

Customer Experience Management based Differentiation in
Russia

Case: V.A.V. Group Oy

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Master's Thesis of the Degree Programme in International Business Management

Master of Business Administration

TORNIO 2014

ACKNOWLEDGEMENTS

For the contribution to this thesis, I would first like to thank the assigner company V.A.V. Group Oy for the opportunity to conduct this thesis. The managing director of the company, Mr. Marko Venäläinen I would like to thank for his time, valuable knowledge and support. Secondly, I would like to thank the supervisor of this thesis, Dr. Anthony Okuogume, for his guidance and expertise, and the English Professor, Dr. Pirjo Alatalo for her improvement suggestions and high commitment on her duties. Thirdly, I would like to thank my closest family for support and help. They have enabled me to have time, and space to conduct this thesis.

26.03.2014 Tiina Haapaniemi

ABSTRACT

LAPLAND UNIVERSITY OF APPLIED SCIENCES, Business and Culture

Degree programme: Master of International Business Management
Writer: Tiina Haapaniemi
Thesis title: Customer Experience Management based Differentiation in Russia.
Pages (of which appendices): 86 (42)
Date: 26.03.2014
Thesis instructor: Anthony Okuogume
<p>The objective is to determine the current external customer experience (hereinafter CX) in the case of V.A.V Group Oy (hereinafter V.A.V. Group) and to identify the touchpoints to be included in the Customer Experience Management (hereinafter CEM) based differentiation strategy in Russia. The outcome of the research is the action plan proposal enabling the case company to deliver the proposed differentiated external CX and to obtain competitive advantage. The research questions are as follows. What are the customers' perceptions and expectations on current external CX touchpoints? How do perceptions and expectations on current external CX touchpoints differ between the internal and the external customers of V.A.V. Group? How can the case company implement a CEM based differentiation strategy in the Russian market?</p> <p>The theoretical background of the thesis is based on the theory of CEM and the theory of Touchpoint management. The main sources for the theoretical framework of this research are by Brigman (2013), Intervox (2005), Saffer (2007, Schmitt (2003) and Smith & Wheeler (2002).</p> <p>The methodology of the thesis research is quantitative and qualitative. Online interview results are analysed primarily quantitatively. Due to multi-culture influence, qualitative analysis of the interview results is required. Contents of the both semi-structured and structured interviews are confidential. The action plan is devised based on the analysed online interview results combined with other primary and secondary data. The action plan devising is performed qualitatively. Devising follows the single case study method.</p> <p>As a conclusion, the current external CX and the most relevant touchpoints were determined. The position of the case company towards its rivals in Russia, in the St. Petersburg area, was identified. The action plan proposal with the objective to differentiate CX was devised. Chapter 5 Implementation of the research process, chapter 6 Action plan and chapter 7 Conclusions are classified as confidential and are in their full length in the appendices. The appendices are not published. Further study is required to investigate the internal CX. The case company's external and internal CX is required to investigate on constant basis in order to maintain competitive advantage.</p>
Keywords: CEM, Touchpoint, External CX, Differentiated Customer Experience, Russia

ABBREVIATIONS

CEM

Customer Experience Management

CRL

Customer Relationship Lifetime

CRM

Customer Relationship Management

CX

Customer Experience

EK

Confederation of Finnish Industries

ELY

The Centre for Economic Development, Transport and the Environment

FTF

Face to Face

TPE

Thermo Elastomer Profile

VOC

Voice of Customer

VOIC

Voice of Internal Customer

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1 INTRODUCTION

The research motivation and background are discussed initially. The research objectives and the research questions are also presented. Finally, the structure of the thesis is introduced.

1.1 Background

The only revenue companies generate come from its current and future customers (Brigman 2013b, xxx). In order to be able to deliver differentiated CX, companies are required to focus on people, processes and products. When defining peak points, i.e. touchpoints concerning people, processes and products companies are able to differentiate and to deliver differentiated CX, which is the only competitive advantage hard or even impossible to copy by rivals. Differentiated CX and being customer centric is delivering experience beyond customer satisfaction. (Smith & Wheeler 2002, 50.) “If you say our objective is to drive this business to profit, then you’re looking into wrong direction“(Sir Stuart Hampson, cited by Smith & Wheeler 2002, 84). If companies’ management defines company objective the way described by Sir Stuart Hampson, companies do not consider their objectives holistically, and leave its internal and external customers without justified motivation to become and stay loyal. According to my knowledge and experience in practice, there are unfortunately companies who consider driving business to profit is a sufficient definition for company objective. Observation in the case company has proven that the case company is not one of these companies and the company management is aware of the significant influence of the internal and external CX on the company revenue. The case company management is aware of the causal effect between these two customer groups. Currently, there is a need in the case company for knowledge concerning the current external CX. Further, there is a need for an action plan enabling a delivery of the desired differentiated external CX.

