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CUSTOMER SERVICE IN ELIXIA HEALTH CLUBS OF TURKU REGION

– overview, gaps, ways of improving



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BACHLOR THESIS | ABSTRACT
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CUSTOMER SERVICE IN ELIXIA HEALTH CLUBS OF TURKU REGION

This research conducted on the base of ELIXIA health clubs of Turku region. The objective was to review current service strategies, the vision of customer care quality of managers, first line personnel and clients, compare them, and identify possible discrepancies. Basing on gathered data and case studies certain solutions of improving and maintaining of customer service quality were offered. Mixed research method was used in form of personnel interviews and customer survey.

Regardless of clients' goals, the core product of each fitness club is customer service. Often the only difference that consumer could see between multiple products and services today – is the difference of customer care quality. It is especially topical issue for industry where most of firms are offering basically same product, such as fitness and health care.

Nowadays poor service is rather rule than exception in Finland. Nevertheless people are actually paying attention to the level of customer service and have customer expectations above average. That's why, tuning of service processes inside the company is a key to construction of sustainable competitive advantage on the base of customers' loyalty.

Findings of the research showed that Turku Elixia is providing worthy level of customer care to its members and have resources for its successful development and improvement. At the same time there are still certain processes need to be improved as soon as possible, such as: internal uninterrupted communication between all levels of personnel and customers; monitoring of service performance. Inhomogeneity of results witnessed of currently blurred standards of service inside the company.

Identified clear trends gave base to assume that the results would not be significantly different with bigger number of respondents.

KEYWORDS:

Customer service, competitive advantage, customer loyalty

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ASIAKASPALVELU ELIXIAN TURUN ALUEEN HYVINVOINTIKESKUKSISSA

Tämä tutkimus on johdattanut huomion Elixian Turun alueen hyvinvointikeskusten perustaviin lähtökohtiin. Tavoitteena on ollut arvioida Elixian tämänhetkisiä palvelusuunnitelmia; sitä millainen katsantokanta asiakaspalvelun laadusta on yrityksen johdolla, millainen käsitys on tästä laadusta ensi käden henkilökunnalla ja millainen käsitys asiakkailta, sekä verrata näitä käsityksiä toisiinsa, sekä tunnistaa mahdollista epäsuhtaa näiden käsitysten välillä. Kerättyyn aineistoon ja tapauskertomuksiin pohjautuen tutkimus on tarjonnut tiettyjä ratkaisuja asiakaspalvelun laadun parantamiseksi ja ylläpitämiseksi.

Käytetty tutkimusmenetelmä on laadullisesti ja määrällisesti yhdistelty ja vertaillut toisiinsa yhtäältä henkilökunnan haastatteluja ja toisaalta asiakaskyselyihin saatuja vastauksia. Riippumatta asiakkaiden omista tavoitteista, jokaisen kuntokeskuksen ydintuote on asiakaspalvelu.

Usein ainoa ero, minkä asiakas nykyään saattaa havaita monenlaisten tuotteiden ja palveluiden välillä – on eroavaisuus siinä laadussa, millä asiakkaista huolehditaan. Tämä seikka on erityisen ajankohtainen asia sellaisella alalla, jolla useimmat yritykset tarjoavat periaatteessa samaa tuotetta, sellaisella alalla kuin fitness-teollisuus ja hyvinvointiteollisuus.

Heikkolaatuinen palvelu on Suomessa nykyään pikemminkin vallitsevaksi muodostunut käytäntö kuin poikkeus. Kuitenkin ihmiset kiinnittävät huomiota itse asiassa juuri asiakaspalvelun tasoon, ja heillä on asiakasodotuksia keskimääräistä paremmasta tasosta. Tästä syystä palvelun menetelmien kohentaminen yrityksen sisällä on avain rakentaa pysyvää kilpailuetua, joka pohjautuu asiakkaiden uskollisuuteen.

Tutkimuksen tulokset osoittavat, että Turku Elixia tarjoaa jäsenilleen varteenotettavaa ja tasokasta huolenpitoa asiakkaista, ja että Elixialla on myös voimavaroja tämän tason kehittämiseen ja parantamiseen. Tästä huolimatta on samanaikaisesti tarpeellista niin pian kuin mahdollista parantaa tiettyjä menettelytapoja, jollaisia ovat: henkilökunnan kaikkien tasojen ja asiakkaiden keskeytymätön, keskinäinen yhteydenpito kaikilla tasoilla; sekä havaintojen tekeminen palvelun tehokkuudesta. Tutkimustulosten epätasaisuus todisti yrityksen tämänhetkisistä epäselvistä sisäisistä normeista.

Tutkimuksessa ilmitulleiden käsitysten selkeät kehityssuunnat ovat luoneet pohjaa olettaa, etteivät tutkimustulokset voisi olla merkittävästi erilaisia, vaikka haastateltujen ja vastaajien joukko olisi suurempikin.

AVAINSANOJA:

Asiakaspalvelu, kilpailuetu, asiakasuskollisuus

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1 INTRODUCTION

Nowadays, in extremely competitive market environment, trustful relationships with the customers are becoming the crucial factor of company's long term prosperity. High level customer service is not just one of competitive advantages, for numerous sectors it is the only advantage.

Future will be more and more complex for companies. The "battle" for payable clients will be even harder. The winners will be those companies who could make the interaction with them less stressful for customers comparing to competitors. (Mann 2012, 10).

Fitness industry is not exception to the above rule as, it continuously developing around the world. Began under the flagship of brutal GYMs, then it became fitness clubs (later studios), health centres and further wellness clubs. Today's general trend is translation of emphasis from "fitness" which is about looking good, to "wellness" that refers to feeling good. The interesting fact about fitness industry is that within different time frames it is developing almost the same way in each country. (Solodovnikov 2012).

Regardless of clients' goals, finally the core product of each fitness club is customer service. People are not wishing to pay for machines, dumbbells, saunas or solariums – they could have it even at home if necessary. But what is really unachievable without visiting a health club is the environment and care, provided by professional personnel to every single customer. That's why is important to search constantly for new approaches and better opportunities for delivering of unforgettable experience of excellent customer care. The number of such opportunities and approaches on this field is almost endless.

I've been working in different health clubs as group exercise instructor over the past 6 years. During that period I have seen multiple examples of exceptional customer care that made me proud of being the part of the act. Same time I also witnessed numerous occasions of unacceptable mistakes in organization of processes and careless attitude of personnel. An interesting fact is that we can often see both types of behaviour in the same club, same day. Such situation notifies about lack of clear service strategy, standards, system and attention of administration. Usually managers are too busy solving "important" problems.

During last two years I am happy to work in Elixia clubs of Turku. This place is positively differs from most of other GYMs I know from working or visiting as customer. Since company was founded in Norway, the corporate environment in terms of customer care is above average

Finnish standards. But, head office is far and unable to fully control the implementation of general strategy in each local club. In this case a lot of responsibility lays on club's managers.

Since there are no limits in process of improvement of customer care I'm interesting in uncovering of possible omissions, new ways and possibilities for delivering better services in order to gain customer loyalty and leave competitors far behind.

1.1 Research

My research will cover three Elixia health clubs in Turku: Elixia Jokivarsi, Elixia Centrum and Elixia Länsikeskus.

The objective of research is to review current service strategies, the vision of customer care quality of managers, first line personnel and clients, compare them, and identify possible discrepancies. Basing on gathered data and case studies to offer fundamental standards of customer service and reliable ways of its improving and maintaining.

As the company is real I will try my best to obtain applicable and useful results. The leading idea of research will be one of John Tschohl's definitions I like the most – "Customer service is that, what your customers think it is".

Saunders (2007, 130-134) emphasizes that each research should have clear purpose and research questions that are reflecting the nature of research and determining strategy of data collecting. In order to direct research to fulfilling of the purpose I set straight research questions:

- 1) Is there clear understanding of purpose of customer service in managers' and employees' minds?
- 2) What are the customers' expectations and vision of service issue?
- 3) Are there gaps between managers' and staff vision of service and customers' expectations?

1.2 Company's general information

ELIXIA Holding AS is a leading Nordic fitness club operator. The majority owner of ELIXIA is Altor. ELIXIA is the leading fitness chain in Norway and Finland with a total of 185 000 members. The company entered the Norwegian market in 2000 via the acquisition of the Frisk and Colosseum fitness chains with a total of 8 clubs.

The ELIXIA brand was launched in 2001 and the current CEO Ståle Angel and CFO Erik Frydenberg were appointed as heads of ELIXIA in 2002. After a successful development in the Norwegian business, management also took responsibility for the Finnish operations in 2004, which at the time was run as a separate unit. At the time of their appointment, the Norwegian and Finnish operations were running with significant losses, but the business turned profitable in 2004 (Kauppalehti 2012).

Following the successful turnaround with a strong performance in an essentially unchanged club portfolio, management has grown the business by opening or acquiring new clubs in order to take advantage of the opportunities in the Nordic fitness market. In 2007 ELIXIA acquired the fitness chain Sport Club Stavanger AS and took over 7 new clubs in Stavanger and Bergen.

As of 2011 ELIXIA operates, and fully owns, 37 clubs in Norway and 11 in Finland and 3 in Sweden. (Elixia 2011).

Since the core activity (or product) of the company is to provide different types of health services “Customer care” term instead of “Customer service” will be used further in order to avoid confusion while discussing about services in terms of “services and goods”.

1.3 Literature

Literature will be mostly used in the second part of research to define the main points for understanding of necessity of excellent customer care and in the fourth part to find best solutions of possibly raised problems. While combining the interviews and questionnaires I will follow the instructions of professionals (authors) to set it in the most useful way.

