference is in rapidity and availability of services. Customers clearly do want more rapid answers to their quotation requests.

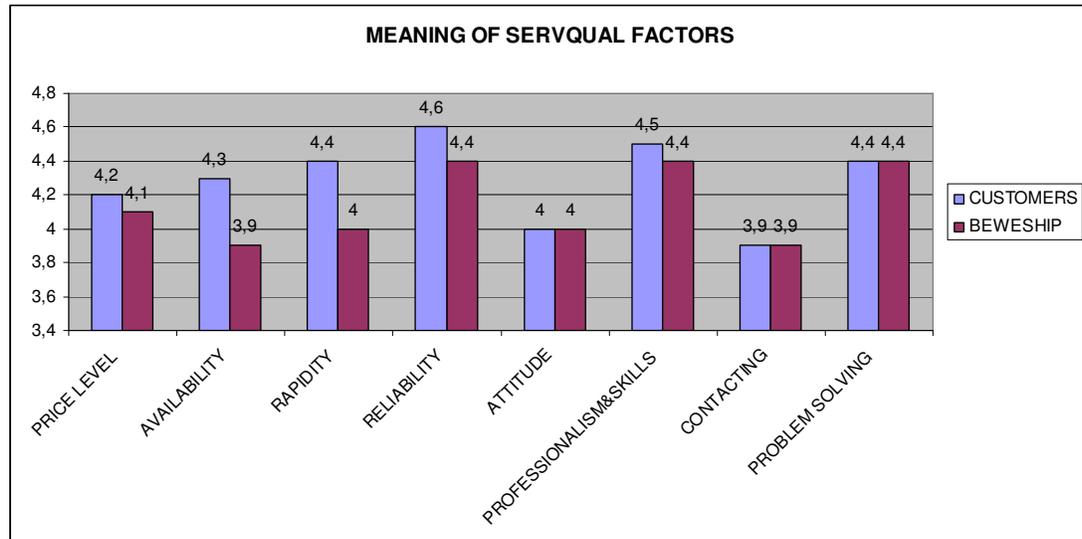


Figure 15. Meaning of service quality factors

7.5 Common notices of the results

In context with the earlier mentioned theory seven most important issues should be presented:

1. When choosing the strategy format for Beweship, the results show that best strategic for Beweship, based on the customers' wishes, market situation and competitive, would be combination of zipper strategy, service strategy and customer's profitability strategy.
2. Storbacka (2002, 66) said that eventhough customers are satisfied with service in common, they can still change the provider because of better rates. This has been proofed by this survey as well.
3. Also Storbacka's (2002, 66) comment of satisfied customers who are changing because of the lack of contacting from company's side has been proved to be true also in Beweship.
4. Of Haden's (2012) eight ways to make the customer leave company can be seen that in line with that, the results of this survey show that reasons connected to personnel (stability, personal chemistry, professionalism and problem solving skills) were adduced in answers of lost customers.
5. Haden (2012) mentioned also lack of regular contacting with existing important customers to be a remarkable reason for leaving, while company pays more attention in getting new customers. Also this lack of contacting was mentioned several times in customers' answers.
6. Many of the customers said that even though there were some small issues, they were all in all satisfied with Beweship's service, but still they had left – customer satisfaction does not quarantine loyalty.
7. The service quality gaps: of five of Grönroos' service quality gaps this survey confirmed existing gap between actual service quality and customers' expected quality. While customers are pointing the service availability and rapidity very important aspects when evaluating quality, Beweship's sales and

management paid more attention to professionalism, skills and reliability. Even though also these aspects were important for the customers, attention should be paid to making it easier for customers to contact Beweship and making sure that they get their answers quickly.

8 MODE OF OPERATION

8.1 Purpose of mode of operation tool

This mode of operation tool will indicate some criteria for sales personnel to recognize customer who is in-risk to be lost, and criteria to evaluate whether the lost customer belongs to the wanted back group or not. Also it will provide some general format to be used in contacting the lost customers, e.g. the frequency of contacts (every 6 months, once per year etc.) and basic questions to ask from the customer.

In order to get the most value of this survey for Oy Beweship Ab, I have listed the most important actions/instructions to be taken into account when contacting a lost customer. This advice is based on both customers' answers gained from the survey and on theoretical background.