The case company is V.A.V. Group established in 2005. It is a SME company located in Ii, Finland. The company manufactures silicone and thermo elastomer profiles (hereinafter TPE) for heavy industry. The current focus of the company is on differentiation. CEM- based differentiation approach is motivated by the case company’s

philosophy. The case company philosophy emphasizes CX, both of the external customers and its employees. Further on, the emphasis is on providing added value for customers, being a strategic partner with whom customers are mutually able to improve product quality and to develop and create tailored customer solutions. The objective of the company is to provide a unique external CX hard to imitate by rivals. (Venäläinen, 2013.)

Choosing Russia for the target market of this research is motivated by the case company's needs. The desired growth in the Russian market is regarded as a significant factor on the total turnover growth target of the case company, being € 5.0 million at the end of 2016. Due to the recession in the domestic construction market, the company is obliged to seek for the growth possibilities outside the domestic market. (Venäläinen 2013.) The importance of the Russian market was confirmed due to the fact of the fast developing silicone profile market needs in both the construction as well as in the passenger transportation sector in Russia (Peltonen 2008, 31). Furthermore, Russia is one of the developing economies in the world where the minor recession in 2013 has been overcome. GDP growth in Russia in 2014 is foreseen to be 3.0 %. (Kauppalehti 2013.)

The personal motivation to conduct this research is the interest in customer relationship management (hereinafter CRM) and in the Russian business environment. In view of CRM and Russia, I have a relatively long working history of approximately 20 years. The theory of CEM is interesting due to its different way of obtaining knowledge, and going beyond other marketing strategies such as CRM. When basing the competitive advantage on a one single argument, e.g., price or quality, the competitive advantage is copyable by rivals. Instead, in the approach of CEM defining the competitive advantage based on the holistic CX, the competitive advantage gained is hard to imitate by rivals. There is an important learning opportunity in conducting research concerning the utilization of the CEM theory and the Touchpoint management theory for differentiation on a practical level. Furthermore, the applicability of the CEM-based differentiation in the Russian market is studied in practice. Moreover, I consider conducting this research as an opportunity to get involved in the Russian business, which is not the focus in my current working position, but is within my core competences. Therefore, I hope to contribute to the Russian business cultural knowhow for the benefit of the case company through this

research. I hope to be able to adapt the learning process on the future challenges on my career.

1.2 Research Objectives

When reinforcing the most critical touchpoints, the case company is able to increase its value for both the internal and external customers, which both have a strong influence on the case company image. A holistic understanding over the interactions, i.e. touchpoints increases the possibility to create customer loyalty and advocacy. The objective of this research is to identify the current external CX of the case company, and to identify the most crucial touchpoints. The objective is to identify and suggest the CEM-based differentiation strategy for the case firm. The final objective is to conduct for the company management an option for the action plan on delivering the differentiated external CX in the Russian market. With the help of the differentiated external CX, the company is able to obtain competitive advantage, to turn current customers into advocates and, to gain new customers.

1.3 Research Questions

The research questions are presented in the following. “What” questions are descriptive and are likely to favour the survey methods. Case study method asks “how” and “why” research questions. These are explanatory type of questions. (Yin 2009, 8-10.) In compliance with Yin’s definition in this research, there is one research question of the descriptive type and two of the explanatory type. The research questions are as follows:

1. What are the customers’ perceptions and expectations on current external CX touchpoints?

This question contains identification of the current external CX of V.A.V. Group. This question is asked to investigate what perceptions and expectations the current external customers and internal customers, i.e. employees, of V.A.V. Group have concerning the most significant touchpoints. The answers to this question are found by conducting an online interview questionnaire for the internal and external customers of V.A.V. Group.

Analysed results of the CX interview indicate what the current external CX is by the case company in comparison with its rivals.

2. How do perceptions and expectations on current external CX touchpoints differ between the internal and the external customers of V.A.V. Group?

Comparison of the results of the online questionnaire enables identification of the differences concerning current external CX between the two target groups. This question is asked to determine the touchpoints on which the case company has a realistic understanding over its current external CX towards its rivals in Russia. Further, this question is asked to identify the touchpoints on which the external customers' judgement differs from the employees' judgement.