There are vast amount of literature available nowadays, but since as was mentioned earlier the company is a real organization, I will mostly use books written by practitioners in order to maximise the level of reliability of results. There’s a difference between knowing the path and walking the path (The Matrix 1999).

Multiple case studies will be used to take into consideration positive (and negative) experience of other companies from various industries and world fitness industry leaders such as Virgin Active, Gold’s GYM, World Class and others.

An important moment is that I will also use materials of Russian authors. Even though, Russian market and marketing (and customer care issue as a result) were based on western school traditions, not every solution of traditional framework could be implemented on Russian market. That's why there are plenty of interesting, irregular and sometimes even more effective tools developed nowadays. Some of those tools could be successfully used in our case. One of the main trends that differentiates Russian school from Western is that "customer not always right" (Chichvarkin 2007).

1.4 Methodology

I will interview managers and employees with preliminary prepared questions and possibility for open answer. Questions will be different for managers and staff, but will be connected in points of research interest. Summary will be done separately for managers and personnel, but joined for all centres, because: 1) all 3 clubs are open for every customer; 2) the aim of research is to develop general and joined strategy directed to domination of Elixia as network in Turku region, and not each club separately.

For customers I will offer the survey using one of the web sources. With help of clubs' managers I will deliver the link of questionnaire to maximum number of clients. To increase the number of respondents I will offer motivational gifts that will be sponsored by Elixia (ex. 20% discount on recovery drink or protein bar).

It is necessary to identify how the managers' perception of customer needs differs (possible gap) from real customer's expectations. Without understanding of real problems improvement can not be made. The very important source of information concerning clients' needs and wishes is so called first line employees, those who directly interacting with customers such as receptionists, private trainers, group instructors etc. They also have a lot to say about how to improve internal processes and make their work more effective. The additional aim of research is to connect managers not only with clients but also with personnel.

2 CUSTOMER CARE

2.1 Definition

In general, service is intangible commodity. But the distinction between services and goods is not always clear, especially nowadays. All the products, be they goods or services, deliver a bundle of benefits to the consumer (Bateson 1992, 38). The determination of what the bundle of benefits comprises – the benefit concept purchased by consumers, and it transcends to all goods and services. In contrast to goods, services deliver a bundle of benefits through the experience that is created for the consumer. (Douglas Hoffman and Bateson 2007, 42).

The key word in terms of this research is – experience. Regardless of actual goals of clients (weight loss or mass gain) after all, the only important question is to identify whether the customer liked or disliked the experience of interaction with the company.

According to Zeithaml and Bitner (2006) customer service is a series of activities that is offered to the customers to support the company's core products. The goal is to enhance the level of customer satisfaction by creating a feeling that a product or service has met the customer expectations.

In situation with health club cannot (and must not) separate customer care from core product, but an important word from previous paragraph should be emphasized – satisfaction. Creating satisfaction through the experience – that is what customer care is about. This concept should be applied to each point of contact (Mann and Trusin 2012) of client and company. For instance, the experience of purchasing, delivering, installing, using of a product must bring satisfaction to customer. If one of these experiences does not create satisfaction, service could not be considered as excellent. Superior customer care is when we don't have to fix anything; everything is done well from first attempt. Such approach refers to Price's (2008) concept and book of the same name – the best service is no service.

As was mentioned in section 1, customers are not paying for machines and dumbbells, people are looking for positive experience that makes customer satisfaction (care) ultimately the core product of health club.

The other determination given by Tschohl (2005) states that – quality service is concentration of all company's resources and employees on satisfaction of customer. In this relation is important to understand that by saying "all employees" we really mean all and not only front line.

2.2 Main characteristics of services

This section focuses on unique characteristics that differentiate and affect marketing, delivery and implementation of services comparing to goods. As stated by Douglas Hoffman and Bateson (2007, 53) because of the challenges posed by those features, marketing plays different role in service-oriented companies and in pure goods organizations.

2.2.1 Intangibility

According to Douglas Hoffman and Bateson (2007, 28) intangibility is a distinguishing characteristic of services that makes them unable to be touched or sensed in the same manner as physical goods.

When purchasing membership of health club customer automatically entitled to consumer experience, discussed in section 2.1. Because this experience is intangible it can be evaluated only subjectively. Thus, new customers have to rely on opinions of others (who already experienced the service) and pre-purchase information to make a decision to join the club.

Douglas Hoffman and Bateson (2007, 29-30) defined certain difficulties caused by intangibility, such as: lack of service inventories; lack of patent protection; problems in displaying and communicating services; difficulty in pricing services. Companies and marketers designed multiple solutions to minimize the effect of listed problems. Despite that, those difficulties cannot be fully avoided.

2.2.2 Inseparability

Inseparability is a distinguishing characteristic of services that reflects interconnection among service provider, the customer involved in receiving of service and other customers sharing the service experience (Douglas Hoffman and Bateson 2007, 28).

Unlike the goods manufacturers, service providers are in tight connection with their customers. This fact provides great opportunity for both gains and losses in regard to customer satisfaction and retention. In addition, customers are constantly interacting with other customers whose behavior is also affects the experience of service receiving. The situation when client saluted by fitness club's staff, but for some reason unwelcomed by the other customers (or only one of them) will give negative effect on company's reputation as a whole. Some sport clubs differentiate themselves and avoid such problem the same time by limited membership (ex. only for women, 120+ etc).

The main marketing problems associated with inseparability are: physical connection of service provider to the service; involvement of the customer in the production process; involvement of other customers in production process (as was mentioned); challenges in mass production (Douglas Hoffman and Bateson 2007, 36-38). Similar to difficulties caused by intangibility, inseparability problems have no ultimate solutions.

2.2.3 Heterogeneity

As stated by Douglas Hoffman and Bateson (2007, 28) heterogeneity is a distinguishing characteristic of services that reflects the variation in consistency from one service transaction to the next.

Heterogeneity is one of the main reasons why this research was initiated (section 1). It has place not only among branches of one company or personnel within same firm but consistency of service might also vary during the interaction with the same employee in different time. Almost by definition, heterogeneity makes it impossible for a service operation to achieve perfection. Unlike manufacturing process, most of service mistakes are one-time events that are very difficult to foresee (Douglas Hoffman and Bateson 2007, 41). That's why clear service standards and continuous education of personnel are so important for service-oriented companies.

Most of problems caused by heterogeneity are referring to human factor. As an individual each employee has different personality, mood, health and multiple other factors that company can barely control. Therefore, I pay special attention to personnel in this study.

2.3 The servuction model

As was mentioned in section 2.1, in contrast to goods, services deliver a bundle of benefits through the experience that is created for the consumer. That demands from customers physical presence in the place where service “produced”, in this case – health club. Those customers are interacting with receptionists, trainers, managers etc. Moreover, they “consume” service being surrounded by other customers and they affect one another's service experience. To describe factors that influence process of service experience obtaining, the servuction model was developed by Eiglier and Langeard (1987). Servuction is an acronym stands for “service” and “production”. This term was offered to emphasize the difference between process of producing of services and products. Probably the most profound implication of servuction model is that it demonstrates that consumers are an integral part of service process. Their participation may be

active or passive, but they are always involved in the service delivery process (Douglas Hoffman and Bateson 2007, 13). Servuction model consists of four factors.

2.3.1 Servicescape

Servicescape refers to the use of physical evidence to design service environments. Due to intangibility of services (section 2.2.1) customers often have difficulties evaluating the quality of service. As a result, consumers rely on physical evidences that surround and form the service (Douglas Hoffman and Bateson 2007, 9). For fitness club the examples of such evidences could be: clean and spacious facilities, diverse and operable machines, good looking and kind staff etc.

2.3.2 Contact personnel/service provider

Contact personnel are employees other than primary service providers who briefly interact with customers. Service personnel perform dual functions, which means, that they must be professionals in their assigned duties and be able to set contact and make impression on customer on personal level (Douglas Hoffman and Bateson 2007, 10-11). Relatively to Elixia clubs I would not separate contact personnel and service providers, because each employee be it receptionist or manager, is spending almost equal amount of time responding customers' requests regardless of its importance.

2.3.3 Other customers

According to (Douglas Hoffman and Bateson 2007, 11) other customers can have significant impact on individual's service experience. In such place as fitness club other customers are also one of the reasons why people are coming there. Hardly someone would like to work out in sport club alone, in this case other customers are affecting positively. In contrast, when one customer is abused by the other customer, the impact of second one is negative. Through many customer action that enhance or detract from the service experience are difficult to predict, service organizations can attempt to manage the behavior of customers so they coexist peacefully (Douglas Hoffman and Bateson 2007, 12).

2.3.4 Invisible organization and systems

As Douglas Hoffman and Bateson (2007, 13) stated, the visible components of service cannot exist in isolation, and indeed, they have to be supported by invisible components. The invisible organization and systems reflect the rules, regulations and processes upon which the company is based. The examples of such matters in Elixia are: decision making processes, filling of fridges before opening, reparation of equipment in night time, light bulb substitution etc. All those

actions are quite small separately, but without them normal functioning of health club and service delivery, are simply impossible.

2.4 Superior customer care as competitive advantage

Since, quality customer service is also an effective sales tool it provides sustainable competitive advantage for the company (Tschohl 2008). It is especially topical issue for industry where most of firms are offering basically same product, such as fitness and health care.

It can be seen that good customer service feeds directly into strategies for improved business performance and business growth. The emphasis placed on customer service also helps with colleague motivation. When colleagues receive positive customer feedback, this makes them proud which in turn motivates them to deliver even better customer service (The Times 2008).