According to Griffin&Lowenstein (156, 2000), the most important reasons why clients do not give any feedback on the service for the company are:

Customers:

- do not know who or where to contact for the claim,
- do not have time to do it,
- think that complaining is just an annoyance and want to avoid it,
- do not believe that their complain would lead into any actions from the company's side,
- do not expect any direct value or benefit from complaining,
- find it easier to just change to use the competitor's services.

Based directly on these evaluations there are some basic actions for Beweship to be done.

1. Claiming has to be easy to do for the customer and special attention should be paid to proper claim handling.

2. After a claim has been received from a customer, it has to be handled quickly and a clear answer must be given to the customer. Most preferably, the answer is given by the same person who has received the claim and has been in operational contact with the customer, not from some impersonal claim department.
3. For handling the claim it would be very useful to name one person in company who would handle all of the claims and give the results for operational / sales personnel for informing the customer.
4. Personnel who are in direct contact with customer (sales persons, operational step) should be encouraged to ask customer questions after the service action has been completed, like "can you name one thing in our service which we could have done better in this case?"
5. More power should be given to the operational personnel regarding giving an economical compensation for unsatisfied customer (with certain limitations/if the unsatisfaction is caused by Beweship's mistake).

The importance of claiming issue is that the customers who claim are usually customers who would like to stay in business contact with Beweship. In other words, these claiming customers provide Beweship a possibility to correct the mistake and keep them as customers.

The most important thing that was found in this survey is that according to the results, Beweship's main problem is the price. Most customers mentioned Beweship's high prices in one or more places in their answers, and this was also mentioned one of the main reasons for not using Beweship. However, since there are some changes both on markets and inside Beweship (better contracts with certain shipping lines for example), Beweship has been able to win back some customerships that are traditionally based only on freight rates and were on break for a few years. This shows that Beweship has been able to lower the cost level and thus offer better rates for customers, and this is what should be brought up in every conversation with a lost customer when re-contacting them. Sales personnel (and also operational when it is reasonable to bring up) should take care that these lost customers do not leave

Beweship out of their requests of quotations only because Beweship used to have higher rate level in the past.

Questions about personnel stability and local representatives are something that should be taken into consideration in management. What are the ways of keeping employees stay and how to make it possible to have enough local offices alive? Especially customers from Savo area mentioned that there is no local office or agent available and it was said to be the reason they have not used Beweship lately.

Also adequate number of sales coordinators should be hired so that they will have enough resources for regular contacting with customers and possibilities to give offers rapidly.

8.2 Mode of operation – actions' schedule

STEP 1. RECOGNIZING LOST CUSTOMER

1. Every March 15 and September 15 *sales coordinators* look through list of TOP100 fallen off customers' list, picks up their own customers and check if they have been invoiced at all during the last 6 months.
2. The customers who are not on anyone's responsibility will be put on one of the sales coordinators' account (not one customer is without executive sales coordinator)
3. In addition to this biannual checking, also *operative personnel* are responsible for giving information for sales in case they do notice that some of the customer they are in operational responsibility has waned remarkably.

STEP 2. CHECKING DETAILS OF THE LOST CUSTOMER

1. Sales coordinator looks through the customer's earlier invoicing and sales margin (profitability strategy)

2. Sales coordinator asks accounting department for customer's financial details (solvency).
3. Sales coordinator contacts the executive operational person (if not done earlier) to find out if there are something that should be known about (claims, deviations from schedule and misunderstandings)

STEP 3. CONTACTING LOST CUSTOMER

1. Based on the information collected in step 2, the sales coordinator chooses the way of contacting the customer.
2. If the customer is of low profitability and no remarkable increase in business (or some other traffic needs, e.g. instead of sea goods going by air) is accepted, regular phone calls are good enough methods in making contact.
3. If the customer has had big/many shipments via Beweship and has a high sales margin, or there is known to become big deals (projects etc.), a meeting should be arranged promptly. In this meeting the reasons why customer is not using Beweship's services at the moment should be found out. The customer should be convinced that Beweship is worth keeping in mind when sending requests, also it should be mentioned that the price level has been reduced in some of the traffic areas.
4. The sales coordinator asks, listens and finds out the real needs and reasons why customer is disappointed in Beweship.
5. Problems can be fixed – if there are some problems mentioned, the sales coordinator asks for customer's solution also. That makes the customer feel important.
6. The sales coordinator should present a short introduction of all Beweship's services – maybe the customer has not been aware of those

earlier – making clear that Beweship is able to provide the full service package.