3. How can the case company implement a CEM based differentiation strategy in the Russian market?

This question identifies cultivation of the critical customer touchpoints in order to formulate the company differentiation strategy in Russia. Differentiation arguments are selected from the three groups of touchpoints. The first group is the touchpoints on which the case company is succeeding well. The second group is the touchpoints on which the case company is required to update its performance towards its rivals and in order to meet customer perceptions. The third group is the touchpoints in which to go beyond obvious. This question is asked to define the differentiated external CX delivered by V.A.V Group, and to present the future competitive advantage of the company.

1.4 Structure of the thesis

The outline of the research implementing the core fractions of the research is illustrated in figure 1. The figure is formulated on the basis of the findings in the texts by Smith and Wheeler (2002), Schmitt (2003), Brigman (2013), Saffer (2007), Intervox (2005) and the CX survey model by Smith+co (2013). The research constructs of the three main fractions discussed in the following.

The first fraction of the research is defining the current external CX of the case company. The current external CX identification utilizes one of the tools provided by CEM, the touchpoint mapping tool. The touchpoint mapping tool is discussed in detail in chapter 3.4. The touchpoint mapping of the case company is illustrated in detail in appendix 1. Figure 1 illustrates the two core concepts related to touchpoint mapping. The first concept is the Customer Relationship Lifetime (hereinafter CRL) Continuum (Intervox 2005, 5). Instead of CRL continuum, Brigman (2013b, 53-60) discusses customer journey. CRL continuum and customer journey are both presented in detail in chapter 3.4. The second core concept of the touchpoint mapping is dividing touchpoints into four subcategories or areas by Saffer. The four touchpoint areas discussed by Saffer are processes, people, products and spaces. Processes are services, which are divided into service moments. Each service moment has touchpoints. People are internal customers, i.e. employees of the company and external customers, i.e. the current existing customers of the case company. Interaction between these two customer groups is emphasized. Products are touchable items with the help of which customer receives information about the company. In terms of the case company, products are the company brochures, machinery and equipment. Interaction occurs in spaces. Physical spaces of the case company are the company facilities. Virtual spaces of the case company are phone, email, web pages and social media. (Saffer 2007, 176.) In compliance with Brigman (2013b, 58, 115), this research distinguishes non-interactions from touchpoints. Non-interactions are called factors. Non-interactions are illustrated in figure 1 and are situated beyond the four touchpoint areas by Saffer. Non-interactions are discussed in detail in chapter 3.2.3. Touchpoint mapping enables identification of the case company touchpoints and the current external CX. Further, touchpoint mapping enables formulation of the questions of the CX interview.

Combining the results of the customer interview with other primary as well as secondary data enables performing the second fraction of the research: identification and cultivation of the critical touchpoints on the CRL continuum of the case company. A proposal for the company differentiation strategy in Russia is formulated and suggested for the company management. This is the third fraction of the research. Finally, the action plan enabling the company to deliver the desired differentiated external CX is proposed for the company management.