Good customer service can be used by businesses for positioning themselves in the marketplace. Positioning helps an organisation to become distinctive. It helps consumers to make choices. Excellent customer care provides an experience that meets client expectations. It produces satisfied customers. Bad customer service can generate complaints. It can result in lost sales, because consumers might take their business to a competitor (The Times 2009).

Indeed, often the only difference that consumer could see between multiple products and services today – is the difference of customer care quality. This criterion is creating the positive mood and posture of client concerning particular individual company (Sewell 2005, 16).

Durnford (2011) mentions – “Some fantastic hotels during my travels have also offered outstanding service. Many local, smaller companies I have had the pleasure of working with have also been up there in the ‘Mark Durnford’s great service rankings’, however, I cannot think of one gym, fitness club, chain of health clubs etc, that come anywhere close. I’m embarrassed to be saying this”.

All other things being equal, exceptional customer service creates unique competitive advantage with the same or even fewer resources (Fehd cited by Tschohl 2005).

2.5 Importance and benefits of excellent service

Today, all traditional marketing tools are used to its maximum. Prices are less than ever; distribution and delivery are faster than ever; commercials are more personalized than ever. Multiple firms disturbed by global crises reduced their budgets in terms of funds saving, but results are quite poor. Same time there are some companies on the global market (Southwest Airlines, General Electric, Commerce bank etc.) that continued its developing and generated solid profits even in crisis time. Those companies from very different areas and industries are similar in their striving to excellent customer care (Tschohl 2012, 14).

Presently popular books and articles of recognized experts such as Tschohl, Carlzon, Sewell etc, are preaching the necessity and importance of high quality service had convinced even confirmed sceptics. Companies have no right to forget about customers' needs because clients are the basis of any business. The sequence is simple – no customers – no income – shut the business.

The Electrical Contractor magazine's article (Glavinich and Fertig 2001) says that in our service oriented community, quality of service became much more important factor of company's success than quality of product. Those companies who are following the way of improving services are obtaining indisputable advantage over those who chose the other development strategy.

Good customer service involves developing bonds with customers, hopefully leading to long term relationships. It creates advantages for both customers and the business alike. Customers benefit because the business is providing a service that meets their needs. The business benefits because satisfied customers are likely to be repeat customers. They will stay with the business. However, good customer service is not easily achieved. It takes time to establish. It requires investment to deliver consistent standards (The Times 2009). Improving of customer service is daily continues work. It couldn't be done once and forever. That's why it is important to be admitted by each manager.

Everyone can sell products, but not everyone can sell perfect customer care and hospitality says Mitchell (2003, 16), one of the most recognized preachers of customer care. In his book he also shows the position of former CEO and President of Land's End David F. Dyer – respect that enhance enjoyment of purchasing process is more important for customers than reliability and price. This is especially fair for fitness industry, where mental satisfaction is finally more important than physical changes.

Johnson (2009) provides strong supportive example – “If Apple production is the key to Apple Stores’ success, how to explain the fact that crowds of people are buying Apple products for its full price, whereas in other shops such as Walmart, Best-Buy and Target, they can buy the same stuff but with various discounts, and Amazon sells all these without VAT? People are coming to Apple Store for experience and are ready to pay for it”.

Nowadays poor service is rather rule than exception. Most of companies are acting in the way directed on “one-time” relations with the consumers (Levitas 2013, 196).

Not every company realises that customer service is also sales. Good service makes client to come more often and buy more. According to American Management Association (2004), regular customers who are buying again and again because they like the service are generating about 65% of company’s turnover.

Is quite hard to imagine the marketing campaign that can generate same income as company can obtain by persuading existing clients to purchase only from it. Sometimes, instead of starting several programs for attracting new clients, is better to concentrate on fulfilling of existing customers’ needs (Sewell 1998, 61).

Sewell (2005) also noticed that consumers are more educated today, are travelling a lot and had seeing much more than before. As a result they have more examples for comparison. They know the taste of real French cuisine; they know how the work of native Italian tailor looks like; they know what should be inside the car to justify the price.

The same about customer service: Today’s customers have experienced the high level service and they like it. They get used to it. Moreover – they demand it. Today you can’t make consumer to choose between low prices and good service – nowadays they want both. (Sewell and Brown 1998).

Being an important part of marketing and sales as a whole the customer service issue is closely connected to such definitions as: customer loyalty, customer’s life value, guerrilla marketing, points of contact, reputation, product quality etc. During the research I will refer to those definitions.

2.6 Customers

A customer - is the recipient of a good, service, product, or idea, obtained from a seller, vendor, or supplier for a monetary or other valuable consideration (Reizenstein 2004). First image while

mention a “customer” is a final consumer of company’s product, whether it is services or goods, but according to Blythe (2009) is important to understand that “customer” is not necessarily final consumer of product.

In terms of customer service this dimension is much wider, we have to take into account intermediate clients, suppliers, employees and so on – they are all company’s customers in this relation. In other words anyone who interacted with the company one way or another should be treated according customer service rules, policy and standards.

For service company is crucial to understand who the customers are on personal level and not only in terms of market segment. However, to have more focused research in this work I will concentrate on the final consumers-category while talking about customers.

2.7 Listening to the customers

Customers are the priceless source of information and ideas for the company. They are setting right questions and are giving multiple answers. Clients usually well informed about firm’s target market and could provide a lot of useful data concerning competitors (Tschohl 2008). Is more simple to ask instead of assumed. Companies should always try to get the customer involved in solutions (Fehd 2011). When decisions made based on vision from the top of pyramid, the actions could be very far from real market situation (Carlzon 1987, 64-65).



Figure 1 – Why customers leave a company (SOCIOUS 2013)

Rapidly growing companies are maintaining the tight connection with their markets and are not sparing money for it. They are aware about clients' needs and regularly updating such information (Tschohl 2005).

Research costs much and by listening the customers company could obtain valuable data almost for free. The other side of this aspect is that client who has no possibility to express its displeasure will more likely turn to competitor. Research conducted by Rokefeller foundation (cited by Tschohl 2011) showed (figure 1) that 68% of customers are leaving because of lack of attention from the company. So, from this point the process of communication with clients is crucial for retain of customers.

The other important way of using the information obtained from clients is the maintenance of useful competence of personnel. Often the employee (also manager level) is competent in official questions and so much confident that he knows everything about what customers want, better than the customers themselves. Such approach is making clients feel disappointed, because customers are very different especially in such business as fitness.

Tschohl (2005) quotes the words of Jack Lowenstain, the head of administration of chemical research centre of FMC Corporation – “After all, client is the one who decides which company is better. It does not matter if everything done right way (from manager's point of view) but if customer does not like it – this is “death sentence”.

While discussing about failure “New-Coke”, former marketing director of The Coca-Cola Company Sergio Zyman (2005) in his interview for Worth Magazine admitted – “We were excited because of ourselves. But 77 days after presentation of New-Coke we took second tough decision in company's history. We shut the line. Where was our mistake? The answer is simple. We did not know our clients well enough... after we start to listen the consumers, the sells rapidly increased from 9 to 15 billion standard packages a year.” This situation shows that even business giants can't “afford” to neglect of customers' opinion.

Kaden (2006, 30) conclude that customers and potential clients are the main judges of company's success. If we listen to consumers with attention we can find a lot of useful ideas for business growth. Company can always refuse to follow those ideas, but must not refuse to listen them.

2.8 Customer loyalty

Customer loyalty is one of the main advantages of high quality customer care. Loyalty is kind of “armour” that prevents competitors from eroding of customer base. According to John Tschohl (2005) loyalty is silencing the “songs of sirens” – competitors’ offers of new goods and services.

Loyalty is only possible to achieve only by keeping high standards of service for a long period of time. Satisfied customer is not necessary the loyal one. Usually customer loyalty is the result of continuous satisfaction of interaction with company (Levitas 2011).

As Coker (1999) defines: satisfied customer as buyer who purchases from particular supplier, but expects to buy from other suppliers in future; loyal customer is a buyer who chooses to deal with particular supplier and commits to buy from this supplier in future.

“A loyal client changes everything. For him - your business is the only existing on the market. Such client is as enamoured man: he sees only the object of his love” – says Inghilleri (2010). This is one of specific expressions of competitive advantage achieved by high service quality that could be implemented to almost any industry, including fitness.

Loyalty is the first big reason for providing of excellent service. The general idea is to make clients visit again and again. According to Sewell and Brown (1998), through loyalty, company can obtain the following important benefits:

- 1) Increase in sales: customers are coming oftener and buying more.
- 2) Reinforcement of market position: if customers are buying from us they are not buying from competitors.
- 3) Decrease of marketing expenses: retaining of customer demands much less funds and those funds are no longer expenses these are investments (plus multiplication factor).
- 4) Company free of price competition: loyal customers barely will be attracted by humble discounts from competitors.
- 5) Loyal customer more likely will try new products and services provided by our company.

Important to underline, based on statement that everyone who is interacting with company should be treated according to customer care standards, loyalty spreads far beyond customer base (employees, suppliers etc.). Levitas (2010) noticed that loyalty directly affects the rate of growing of the company. This statement is especially applicable for fitness clubs, because often each customer is a guarantee of certain amount of monthly income (depending on membership

payment policy) regardless of the number of his visits. This allows clubs to make more effective plans of development.

As we can see customer loyalty is crucial factor for fitness industry. Difficult to imagine the health club with no customer loyalty program, even the worst ones are trying to implement it one way or another. The simplest examples of such programs could be the chip-cards and the groups in social networks. Technology based loyalty programs is relatively recent tendency according to Douglas Hoffman and Bateson (2007).