STEP 4. MAKING A NEW OFFER / SERVICE PROPOSAL

1. Sales coordinator points out the benefits of renewing the contract for the customer. Also, if the customer seems to require, an operative persons' contact details can be given at this point to confirm the customer about personal service.
2. Sales coordinator provides test deliveries – way to show the good service level of Beweship.
3. Sales coordinator takes care of the follow up – has the customer accepted the offer and if not, what should still be corrected? If there is no shipments after test deliveries, why?

STEP 5. OPERATIVE ACTIONS

1. *Operative personnel* are aware that customer is a win-back customer, some special attention given.
2. Operative personnel keeps the sales coordinator updated with new deliveries.
3. Operative personnel reminds customer every now and then about other services.
4. Contact person is as permanent as possible since customers do want to have a personal connection with the contact person, not always a new name.

STEP 6. FOLLOW UP

1. *Regular customer contacting* should be arranged by the sales coordinator (in every 6-9 months, best if the customer is willing to meet face to face) as this was mentioned to be a problem in many of the customers' answers.

2. It is on sales coordinator's responsibility to keep the customer updated with new or different services, destinations etc.

SHORTLY: REMEMBER TO RECOGNIZE A LOST CUSTOMER, CONTACT THEM, SOLVE THEIR PROBLEMS AND MOST OF ALL, FOLLOW UP AND KEEP IN TOUCH!

9 CONCLUSIONS AND FUTURE RESEARCH

This survey showed the problems that were already known in Beweship. The service price level is higher than competitors' (or at least customers do think so), contacting existing customers is not regular enough and customers would prefer stable, professional personnel who is easy to contact. Winning back lost customers at Beweship requires that these advises are taken seriously and customers are started to be approached in more personal way. Ongoing changes in personnel, transferring customer from one traffic coordinator to another and delays in contacting due to these actions are a guaranteed way to lose a customer. Following the steps in mode of operation, and keeping in mind that customers are human beings and make their decisions based on their personality as well, are the keys to get back lost customers.

With this research was found only those customers who have totally stopped using Beweship's services during the last 9 months. For the future and possible following thesis issues I suggest that should be found out also those customers who have remarkably reduced using company's service but are not completely lost customers (recognizing system for "customers at risk" in Griffin's decision map, picture 1). Also could be useful to create a system for categorizing customers according to their life cycle position – maybe by numbers or letters? Thus can be created instructions of how and when to contact these customers in different life situations.

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LOST CUSTOMERS' SURVEY

Dear Sir/Madam, I am finishing my studies in International Business and Management program in Kymenlaakso University of Applied Sciences, and for my thesis I am doing a survey for company Oy Beweship Ab. The title of the thesis is "Winning back lost customers". Your opinion would be highly appreciated and I hope that you can spend couple of minutes of your time in answering few questions. The answers will be handled in groups, no single replier can be recognized in the report. You can choose survey's language from the drop menu in top of the page. LINK TO THE SURVEY: <http://zef.kyamk.fi/player/?q=568-akz29z99>

Thank you very much for your help! Johanna Nykänen johanna.nykanen@beweship.com

INSTRUCTIONS IN BRIEF: 1. Click your answers with mouse on the response base. 2. You can change your answers by activating the question from the list and replacing your answer on the response base. 3. You can interrupt your answering to go on later by clicking "Continue later" button. 4. When you have answered all the questions click "Exit" button

3.1 Background

<p>1. Does your company have import/export deliveries at the moment? (Multi Choice Question)</p> <p>Choices:</p> <ul style="list-style-type: none"> - 1. YES - 2. NO <p>2. What kind of transport service your company needs? (Multi Choice)</p> <p>Choices:</p> <ul style="list-style-type: none"> - 1. AIR - 2. SEA - 3. ROAD - 4. RAILWAY - 5. FORWARDING - 6. WAREHOUSING 	
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3.2 REASONS