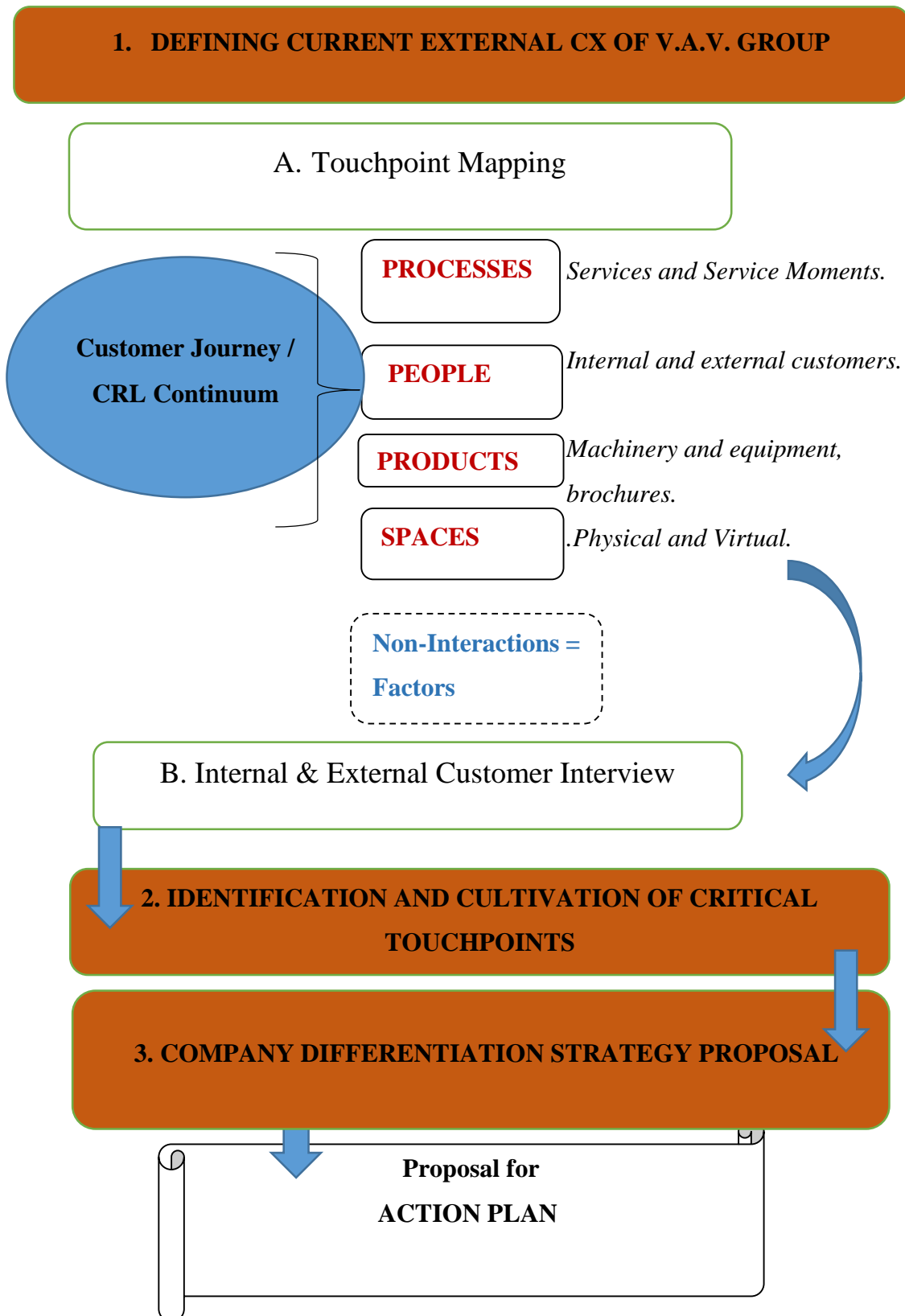


Figure 1. Research Outline Illustration

In chapter two, the research methodology is discussed and justified. The research methods, data collection and analysis are presented. Additionally, the limitations of the research are indicated. The theoretical framework of the CEM-based differentiation is presented in chapter three. Firstly, chapter three discusses the theory of CEM and delivering CX. Secondly, the touchpoint definition and the touchpoint mapping tool are discussed. Further, differentiation with CEM is analysed and linked to the CEM based differentiation in Russia. Chapter 4 presents the case company, its products, services, the case company's current situation, and focus. Chapters 5, 6 and 7 are classified as confidential and therefore are not published in full through the databases of Lapland University of Applied Science. Chapter 5 explains the implementation of the research process. In chapter six, there is an option of the action plan presented. Chapter 7 presents the key results and conclusions of the research.

2 RESEARCH METHODOLOGY

In this chapter, the research methods are identified and justified. Furthermore, the data collection and analysis is discussed. In this research, there are quantitative and qualitative research methods applied. The methods chosen are a structured interview involving both quantitative and qualitative analysis and the case study method. The methods are presented in the subchapters to follow.

2.1 Quantitative Method

According to Yin (2009, 8), applying “what” question indicates to a survey. In this research, survey is applied in the form of structured interview in order to have answers for the descriptive type of the research question 1. Answers are explored also for the explanatory type of the research question 2. The objective is to define the current external CX of the case company towards rivals and to identify the critical touchpoints. Moreover, the objective is to determine gaps concerning perceptions of the internal and external customers’ experiences. Structured form of interview providing quantified data was selected in order to increase relevancy. Quantified data is credible and more reliable in the case of defining critical touchpoints efficiently. An online questionnaire is selected since it provides a possibility for rapid solutions since answers can be received expeditiously and the interviewer has no influence in the answers. (Heikkilä 2004, 20.) The analysis of data is conducted quantitatively. Data collection and analysis of this research involves multi-cultural elements. It is, therefore, essential to consider cultural behaviour when analysing data. Quantitative analysis does not consider multi-culture characteristics. Additionally, in this research it is relevant to emphasize a holistic overview and interpreting of the questionnaire results instead of exclusive controlled measurement and logical approach. The focus in this case is on process instead of measurable results. (Ghuri&Gronhaug 2005, 110-111.) In order to be able to analyse the interview results reliably there is qualitative method included in the analysis.