Tschohl (2005) quotes the research agency TARP(Technology Assistance Research Programs) (2004) which states that striving to excellent customer care is able to regenerate loyalty to the brand even for companies with previously negative reputation. This statement means that it is never too late to start developing clear service strategy.

2.9 Customer life value

Customer loyalty programs are also allowing companies to know the most valuable customers. Here arises the customer's life time value. This factor is very important for motivation of business in terms of customer care. For example research conducted by Cadillac (cited by Sewell 2005) showed that average profit of dealers from one customer during the whole period of collaboration is 140 000 USD.

Assuming that the value of health club customer is around 800 €a year – this client will bring to company 8000 €in 10 years (and this is only membership). Thus, important to keep in mind that losing a customer (for some reason) company loses not only 70€per month (not a big deal for solid firm) but at least 8000 €in long run (now it makes sense).

The attention to customer's life value issue will allow to reduce significantly the losses of potential earnings by expressing of gratitude to long term loyal clients. According to Levitas (2010, 157) the biggest share of annual losses in most of companies is “unreceived” profits.

For instance, situation described by Sewell (2012, 31) when owners of Mansion hotel in Dallas decided to identify their best clients, they find that there are two bankers leaving in hotel's restaurant around 20 000 dollars a month. After that owners understood that they owe such customers a bit more than regular “thank you”. Owners granted those guests with luxury gifts and service to insure that they will not change the place of meetings. In this case the gifts couldn't be seen as expenses, it is pure investments.

2.10 Main reasons for accepting customer service-orientation

Many of today's service firms are doing well as long as service delivery system is operating smoothly. But when the need of improvements arises, companies are not ready to invest funds in it, because they cannot realize the benefits of turning service-oriented. Based on studied literature is possible to define the most convincing and obvious reasons for companies to accept customer-oriented strategy.

2.10.1 Multiplication effect

First and very obvious argument in favour of excellent customer service is "multiplication effect". Research conducted by TARP (quoted by Tschohl 2005) showed that satisfied client share his positive experience with 5-10 people, but unsatisfied one more likely shares his negative experience with 10 – 20 people (in some cases up to 35).

Because of internet the scope of people's communication is incomparably wider than in times of telephones and the "multiplying effect" is much stronger nowadays. Similarly, it is more relevant for Finland so called 3/11 rule (Lahtinen and Isoviita 1994, 9), an average customer tells about low level service to 11 people and about good service to 3 people.

2.10.2 Limited amount of new customers

Little by little the amount of "new clients" (who are not yet informed about particular company's service level) decreases. This process goes faster in small towns, slower in big cities but it goes (Mann 2011, 58). In other words the amount of new customers is limited. For fitness industry it is even stricter because customers can not visit us, tomorrow some other place and day after tomorrow us again (generally). Clients are becoming members usually for a long period of time. It is no longer about repeated sells. If we gave up potential customer to competitor – it is for a long time. We can't underestimate this factor. Here we have to take in account that number of potential customers in fitness business even more limited comparing to shops, cinemas etc (Chechel 2011). Multiple companies built their businesses only on recommendations and repeated sales (Tschohl 2012, 62). This issue refers to previously discussed customer loyalty.

2.10.3 Release of price competition

Big customers (especially in B2B sector) prefer to deal with approved companies who has good track record, and did their job well before. For such clients the small (or not too small) difference

in price is not an issue. This is very important – customers are not comparing the prices of nicely and good working company with prices of competitors (Levitas 2013, 118). Nowadays serious fitness clubs are trying to make long term membership agreements with B2C and B2B customers. Good track record in this case is kind of guarantee that the club will not be closed in couple of month or the promised level of service is matched to real. No wonder that people prefer to pay some extra euros to insure their own satisfaction.

2.10.4 Value proposition

Service is one of the most powerful and cheapest marketing tools nowadays. Firms are spending huge amount of money for different types of marketing to attract potential customers and when client finally comes to company's door – the lack of basic service standards turns the customer around. At that moment marketing budget is wasted (Tschohl 2005, 17). Inability to meet potential customers properly is unforgivable for health club. In fitness industry same as in multiple other industries product value is tightly connected with customer care quality.

For example, IBM as well as multiple other traditional manufacturing firms are increasingly reorienting themselves around services. In these cases, the manufacturing firm is basing its marketing strategy on the philosophy, that by serving customers well through supplementary services, the value of the tangible core product is enhanced. (IBM 2012).

Providing good customer service also means that customers have fewer complaints. Dealing with complaints can be costly. So, again, by providing good customer service, we can reduce the costs of resolving customer problems (The Times 2009).

2.11 Obstacles of customer service

There are plenty of obstacles uncovered on the way to excellent service quality, some are very common and the others are more specific depending on industry. In this topic I want to overview the obstacles that are in my opinion most relative to fitness segment.

2.11.1 Unreal promises

Companies tend to promise too much, while marketing attractive proposals, in their striving to impress customers firms forget to take care of making those promises real. As a result clients become even more disappointed because of overvalued expectations (Tschohl 2005, 93). As noticed Tschohl, Sewell, Mann and other authors – excellent service is no just “smiles” – it is

everyday's hard work. That means it is very important to support marketing promises and exterior by quality of products and services.

Fitness clubs should be especially careful with this issue, because results of work (ex. weight loss or good mood) are depending on multiple intangible factors which no one can control such as particular customer's laziness, age or even behavior of other clients that plays big role in creation of internal environment.

2.11.2 False feeling of completed improvements

Referring to above mentioned "hard work" is important to take into consideration the impossibility of partial improvements of service strategy. Customer service is not a one-time action it is uninterruptable complex of measures directed on achieving of best results. Most of managers mistakenly believe that it is enough to accept half year customer service boost strategy and get long term outcomes. There is no perfection limit in this field (Mann 2012, 62). Sewell (1998, 11) warns – "If your prices are average – there will be someone who offers cheaper. If your product is "not bad" – someone will offer excellent quality".

Constant improvement is necessary for health clubs. Fitness industry is changing very fast all the time, so it is important to be in constant search of new training programs, nutrition trends, replace obsolete machines finally (Levitskiy 2012). In other words – always looking for new ways to satisfy customers.

2.11.3 Market environment

Market environment could be an invisible obstacle for high quality service. For example, if the company operates in sector with traditionally poor service (ex. state enterprises) and all the competitors concentrated on cutting of expenses. As a result, there is no reason to strive to excellent service quality (Levitas 2012, 179). Or in situation when the firm discovers that the demand of some product is much higher than offer (actually, the inability to supply enough product to the client in time – is a common example of bad service) (Sewell 1998).

In Finland as a whole and in Turku in particular, availability of social sport objects (including fitness facilities) is very good (ex. Compared to Russia). Also, numerous commercial health clubs and networks are presented. From the customer point of view I can't say that I feel hard competition for me between the clubs (I don't even know some of them exist). Based on that I assume competition in Turku region fitness industry is passive, which put it in dangerous of situation described in the beginning of previous paragraph.

Passive competition is not described in literature, thus I mean the situation when all competitors are using certain number of traditional marketing tools and actions during long period time, demonstrating obvious advantages (ex. network over single players) but not really using them.

2.11.4 Personnel performance

According to Tschohl (2011), nearly 95% of factors affecting the reputation of the company for existing and potential clients are connected with common employees' attitude. First line workers are those ones who make main impression on customers. That's why they have especial need in continuous education. Nowadays most of companies have no service educational programs at all. They are just marketing "beautiful service". Probably heads of companies believe that employees will read the commercials and consider themselves must to make those baseless promises real. (Tschohl 2005).

Innovations can be copied next morning. Any necessary technology can be implemented with motion of hand. Thus, real competitive advantage can be created only by our people and service they provide. (Sewell and Brown 1998, 42).

The issue of employees' motivation and competence is one of the fundamental aspects of customer service and necessary attention will be paid to it in the thesis. Also, one of the common problems is that stubborn managers refuse to look at customer service as on marketing strategy. Most tend to think that it is something related to post-sale (Tschohl 2012, 114).

Chechel (2011) noticed that fitness employees should be professionals in sport and in service which is quite challenging. Often we can see only one aspect developed well.

In the period of intensive competitive environment companies bounded with all those problems often leaves the high standard service policy for "future".

2.12 Factors for successful developing of customer care strategy

The decision of turning company to a service-oriented could be made in one day. But real reorganization takes quite a long time and demand careful preparation work. Beyond that, reorganization always causes stress to internal processes. After studying of relevant literature I can distinguish a number of factors that I consider important to fulfill for turning the company on the customer service oriented rails with minimal loses.

2.12.1 Clear strategy

It is necessary to develop the strategy or policy of service. That strategy should not be the object of confidentiality. Employees will understand where to move in their pursuit to deliver perfect service. Customers will know what to expect (Tschohl 2005, 146)

Firm's service strategy must be communicated to its customers. If superior service is the focus of the organization and the key point of differentiation on which distinguishes itself from competitors, the customer needs to be made aware of the firm's commitment to excellence. (Douglas Hoffman and Bateson 2007, 134-135).

Nowadays, there is no common pattern or methodology of implementation of service strategy that would fit to any firm. Each company (including consulting firms) uses its own approach. (Mann 2009, 62).

2.12.2 Enthusiasm of top-management

Tendency to beautiful customer care should start and spread from the top of the company's hierarchy. CEO and board of directors must show an example to each employee. Without support from top management service strategy is doomed to failure (Tschohl 2005, 132).

Enthusiasm assumes that managers must be ready to sacrifice part of their decision making power in the company, to delegate that power to lower levels. Multiple problems need to be solved immediately by first line personnel (Sewell 2012, 72).