<p>1. What is the reason(s) you are not currently using Beweship's services? (Multi Choice)</p> <p>Choices:</p> <ul style="list-style-type: none"> - 1. Service liability - 2. Service availability - 3. Attitude of the personnel in company - 4. Location - 5. Competitor has better service range - 6. Competitor has lower prices - 7. Improper claim handling - 8. Accounting/invoicing problems on Beweship's side - 9. Terms of delivery changed - 10. Other, what? <p>2. Did you claim Beweship before leaving? (Multi Choice Question)</p> <p>Choices:</p> <ul style="list-style-type: none"> - 1. Yes - 2. No <p>3. If you claimed, how did Beweship handle your claim? (Free Answer)</p>	
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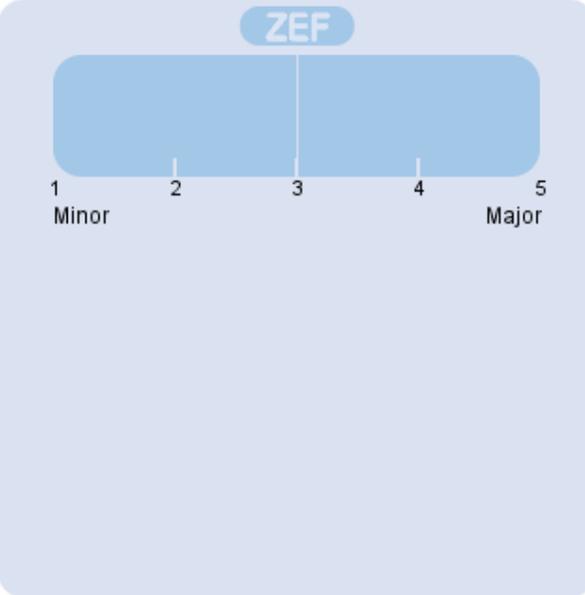
3.3 FUTURE

<p>1. If Beweship would be able to correct the reason of your leaving, would be you be ready to try their service again? (Multi Choice Question)</p> <p>Choices:</p> <ul style="list-style-type: none"> - 1. Yes - 2. No <p>2. In what kind of situation would you consider to start using Beweship's services again? (Free Answer)</p>	

3.4 EVALUATION

<p>1. Price level at Beweship (Line) How would you evaluate price level in Beweship compared with other transport/forwarding service providers? (1=Expensive, 5=Affordable)</p> <p>2. Availability/accessibility of services (Line) How would you evaluate accessibility of services in Beweship?</p> <p>3. Rapidity of the services (Line) How would you evaluate services rapidity in Beweship?</p> <p>4. Reliability of the services (Line) How would you evaluate services' reliability in Beweship?</p> <p>5. Friendliness of the service (Line) How would you evaluate Beweship's personnel's friendliness in service situations?</p> <p>6. Skill and expertise of the personnel (Line) How would you evaluate personnel's skills and expertise in Beweship?</p> <p>7. Contacting customer frequently (Line) How would you evaluate contact frequency in Beweship?</p> <p>8. Willingness in problem solving (Line) How would you evaluate willingness in problem solving in Beweship?</p>	<p>Answering Areas:</p> <p>Line</p> 
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3.5 Signification

<p>1. Significance of price level (Line) How would you evaluate significance of price level for your company when choosing transport/forwarding service provider?</p> <p>2. Significance of service accessibility/availability (Line) How would you evaluate significance of service accessibility/availability for your company when choosing transport/forwarding service provider?</p> <p>3. Significance of service rapidity (Line) How would you evaluate significance of service rapidity for your company when choosing transport/forwarding service provider?</p> <p>4. Significance of service reliability (Line) How would you evaluate significance of service reliability for your company when choosing transport/forwarding service provider?</p> <p>5. Significance of service friendliness (Line) How would you evaluate significance of service friendliness for your company when choosing transport/forwarding service provider?</p> <p>6. Significance of skills and expertise of personnel (Line) How would you evaluate significance of personnel's skills/expertise for your company when choosing transport/forwarding service provider?</p> <p>7. Significance of regular contacting (Line) How would you evaluate significance of regular contacting for your company when choosing transport/forwarding service provider?</p> <p>8. Significance of problem solving skills (Line) How would you evaluate significance of problem solving skills for your company when choosing transport/forwarding service provider?</p>	<p>Answering Areas:</p> <p>Line</p> 
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3.6 CONCLUSION

<p>1. What are the most important key aspects You expect from your forwarding company? (Free Answer)</p> <p>2. In which aspects mentioned in last answer you think Beweship has given a good/bad performance? (Free Answer)</p> <p>3. What kind of wishes/improval proposals do you want to send to Beweship? (Free Answer)</p> <p>4. If you want to Beweship's sales personnel to contact you, please fill in the following information.</p>	
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