The tool of the structured interview is the Webropol online questionnaire. The touchpoints to be investigated are determined in accordance with the company CX policy, the four-touchpoint areas, and the three CRL stages discussed previously in the chapter

1.4. Price as a non-interaction factor is included in the research. The target population of the interview are the current external customers of V.A.V. Group in the St. Petersburg area, and the internal customers of V.A.V. Group, i.e. employees. In the case of external customers, the representatives to answer the interview are people authorized to decide upon purchases. Answering the questionnaire is done anonymously. Anonymous answering increases credibility since the respondent does not have to consider a possible effect on the cooperation or employment. The numerous scale 1-5 provides quantitative information concerning the case company's current external CX and touchpoints. Obtaining information concerning touchpoints is not possible when applying open-ended questions, and therefore the amount of these type of questions was limited to only few. The areas covered in the open-ended questions were also involved in the questions providing quantitative information. The role of the open-ended questions was, therefore, supportive and possibly providing additional information. The questionnaire is presented in the native language of the target population, in both Finnish and Russian, in order to avoid misinterpretations. Based on holistically analysed interview results it is possible to evaluate the willingness of the external customers to maintain the relationship with V.A.V. Group, and to indicate reasons for them doing so. Based on the interview findings the most critical touchpoints i.e. peak points are identified.

2.2 Case Study Research Method

This research utilizes the case study method as a qualitative method. The case study method is suitable to use if the research focuses on a current phenomenon in a real life context (Yin 1994 cited in Ghauri 2004, 110). Since this work derives from a real life particular situation the case study method is applicable and a logical choice. There are different types of case studies. These are single case study and multiple case study. Multiple case studies are applied for studies not involving critical cases, and having an objective of theory generalization. Single case study is applicable when there is a particular, critical case meeting conditions necessary to confirm and is possibly testing an established theory. (Ghauri & Gronhaug 2005, 119-120.) This research is a single case study. There is a single critical case concerning only the case company and meeting conditions necessary to confirm. Moreover, testing the CEM theory based differentiation in the Russian business environment is involved. The objective is not, however,

generalization since differentiation arguments based on touchpoints of CX vary depending on a company. The results of this research cannot be directly applied to any company in any context in Russia. Moreover, single case study can be either embedded or holistic. Holistic refers to a study where no special units can be identified and study is conducted more on an abstract level. Embedded refers to studying more than one unit or process within a single case. There are subunits such as customer service and employees to be studied within one single case. (Yin, 2009, 46, 50.) This research is embedded type of a single case study since there are more than one unit studied. The units are the internal customers, i.e. employees and external customers, i.e. the current existing customers. Processes, people, products and phases to be studied are related to the perceptions of the case company's external CX of both of these units.

Finally, this research follows Ellet's statement (2007, 112), of the question "how" referring to a need for the action plan. To be substantial action plans include both a short-term and a long-term action plan. Short-term action plan contains the most urgent actions and the ones easy to perform. Long-term actions depend on short-term steps. (Ellet 2007, 115-116). In this research, the action plan suggesting the differentiation arguments for the differentiation strategy will be devised based on the CEM theory and identifying significant touchpoints in the company's holistic performance. The action plans include actions to be performed in order to deliver the differentiated external CX and to meet the company brand promise. The action plans are discussed in the chapter six. The research results are classified as confidential and therefore the action plans are not published in the full library version.

2.3 Data Collection and Analysis

The strength of the case study method is the possibility to utilize multiple sources. Other methods, such as experiments, are limited to the measurements and recording of actual behaviour in a laboratory for instance and do not include verbal information (Yin 2009, 115). On the other hand, when collecting qualitative data, the major challenge is in defining the nature and quality of data and acknowledging their limitations as stated by Zalan and Lewis (2004, 514). Therefore, it will be vital not to use only one data source but to synthesize sources. Data collection and sources of this research include both

secondary and primary data. The secondary data are the textbooks concerning the CEM theory and the touchpoint management theory, academic journal articles, newspapers, company reports and previous company related marketing research and case studies. The primary data are the online interview questionnaire, participating observation, semi-structured interviews in person, by mail or phone.