When setting the goals for employees, managers must be ready to provide necessary resources to fulfill the objectives, even if he needs to exceed the budget. Meanwhile manager should be empowered by top-management to take responsibility for using of additional funds if situation demands it (Carlzon 1987, 116-117).

2.12.3 Motivated and educated personnel

It is much easier, faster and cheaper after all, to hire employees with natural passion to good customer care and teach them the necessary skills, instead trying to re-educate the old ones with no service talent. In other words is important to assign right personalities to certain duties (Tschohl 2005, 137). Company becoming customer oriented only when every single employee becoming customer oriented. (Mann 2012).

The 87% of respondents in the survey conducted by Douglas Hoffman and Bateson indicated that customers were still somewhat or very emotionally upset and were more upset about the

treatment they received from employees than at the store or product performance (Douglas Hoffman and Bateson 2006, 367).

First line personnel are the ones who implement top-management's ideas on practice and interacting with customers. Mistakes are unavoidable, but staff must be competent enough to figure out something to make customer happy (Carlzon 1987, 83).

2.12.4 Presence of “driver”

Any strategy needs so called drivers – a person or team who will take lead of movement of company's changes. It is not necessary one of managers, could be regular employee, but still driver should be empowered with adequate authority and responsibility. Referring to section 2.9.2 of this topic driver needs full support of top-management (Mann 2009, 115).

Any new idea need someone who can prove its utility and benefits it brings to the company. All new strategies and improvements are usually leading to the changes in organization of processes. People are naturally resistant to any type of changes (regardless positive or negative). Driver should be able to “walk through corporative walls” if necessary (Carlzon 1987, 67).

All those aspects one way or another are connected to each other. That does not mean that they couldn't be implemented separately, but implementation of at least one of them will unavoidably demand to take in consideration the others. This supports the point that improvement of customer service is a complex of measures.

2.13 Role of the personnel

Dynamic service strategy demands people who like and able to serve. Combining of motivated team begins from process of hiring.

Tschohl (2005, 141) advices to hire naturally friendly and helpful persons, who are really like to deal with people. First of all is necessary to choose the right personalities and then company could provide training program according its service plan.

Most of managers believe that anyone can work in service, that somehow employees will acquire service skills and will turn to professionals of customer care. Some people are initially incapable to provide, services that's why best companies are choosing personnel so carefully (Tschohl 2012, 144).

Kelly (cited by Tschohl 2011, 138) noticed – “Today the sphere of service is filled with people who consider providing customer service as work of slaves. When person sees the services job as *infra dig*, it is noticeable”.

Nevertheless, people are not born as service professionals they are becoming like that. Thus, even the most kind and polite employees still need training programs. Multiple companies have developed internal educational systems, the other firms prefer outsource such activities, but it should be anyway (Mann 2012, 83).

When one of the biggest Russian entrepreneurs and founder of Euroset store network Eugeni Chichvarkin was asked by journalist – “Aren’t you afraid that your company invest a lot of money in employees’ education and later they will leave for other firm?”, the answer was – “No, I’m afraid if we will not teach our people and they will stay”. That make sense, uneducated employees are harmful for the service oriented company.

The other important issue affecting employees’ motivation to provide excellent customer care is relationship with management team. As was mentioned (section 2.3), employees should be treated according customer care rules.

If someone ask who is more important customers or employees, Carl Sewell answers – both. If we are not treating our personnel well, we can’t expect they will treat our customers well. To create proper environment for comfortable work is the duty of company. How can we expect from seller to be professional if he has to share the desk with colleague and has no own space to communicate with customers – continues Sewell (2012, 29).

According to annual report from TARP group (cited by Tschohl 2012) it is common that 2/3 of top 10 list of best employers in USA are the companies from top 10 list of best service companies. Connection is obvious.

To provide excellent service people need to be empowered with authority. Rules must not make receptionist to run and ask permission from manager every time client asking for something, states Welch (2008).

Kelly (cited by Tschohl 2011, 139) noticed – “We understand that real people are the ones who providing services to customers and not computers or machines”.

It is extremely difficult to find professional staff for health clubs. Very often an excellent private trainer is absolutely service incapable and it is not his fault. It is firm’s responsibility to search

for promising employees and organize proper training programs for them within the company. Because for fitness industry – people are everything (Chechel 2011).

Dunford (2012) comments – “I’ve lost count of the times I have seen a PT (private trainer) delivering some great exercise ideas but has been glancing at the TV or at the next good looking woman that entered the gym whilst their clients are finishing off their reps. Or one that doesn’t call their clients back after they promised they would. Instructors and PTs that don’t approach and interact with their members and hence quite clearly give the impression they don’t really care”.

The biggest reason people don’t visit a health club is because they often find the staff intimidating. Companies should break the stereotype and provide current and potential clients with staff that is passionate about client success. Often, genuinely caring staff is led by a passionate business owner/manager. When potential clients walk through the door club must provide them with a comfortable environment and a service-oriented staff that makes them want to come back and work with. (Anderson 2002).

2.14 Customer service in Turku region

This topic will be very much subjective, but not baseless. To get some imagination of this issue I used classical and popular marketing research technique – focus group. But, the way of implementation of such technique was nontraditional, I conducted the discussions in sauna. To be more specific – such type of focus groups was described by Kaden (2006, 197) as “Dyads and triads”. The groups of 2 or 3 respondents, research goes on less than 1 hour, usually assumes 12 to 24 sessions. The advantages of this method are: discussion is more dynamic comparing to individual interview, because of ideas and thoughts exchange between respondents; the lack of traditional group pressure allows respondents to be more open and express their thoughts sincerely and independently; allows to understand each respondent personally; allows cheaper and faster get picture of opinions of bigger target group (Kadan 2006, 198-199); in my particular case some of respondents participated more than one session, but the group was never being repeated.

Based on the rules of choosing of place for focus group (Kaden 2006, 147-148) I can state that sauna has also certain advantages:

- in sauna people are more relaxed physically and mentally, as a result the level of sincerity is increasing;

- the respondents are all (and only) members of Elixia health club (main research target group), but represented multiple professions, level of education and social status (diversity);
- sauna described by Baltic researcher Ott (1988) as almost saint place in Nordic culture. The place where women gave birth (start of life journey) and where dead bodies were washed (the end of life journey), so there can't be any room for lie or sanctimony;
- often being in sauna people are happy to discuss whatever, but usually need someone who start the talk (kind of moderator), so it was easy to start the topic of customer service and then just "moderating" and listen attentively;
- people providing more useful information if they don't know the research is being conducting, because they are not thinking on the answers and reacting more unconscious way (Graves 2010, 20-21) .

Obviously, a number of limitations has place in this mini-research, such as:

- poor experience of researcher in role of moderator;
- often participants left discussion because of high temperature;
- the respondents were only men;
- inability of straight documentation of results;

Nevertheless, I consider the main goal of mini-research achieved. According to Kaden (2006, 140) no quantitative estimation could be done while observing the focus group. Researcher can't know is the problem important for one person or for thousand people, or which problem is more important comparing to others. It is only possible to state that the problem exists. Basing on that I can emphasize two important outcomes obtained:

- 1)The level of customer service in Turku region is less than average (less than customers' expectations);
- 2) Most of people are paying attention to customer service quality and expected to be served well.

Number one confirmed my assumption about insufficient level of customer service in region. Number two showed that people are actually paying attention to the level of customer service and have customer expectations above average.

Respondents were sharing a lot of examples from their experience and real life. For instance, often was raised the theme about multiple small shops that were closed in the center of Turku city. Despite that fact, it is still almost impossible to get any kind of appropriate service in shops

that are trying to survive. Moreover, in struggling shops service level constantly goes down, because owners have no time to take care of such “small” things when business is sinking.

In respect to the fact that all participants of focus group were the members of Elixia clubs and taking in account the outcomes (especially number 2) of mini-research, I can summarize that my main research has high utility potential for Elixia Turku.

That also opens a lot of opportunities for companies who decided to develop service quality, because according to Sewell (1998, 34): service improvements make no sense if clients are unable to notice them. Half of that statement fulfilled by customers in Turku who are paying attention to service quality, the second half should be fulfilled by companies via offering services that are good enough to be noticed.

2.15 Customer service in fitness industry

Fitness clubs became so called “3rd place” for most of members. Assuming that average customer is training 2-3 times a week, which is near to 100 days a year. Not the easy to name any other place where adult people are visiting 100 times annually. Thus, for many people “Home – Office – GYM” lifestyle became regular, and health club is undisputable 3rd position of this list (Jusina 2011). From own experience, I see a lot of people who spend much more time in health club. Customers are not only working out, they communicating with friends, relaxing etc. Even housewives with several children gathering in fitness club daily to have fun and group training together instead of staying home all day long. This is one of the reasons why we call it “club”. That makes customer care issue crucial for any health club.

Fitness is very difficult business for traditional promotion, because ultimately, clubs are offering people to work out hard for their own money. Exceptional service is allowing to add value in process as a whole (Chechel 2010). Markussen (2013) noticed, that people are no longer interesting in doing exercises with music, they want to enjoy and have fun.

Experts have long agreed that a common trait in most successful business ventures is careful attention to customer service. In the health and fitness industry, it’s interesting that attention to service basics that can spell bottom-line success is often undervalued or just plain overlooked (Anderson 2010).

Being involved in this industry I noticed that, customers of fitness clubs are very different people with various background, life style, habits etc. Each of them is coming to club for his/her own purpose. Someone is wishing to be active in group training, second would like to build muscular

body in gym, other one just wants to release mental tension and so on. The reasons and motives are countless. Club's duty is to satisfy all of diverse clients. That makes customer service in fitness industry a very complex, vital and demanding to personnel performance issue.