The population of the internal customer interview include the office personnel of the case company in total in order to increase credibility. Sampling was not considered as an option due to the small size of the company personnel. Involving variable representatives of the company is significant since each representative of the company chain is relevant, and has an impact on interactions between the internal customers and external customers. Answering the interview questionnaire online was organized in a way that there was an access to the interview questionnaire link on the appointed computer in the case company premises. The external customer interview population is all the current Russian existing customers' representatives authorized to decide upon purchases. The questionnaire link is sent directly to the customers' email. The results of the interview are collected and analysed.

Yin (2009) discusses a chain of evidence principle for the case study method. Creating a chain of evidence in analysis is a necessity if the quality of the research is desired to be on a high level. This chain makes it imperative to have links between the questions asked, the data collected and the conclusions drawn. (Yin 2009, 98.) Combination of methodologies i.e. triangulation is according to Yin (2009, 93 – 94) enabling the improvement of the accuracy of judgements and results. In this research, I concentrate on the principle of having a chain of evidence and triangulation strategy. In this research, the findings of the first research question have a link to the second and third research questions conclusions. When transferring information concerning the existing external CX into knowledge, it is possible to identify how the differentiation of the company should be formulated in order to obtain the differentiated company image and the competitive advantage over rivals. The result of the analysis of these three research questions is the action plan proposal for the case company. The first research question identifies the present status of the external CX of the internal and external customers of the case company. The peak points i.e. the most critical touchpoints are identified and the

external CX versus rivals is determined. Touchpoints include the peak points relevant to the customers, and in which the company is succeeding well. There are also included the peak points relevant to the customer, but in which the company needs to upgrade its performance. The second research question determines differences between the perceptions of the internal and the external customers. This question identifies if the internal customers' perceptions concerning the company external CX are currently realistic. The findings for the second and third research question are the basis for devising the action plan. The both types of the peak points are considered in the differentiation strategy proposal in Russia.

2.4 Limitations of Research

It is relevant to discuss two limitations of this research. Firstly, generalization of the results is limited since this research focuses on one single company. The action plan is context bound and focuses only on the case company. Hence, the external validity of this thesis is limited. Secondly, there is no previous research concerning CEM-based differentiation in Russia nor textbooks discussing exactly this dilemma. This is due to CEM being still a considerably new paradigm in general. Moreover, according to my experience, the Russian business environment does not currently emphasize more common CRM either. At least not at the similar extent to the western business environment. Therefore, applying previous research and knowledge derived from the textbooks is limited.

3 CUSTOMER EXPERIENCE MANAGEMENT BASED DIFFERENTIATION

The theoretical framework of this research builds on the CEM theory and the Touchpoint management theory. Sources are the articles and the books concerning CRM, CEM, touchpoints, CX differentiation and competitive advantage. Theories of CEM and Touchpoint management are closely linked together. In literature, the Touchpoint management theory is considered as a significant part of the CEM theory or vice versa. Emphasis and nomenclature hierarchy differ depending on an author. Brigman (2013b, 58) defines experience being a series of touchpoints combined to take a step on a customer journey. If touchpoint as a word is not utilized in the literature discussing the CEM theory, the definition and the main idea of the Touchpoint management and touchpoints is, however, presented and referred to as, e.g. service standards. Therefore, managing external CX is not possible without the Touchpoint management and yet again, the Touchpoint management as such, without linking it to the frame of CEM, does not alone deliver differentiated external CX. In this research, the differentiated external CX of the case company is designed based on the CEM theory including the touchpoint management tool. The main sources of the research are by and Brigman (2013), Saffer (2007), Schmitt (2003) and Smith and Wheeler (2002). In this chapter, the theory of CEM and external CX delivery are discussed. The touchpoint and non-interactions definitions and the touchpoint mapping tool are presented. Further, the CEM based differentiation is discussed. The characteristics of the Russian business environment is presented briefly in order to understand possibilities of adaptation of CEM there.

3.1 Customer Experience Management

This subchapter discusses characteristics of CEM and the similarities and differences between CRM and CEM in order to deliver a better understanding over CEM. Schmitt first provided the concept of CEM in 2003. He defined CEM as strategic management of customers' entire experience with companies or their products. Ten years later, Brigman (2013b, 43) defined CEM as follows "The discipline used to comprehensively manage a customer's journeys with your organization, product, brand or service in the efficient creation of value of both customer and organization". CEM is a considerably new paradigm presenting a new approach and a radical break from the older marketing

management approaches. CEM consists of an analytical and a creative insight into the customer's world. Additionally, CEM offers implementation tools in order to increase customer value for companies. (Schmitt 2003, 22.) The focus in CEM is on indicating what customers value and to evaluate to what extent companies' brand promise, product offering and CX are differentiated and deliver customer value (Smith+co 2013).

Without CEM, companies can perform efficiently. It is, however, useless to do efficiently something that should have not been done at all. (Brigman 2013, 83.) Customer advocacy and loyalty require designing and creation. (Smith & Wheeler 2002, 25 – 116.) Cost savings of CEM are primarily based on the identification of the crucial touchpoints of companies. Through touchpoint identification, companies can prioritize where to invest their time and assets. CEM enables the integration of experiences across various touchpoints to link tangible outcome measures and manages both the internal and external CX of companies (Schmitt 2003, 42). As stated previously, this thesis focuses on external CX. The objective of CEM is to go beyond the obvious, beyond satisfaction taken granted by customers. Delivering constantly valued touchpoints and being consistently customer centric is based on a CX strategy where the focus is on being loyal to customers and not vice versa. Moreover, the focus is on interactions between the internal customers and the external customers of companies. The theory of CEM provides the theoretical framework for this research since the case company strongly emphasizes a holistic customer approach, customer knowledge nurturing management and customer oriented innovation. In compliance with the theory of CEM, the case company considers both external customers and internal customers, i.e. employees, to have a significant impact on the overall company brand image formulation because of integration of interactions, i.e. touchpoints.

CX is currently in focus independent of the size of companies. Recognition of collaborative buyer-seller relationships as a basis for value-based differentiation has gradually grown during the past decades. Competitive advantage has been considered to be based on CRM where price delivers the weakest potential for differentiation. (Ulaga&Eggert 2006, 119.) Therefore, companies in general are inevitably aware of the significance of CRM concept and are familiar with CRM definition. Neither of these two theories emphasize price as a potential argument for differentiation. Both CRM and CEM

concentrate on creation of customer benefit and shareholder value. The emphasis, however, is different. In CRM, shareholder value is emphasized and it is the ultimate strategic objective. Further, there is interaction based value creation for customers involved but it is not emphasized and considered as the only source of revenue (Payne&Frow 2005, 167-176). In CEM, the emphasis is on CX and being loyal to both employees and customers as the only source of revenue. Creation of shareholder value again is not emphasized strongly in the literature discussing CEM. It can be argued that in comparison with the CRM-based strategy, there is a high level of perseverance involved in the CEM-based strategy and the growth of companies is considered holistically. When the creation of shareholder value is in focus instead of the creation of employee and customer value, companies are not able to maintain sustainable advantage over rivals. Maintaining loyal to internal customers, i.e. employees and external customers is the key to gain revenue in long-term. Sustainable company growth can be obtained via coherent and consistent CEM. Sustainable company growth is difficult if not impossible without customer loyalty and advocacy. The level of proactiveness and holistic approach can be regarded to be higher in the CEM-based strategy compared to the CRM-based strategy. In subchapter to follow managing external CX delivery is discussed. Proactivity and holistic thinking of CEM emerge in the five core concepts of CEM (Brigman 2013, 5-159). These five core concepts are discussed in subchapter to follow investigating CX delivery.

3.2 External Customer Experience Delivery

To summarize external CX delivery there can be found five core concepts concerning the delivery of constant and coherent differentiated external CX in the findings of Brigman (2013, 5-159) and Smith & Wheeler (2002, 1-132). None of these core concepts is recommended to be ignored. Ignoring would most probably handicap the case company's external CX differentiation strategy. The first core concept is going beyond satisfaction. The second is overcoming four perpetuations of inconsistency with the help of CEM. The third core concept emphasizes consideration of non-interaction issues and decision concerning the emphasis level of them in the strategy. The fourth core concept is significance of the causal effect between the voice of customer (hereinafter VOC) and voice of internal customer (hereinafter) VOIC. The fifth concept is leadership focus.

These core concepts are the basic element of the ability to deliver differentiated external CX sustainably. The core concepts are discussed in the following.