Fliess-Douer (2013) – based on “World survey of fitness trends” (Thompson 2013) noticed – “The consistent importance of the educational level and experience of health fitness professionals is encouraging and demanding to us, who are in-charge of putting these programs in place, to be responsible for providing high-level programs”. Same words must be related to service professionals as well. The trick is that all employees in company regardless of their speciality must be also well skilled in service.

3 RESEARCH METHODOLOGY

Saunders (2009, 5) describes research as something that people undertake in order to find out things in a systematic way, thereby increasing their knowledge of object of research. And the ultimate goal of research is to draw conclusions that are exploratory, descriptive or explanatory (Saunders 2007, 610). In my research I want to obtain knowledge of current customer service situation in Turku Elixia clubs and possible misunderstandings of it between managers, employees and clients which is crucial for building of system of superior customer care. Also, based on experience and recommendations of recognized professionals, books, case studies, articles, I will offer solutions to fill uncovered gaps. After all, research leads to identification of problem or solving of problem (Malhotra 2004).

3.1 Methods and data sources

I'm positioning this research using mixed methods. In the beginning the answers to my research questions couldn't be obtained from literature or third party. Exploratory research is directed to understanding of the problem and explanatory research is about to identify and determine relationship among variables. (Saunders 2007, 133). Understanding of the issue – that's what I need to reach before making conclusions. This also refers to Ghauri and Gronhaug (2002, 29) who underlined not only knowledge obtaining but also building of insight of a matter as purpose of research.

Lewis (2009) defines primary data research as method that aim to find answers through original documents and data that is collected by researcher. Whereas, secondary data research is about information found in already published researches, literature or discussions. The researcher come to own conclusions by collecting data from different sources and interpreting it (Lewis 2009).

In this thesis I will mostly use primary data, because I'm dealing with certain company where such research has not being done before. Most of data will be gathered by researcher. The other argument in favour of primary data stated by Mann (2012) – "Primary data always cheaper comparing to secondary regardless of secondary's quality". This is quite important for student work.

Obligation to use primary data in order to fulfil research questions affects the strategy of research and data collection technique. I prefer one-on-one interview as the method of communication

with managers and staff. Ghauri & Gonhaug (2002, 102) stated that the interview is the best method of data collection because it assumes the real interaction between researcher and respondent. They also marked three types of interview: by mail; by telephone; personal (one-on-one) interview. Personal contact is beneficial for research. By seeing people's reaction while answering questions, how unexpected some questions were, how sincere the answer was, etc, through that I can obtain better understanding of what are respondents really feel about the issue. Ghauri & Gonhaug (2002, 101) noticed that advantage of such interviews is that questions can be formulated in different ways, explained better and even further questions could be asked. Mail and telephone have certain limitations such as prepared answers, inability of additional questions, lack of eye contact etc. Tschohl (2005) emphasizes eye contact as one of the crucial factors for obtaining of sincerity, and states that live interview should be preferred over the other options if there is no obstacle for that. Fortunately, I have no obstacles to organize face to face interviews.

To reach customers I decided to use survey. According to Sewell (2012), survey is the very effective method of collaboration with customers. It could be easily delivered to multiple potential respondents. Survey does not demand much of material resources from client and time which is especially important. Customer has no obligation to get through survey if he doesn't want to. All those parameters are beneficial for my case. Beyond that, survey is very effective tool to collect opinions, attitudes and descriptions (Ghauri and Gronhaug 2002, 93). I designed 10 questions survey based on issues to be discussed at managers and employees interviews. The survey link will be E-mailed to all Turku Elixia customers, thus I could cover near to 100% of potential respondents and later to compare it with the number of actual respondents in order to evaluate reliability.

Nevertheless, secondary data will not remain unused. As was mentioned in the beginning of this chapter for making conclusions and solutions offering I will use such sources as books, articles and case studies that are mostly represented secondary data category.

Due to the fact that I am working in Elixia over two years I can't avoid using my personal experience which refers to participant observation as one of the qualitative methods. Saunders (2007) divides research techniques on qualitative and quantitative.

Qualitative data collection is based on meanings derived from words and the data cannot be collected in a standardised way. This approach needs data to be categorized and conceptualized.

(Saunders 2007, 381). Qualitative method assumes more open data collection where results cannot be accurately measured. This technique provides more in-depth results comparing to quantitative, but as was mentioned above, requires classification and conceptualization before results being analyzed (Saunders, 2007).

The issue of measurement of results and level of customer service is the subject for discussion of multiple authors. Similar to service strategy there is no common way of measurement, each company should develop own checkpoints of service quality measurement (Tschohl 2005). Thus, as the subject of research is qualitative in its nature, data collection and interpretation ways will unavoidable be mostly qualitative.

Qualitative method is process oriented. In such research the skills and knowledge of researcher are important elements for data analyzing. (Ghuri and Gronhaug 2010, 103.) The inside knowledge of the company will help me to drive the research right way, to avoid repetition of job that was already done and to concentrate on important things that might not look so for the outside observer such as internal circulation of information.

Quantitative approach can be used for any research type that includes numerical data or parameters that can be quantified. Analysis of such data often consists of diagrams and statistics. (Saunders 2007, 381). Despite, the subject of this research is qualitative in its nature, quantitative method can still be used in certain parts. First of all for supporting of reliability of research by comparison of the numbers of potential and actual respondents, as an example. Some questions for interviews and survey could be also characterized as quantitative.

Quantitative method has an emphasis on testing and verification and as a result focuses on facts and reasons. (Ghuri and Gronhaug, 2002, 86). Johnson and Christensen (2010, 34) are offering to use quantitative approach as tool of gathering data for planning and further decision making when main hypothesis (of consumer's behaviour) was already formed. From this point of view my research is about forming of the basic hypothesis for possible further research actions. That's why I will not use quantitative approach much, it is just not necessarily yet for the main research.

3.2 Reliability and validity of research.

Easterby-Smith (2002) offered three check-point questions in order to check up the reliability of almost any research. I will present separate section under each of those questions.

3.2.1 Will the measures yield the same results on other occasions?

First question refers to Saunders (2007, 149) definition of research reliability as the extent to which the data collection techniques or analysis procedures will yield the consistent findings. The techniques of data collection in this research are quite classical. It is widely used by multiple researchers around the world for very different types of work from strict scientific studies to subjective marketing researches, and its effectiveness proved by time. Based on that I believe if I would use same techniques in any other health club (not necessarily Elixia) there would be similar outcome. Of course the numbers would be different but the meaning, reliability and effectiveness wouldn't differ.

Same time is necessary to take in account that the customers' mood and behaviour are constantly changing. The performance of service will be affected by changes (whether positive or negative) too. Thus, the results of such study are valuable within limited period of time – 2-5 months (Sewell 2012) depending on intensiveness and urgency of reaction of top management. Otherwise there is no sense in conducting of research. Gandapas (2010) states that the monitoring and correction should be always implemented together, because separately it has no positive effect on practice. Based on that I think that findings would be different at other time, but it is positive thing. If results would be the same – that would be suspicious and bad alarm to the top management. This fact again proves the necessity of periodical research and long term effect. Data collected depends on the research problem that, verifies the whole mean of gathering data. (Saunders 2007, 76).

3.2.2 Will similar observations be reached by other observers?

I can assume that any other researcher would obtain similar results of interviews and survey, if using same techniques and such matters as bias and personal mistakes wouldn't be involved. Saunders (2007, 149) mentions bias and errors as potential threats to any research, because it could be done not only by researcher, but also by respondent or other participant. Bias or errors are unavoidable but it's good to admit them (Saunders 2007, 228). Anyway, the target groups are clearly identified and limited. Only Elixia members and certain employees will be asked, also the questions were carefully combined and clearly structured. That's why I believe while interacting with any other researcher similar errors would have place.

However, the importance of interpretation of results couldn't be denied. There is big room for bias. In this work I tried to keep as neutral as possible, but I can't be sure the other observer would do same.

3.2.3 Is there transparency in how sense was made out of the raw data?

All the outcomes and interpretations are based on real and already implemented examples taken from books and case studies. It is extremely difficult to find principally new ways of improving of customer service and marketing in a whole for companies. But, in 99% of cases it is not necessary. Often is enough to look through experience of similar companies, industries and even competitors (that is obligatory) to understand how much work is still undone, how big number of beautiful decisions is still waiting for implementation in our firm. (Mann 2010).

Validity of research is quite high, despite obvious limitations it provides useful information for making certain decisions and based on real world situation. The scope and deepness of research not differs from any other similar actual research conducted inside any other company.

The unexpected damage to reliability came from highest management level. On the final leg of the research when all the necessary work with local managers and personnel was done, the survey for customers was blocked by area manager. The official basis referred to unwillingness to disturb the customers. As was explained, the consulting companies that are working for interest of Elixia are sending quite a lot of questionnaires to customers, so company don't want to bother them with needless information.

Nevertheless, I still launched the survey via personal contacts and got 69 unique answers from Elixia members. This number is not even close to 100% of customer base as was assumed in the beginning of research, but still able to give answers to my research questions stated in part 1 and show the necessity of wider research as was planned in the beginning of this work.

Important to mention that despite of survey obstacles the interviews with clubs managers and personnel were completed according to initial plan.

3.3 Generalization

Generalization of the research refers to external validity and means that it can be applied to other external situations (Saunders 2009, 151). I believe that this research could be successfully applied for whole Elixia Finland division and even Europe.

4 ANALYSIS OF RESEARCH FINDINGS

During the period between 29.09.2013 and 23.10.2013 I conducted 3 interviews with clubs managers (Mikko Ruoho – Elixia Jokivarsi, Marina Seligson – Elixia Centrum, Laura Sivusaari – Elixia Länsikeskus) and 11 interviews with personnel. Customers' survey had place from 25.10.2013 till 10.11.2013, final number of respondents is 69.

Since, the questionnaires for managers and employees as well as customers' survey questions are not similar and done in way of gathering of opinions, in analysis part I will concentrate on the most meaningful aspects and discrepancies detected.

4.1 Service values

The very first question of each interview and survey was about understanding of what is customer service. There was no big difference in answers in general. All the respondents (managers, employees, members) mentioned multiple aspects. Oftener the definition of customer service involved such values as: problem solving oriented, be friendly and positive, quick reaction, individual approach.

This question has no right or wrong answer, but result shows that even though there is no gap in defining of customer care priorities there is also lack of accepted common understanding of customer service issue among the company as a whole. Mann (2010) underlined the importance of commonly accepted inside the company definitions of marketing, sales, service etc. Such matters have various duties, purposes and values depending on the company, and thus should be formulated individually for each firm and communicated to employees of all levels. Otherwise targets and directions will be blurred inside the company. Even more, Tschohl (2005) advises to put this internal service definition (or slogan) everywhere in company's facilities, thus employees could constantly pay attention to it and even better if customers could see it too.

Another important aspect is that managers and employees answered the question in terms of personal and professional qualities of receptionist. While customers paid attention to such issues as: cleanness of facilities and promptness of information flow. That proves Tschohl's (2005) statement – "Excellent customer service is not just "smiles" – it is everyday's hard work on all levels from cleaner to the chairman of board of directors". According to Mann (2010) everyone

in company should be involved in marketing activity one way or another. Which is absolutely fair for such important and integral part of marketing as customer service.

Even though employees declared that company's service values were clearly communicated to them in the beginning, no one of them was able to give a straight answer and name them without thinking hard.

4.2 Skillfulness

All of managers and employees while answering the questions about personnel's service education and skill level gave assertive positive answer. Whereas, customers were more discreet in their assessment (figure 2).

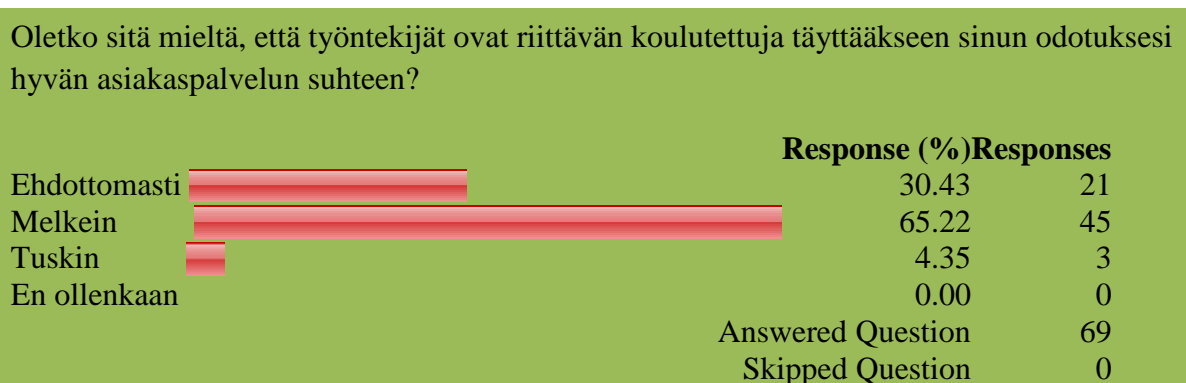


Figure 2 – Customers' opinion on personnel's skillfulness

As we can see from figure 2, despite over 30% in support of managers' opinion, more than half of respondents still think that there is room for further education process. I believe this result mostly proves the necessity of continuous internal education process rather than lack of professional skills.

During the interviews I found that there is no continuous qualification improving program for staff of all levels inside the company. Only new employees are passing through short course (2 days) different for each position.

Another important issue uncovered via interviews is that only receptionists are clearly seeing themselves as service providers. All the rest are thinking only in frames of certain position (PT, sales). As was mentioned in section 2.10 (role of personnel) it is not their fault. There should be clear message communicated from the top of the company to all staff levels, about importance of

participation in providing of excellent service regardless of position. And this message must be supported by regular service skills training program.

For example, in one of Russian fitness market leading companies X-fit, there is certain minimal annual number of training programs for each division, including sales, service, PT etc. (Chechel 2011).

4.3 Monitoring

Only one tool of monitoring was mentioned by all 3 managers – straight feedbacks (mostly written). Separately were also named: survey (about once in 1-2 years); personal participation of manager in work of reception; tracking of membership sales (I personally do not see obvious connection between this factor and customer service performance). So, after all the only clearly determined tool of monitoring is feedback whether written, via web-page or spoken. Employees mentioned mostly spoken feedbacks.

Feedbacks usually discussed on weekly personnel meetings. But again, those meetings are mostly for receptionists and sales. In order to enhance tradition of everyone's participation in providing of service would be better to arrange monthly (or quarterly) meetings of whole staff. There would be possible to discuss recent results, problems, to hear opinions and offers, to set up common goals for next period etc. According to Sewell (1998) such meetings significantly contribute in personnel's team spirit and improve general environment in the company.

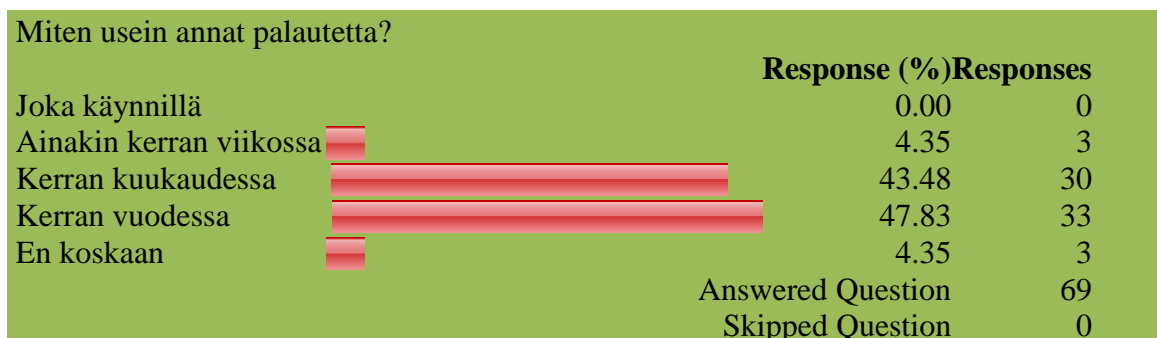


Figure 3 – Feedback frequency

Another difficulty with feedbacks is that customers tend to give response only when they are very upset or very happy (Mann 2010), so it is not enough for monitoring of daily situation. Beyond that, response frequency of one client (figure 3) is not good enough too. We can clearly see that no one is giving feedback every visit and only little more than 4% of respondents are

reacting every week. The absolute majority (over 90%) of respondents are giving feedback not more than once a month.

Based on previously discussed it can be stated that feedback as the only tool of monitoring of customer service performance is not enough. It is necessary to expand the number of tools of service performance monitoring in order to obtain recent and reliable information daily, in other words “keep hand on club’s pulse”. First of all is important to make existing tool be more effective – just encourage customers to leave comments oftener. Very popular nowadays in Finland system of buttons with smiles that customers are pushing while walking out allows tracking the satisfaction level daily. This system is simple and relatively cheap.

Another effective approach is focus-groups. It could be done with customers as well as with employees. Personnel is usually well informed about customers’ preferences and wishes. In addition, a system of data gathering should be developed. Every irregular client’s question must be written and the answer (or solution) should be developed by staff team in case if similar question or problem arises again (Tschohl 2005, 276-277).

Despite the big number of questionnaires as a main reason of rejection of my survey, everyone who I was asking about it says that they had never received any questionnaires from Elixia. Based on the fact that one of the managers named survey once in 1-2 years as monitoring tool, I believe that the period should be much shorter, in order to allow tracking the changes in service quality and customers’ reaction. Tschohl (2005, 278) noticed that it is important to measure service performance by criteria important to the customers and concentrate on non material matters.

One more important and effective strategy is tracking customers who break their contract with the company for some reason. First is important to know what was the reason, it is not necessarily dissatisfaction people might just move to another city. But due attention must be paid to those ones who are leaving because of service reasons. Usually in such situation clients are very open to tell all the truth. Mann (2010) mentions more benefits of such method – quick reaction of the company might even prevent customer from leaving and regenerate his/her loyalty. Same approach should be implemented to the leaving employees.

4.4 Average number

The last question of interviews and survey was the evaluation of current service level from 1 to 10. The number is subjective, but very useful and quite objective for comparison (Mann 2012). There is no need to define average number for managers, because there were only 3 answers 9, 9, 8. The average evaluation from employees is 8,5. It is important to notice that the least number from managers and staff was 8. Customers again, were more cautious in their rating (figure 4). The certain number of nines and even tens together with absolute majority of respondents who gave 8 shows that the difference is almost negligible. Anyway, company must pay necessary attention to the fact that over 20% of respondents consider the service level less than 8.

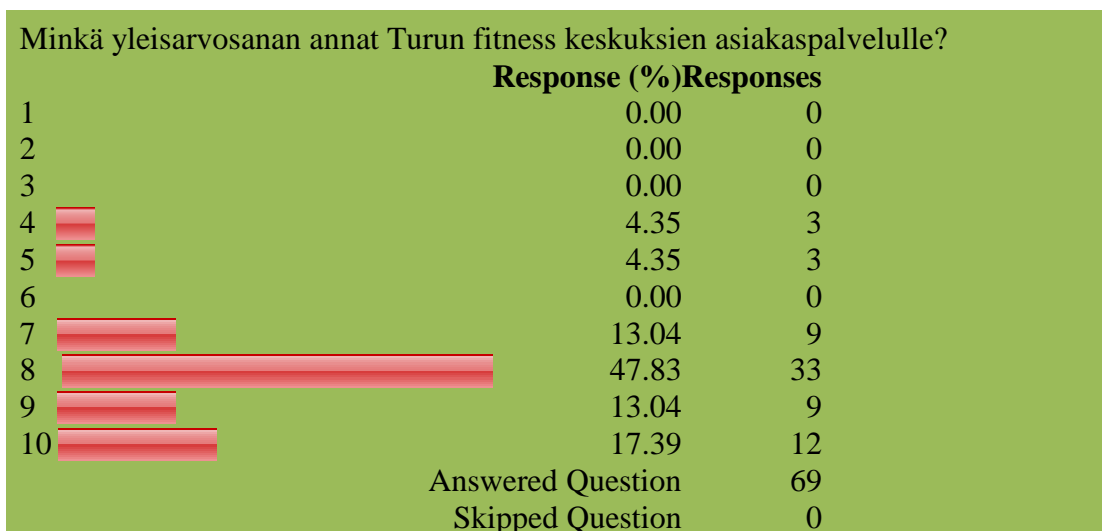


Figure 4 – Average number

We can see that the managers' perception is a bit too optimistic. There is no threat in less than one grade gap, but the dispersion of results and 4 as the least number from customers show that there is still a lot of work to do.

This kind of evaluation approach is especially useful in long run and should be measured periodically (ex. monthly or every 3 months). Thus it will be easy to build the curve of customer care level and set up the internal goals. The goal for next time could be achieving 7 as the least number. This target must be communicated to every single employee, because according to Mann (2010) such goals have surprisingly high staff motivation rate.

4.5 General results

Based on overview of results in general I can state that the gap in understanding of customer service issue and its values between all research groups is minimal. Customers are tend to be discreet in their estimations of each parameter. To make absolute majority of respondents to give best possible answers could be the ultimate service performance goal for the company for the next year.

The questions with open answers did not show any clear trends or weak points, answers were mostly personalized, generated a certain number of ideas and offers that deserve to have due attention from the company. Open answers also confirmed determined in part 4.1 customer service values. Nevertheless most of clients expressed their doubts in their ability to affect the processes and directions of firm's developing (figure 5).

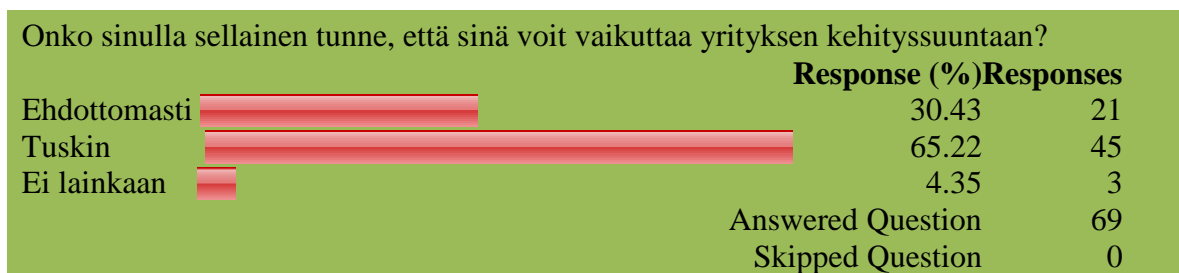


Figure 5 – Ability to affect the company

To provide to the customers the feeling of participation in company's decision making processes is crucial for stable loyalty generating (Sewell 1998). This is very strong argument in favour of regularity of such researches.

One more important role of such researches according to Tschohl (2005) is that by asking people we make them think on issues that they might never pay attention before. Thus, while asking an employee about what could be done in order to make his work more effective, researcher make an employee analyze his work conditions and generate ideas. Or, by asking a customer about how he likes the value for money, we make client concentrate on this issue and realize how good deal he actually made. And if customer is not happy with that – company must know it.

5 CONCLUSIONS

In the beginning of research I assumed that the discrepancies will be much bigger comparing to what I got in the end. Ultimately the main challenge of the study is research question 3. First and second questions demanded just some time to gather points of view. But question 3 could be (and was) answered only through analysis of collected data. Even though, final outcomes weren't as shocking as I hoped when research started and the gaps are not big – the results also revealed possible sources of those gaps (such as lack of monitoring tools) and even possible ways of correction of omissions (in customers' comments).

No doubt, managers realized importance of good service and are trying their best to keep it on the proper level. But, unreadiness to perceive customer care beyond its traditional overall understanding prevents company from creating of clear long term service strategy and causes gaps in internal communication. Because of the same reason employees do not feel demand to see their roles wider than traditional dimensions. They clearly identify themselves as “service providers” in general, but not yet as “Elixia way service providers”. Identification of unique “Elixia way service” could be a subject for the next internal research.

Fortunately, customers know what they want and are living in real world, so their needs are traditional too, such as: friendly and helpful staff, clean and spacey facilities, multiple activities. An interesting fact that all managers named same factors as the answers for interview question 8 (object of pride), I consider this as a positive sign.

Despite the certain limitations research findings showed quite clear trends that I believe would not be significantly different with bigger number of respondents. Unwillingness of higher management to launch survey is quite anxious sign. The reasons could be various, but the inability to get clear explanation makes me wary. The fact that club's managers have enough authority to give the green light to the research, but have no power to launch previously discussed survey is witnessing about internal management levels misconnections.

Anyway, originated obstacles made research process closer to real life, and contribute a lot in terms of obtaining of experience. In addition, I saw potential of customer service for business development in general and Elixia in particular. Being talking to people I witnessed mutual gratitude and respect from both sides personnel and customers. It was very pleasant and important to see that all those dimensions such as: commitment, motivation, support etc, are not

just stilted words from books, these matters are really affecting firm's performance as a whole and each staff member in personal. This proves one more time that people are the main asset for fitness industry.

Based on research it can be concluded that Turku Elixia is providing worthy level of customer care to its members and have resources for its successful development and improvement. Nevertheless, there are still certain processes need to be tuned as soon as possible in order to support service quality, such as: internal uninterrupted communication between all levels of personnel and customers; monitoring of service performance. Inhomogeneity of results is witnessing of currently blurred standards of service inside the company. Present situation does not demand significant changes, because the only alternative competitors could offer now is lower price. But comparing to world leading brands, such as: World Class, Virgin Active, there is still a lot of work to be done. That is why competitive advantage cannot yet be considered as sustainable.

The study provides the base for further research of the same type. Would be very interesting to cover whole Elixia Finland (each city separately) with similar research taking into account gathered knowledge and experience. In addition, arrange periodical research in order to tracking possible changes of service level and customers' reaction.

Fitness industry is especially dependent on service quality and sensitive to customers' loyalty. Durnford (2011) noticed –“ This is my industry for which I am overwhelmingly passionate about and I can't think of any particular club that has got customer service living and breathing in their establishment. There are some exceptions to this of course. Many individuals in their own right, Create Health & Fitness Ltd (I hope?!), some reception teams in health clubs can sometimes be better, but never quite with the consistent service ethic you regularly find in some other industries”. Based on that and on the research as a whole, I can state that the focus on improving of customer care has unlimited potential and might generate significant competitive advantage to any health club.

The place of company widely known for its excellent service quality is still free in Finland. To get on that place would be a perfect motivational goal for the company for next several years.

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Appendix 1

Managers interview –

1. What you understand under excellent customer service?
2. Does the objectives and purposes of customer service clearly communicated to the employees, customers?
3. Do you think that employees are educated and skilled enough to provide good customer service?
4. Do you think that employees have all necessary resources and authority to provide good customer service?
5. How often employees (all levels and positions) are passing through service studying program?
6. How the staff and customers are taking part in company's actions' planning and goal setting?
7. How often you measure customer service performance and effectiveness?
8. What aspect are you especially proud of?
9. What should be improved as soon as possible?
10. Average number (1-10)?

Appendix 2

Employees interview –

1. What you understand under excellent customer service?
2. Do you see the purposes and objectives of customer service?
3. Do you think you are educated and skilled enough to provide good customer service?
4. Do you have all the necessary resources and authority to provide good customer service?
5. Do you feel that you and your work are important for the company and for the clients?
6. Do you feel that you are participating in company's planning process and goal setting?
7. What could be done in order to make your work more effective?
8. What aspect are you especially proud of?
9. What should be improved as soon as possible?
10. Average number (1-10)?

Appendix 3

Customers' survey –

1) What is the most important aspect of good customer service?

Friendly and skilled personnel

Clean and spacious facilities

Multiple activities (group exercise, sauna, gym, solarium etc.)

Diverse merchandize (food, wear etc.)

Individual approach and quickness of problem solving

Other (What?) -----

2) Are you informed well about new services, changes and offers?

Always

Often

Rarely

Never in time

3) Do you think employees are educated enough to fulfill your expectations of customer service?

Absolutely

Almost

Poorly

Not at all

4) Do you feel enough attention and appreciation from the company?

Yes, constantly

Often

Sometimes

Rarely

Never

5) Do you feel you can affect company's direction of development?

Absolutely

Hardly

No way

6) How often you leave feedback?

Every visit

At least ones a week

Ones a month

Ones a year

Never

7) Customer service level is continuously –

increasing

decreasing

long time the same

8) What you like the most?

9) What should be urgently improved?

10) Average number 1 – 10?