3.2.1 Going beyond Satisfaction

CX defines perceptions and expectations of current customers towards companies and their products. The basis of the positive external CX is to meet the core expectations of customers that they expect from any provider. Customer satisfaction contains adequate expectations, i.e. the lowest expectable level of customer service. It is a combination of what customers desire for and actually receive. Going beyond satisfaction refers to exceeding customer expectations. After companies have succeeded to full fill the core expectations of customers, the creativity and the ability to think outside of the box are required from the management of companies. (Smith & Wheeler 2002, 54, Hsieh & Yuan 2010, 1130-1131). Customers require experience beyond satisfaction in order to become loyal customers and advocates. Customer satisfaction is easy to imitate by rivals while the differentiated and finally the branded CX of companies is not. The ability to position CX satisfaction is the key. Definition for customer centric has evolved. Being customer centric in the current business environment requires thinking outside the box. Being customer centric refers to the ability to deliver the differentiated CX, and to deliver constantly valued touchpoints beyond satisfaction. Therefore, customer satisfaction is a part of routine in the current business environment. Delivering experience beyond satisfaction is not. The external customers expect unique experience with stable quality in order to become loyal customers and finally advocates. Being an advocate does not only mean that the customer regularly purchases from the case company, but is also willing to recommend and refer the case company for the others, i.e. willing to do marketing for the case company. In this research, the level of going beyond satisfaction required from the case company by the Russian customers is identified. The touchpoints in which the company is required to beyond satisfaction are defined

3.2.2 Overcoming Inconsistency

According to Brigman (2013b, 27-38), there is a significant core problem in the external CX of companies. The problem is inconsistency, i.e. companies' CX touchpoints do not

present constantly the same and unique identity. The company fingerprint is missing and the company does not live along the customer journey. In this research, the existence of the possible inconsistency in the case company's external CX is investigated. There are four ways to perpetuate the problem of inconsistency. These are being ignorant, anonymous, siloed or ambivalent. The company ignoring the problem states that the company does not know the expectations of the customers. Being siloed indicates focusing on e.g. the company departments instead of the customer journey. The company does not have the common policy of performance, and it is covering under a shelter of having various policies on various issues. Ambivalent refers to leaving the standard of performance on important touchpoints to the individual employees. The customer service is in this case allowed to be determined by each employee, and there are differences that confuse and disturb customers. The solution for the inconsistency problem is CEM. (Brigman 2013b, 28-39.) Inconsistency can be regarded as a severe gap in current business environments where the business is managed around the customer and differentiated CX is possibly an only link to the not copy able competitive advantage.

3.2.3 Non-Interactions

The theory of CEM discusses and emphasizes touchpoints. Brigman (2013, 58) separates factors, i.e. non-interactions from touchpoints. Factors are non-interaction related and affect external CX. Factors are, e.g. price and location. According to Brigman (2013b, 6), CEM-based differentiation strategy does not emphasize primarily non-interaction factors. Factors, however, do influence selection and perceptions and are among the key drivers of external customer experiences. Factors are, however, neither the primary drivers of interactions nor the key to motivate the customer to take a next step on a customer journey. (Brigman 2013b, 58-60.) It can be argued if factors, price for instance, are touchpoints or non-interactions. Brigman's note about factors is relevant and important. It is important to separate non-interaction related factors from interaction related touchpoints. The emphasis of these two is different on customer journey progression. In terms of the Russian market, the price factor is significant. In this research price is considered as a non-interaction factor. It is inevitably important to identify a need for the emphasis of price factor in the case company's differentiation argumentation.

3.2.4 Causal Effect of VOC and VOIC

Internal CX, i.e. employee experience identifies how employees feel and experience companies and their initiatives. (Smith & Wheeler 2002, 32-36.) Companies' employees are in a key position to create the image of companies. Internal CX focuses on the specific practices, rewards and incentives of companies. (Schmitt 2003, 41.) Brigman discusses investigating and emphasizing VOIC as an important part of the CX strategy of companies. Defining the external CX of companies, i.e. investigating VOC is according to Brigman useless in case ensuring the ability of the internal customers to deliver the desired external CX is missing. (2013b, 85.) In this research, VOC is investigated in terms of perceptions of the case company employees concerning the current external CX delivered by the case company. In order to increase relevancy of this research VOC is not investigated in sense discussed by Smith & Wheeler (2002, 61) involving the three faculties of the internal customers, i.e. the head, the heart and the hands indicating knowledge, attitude and skills. Common mind-set and skill set are designed based on these three faculties and companies' management performs the design. The three faculties of VOC is inevitably significant to investigate further in the case of V.A.V. Group in order to avoid any gaps in the differentiation strategy. The causal effect between VOC and VOIC refers to the employees' ability to deliver the desired external CX. This research, however, is limited to investigate the causal effect in terms of judgement of VOC and VOIC over the current external CX. This is part of the ability to deliver the desired external CX.

3.2.5 Leadership Focus

Success in external CX delivery requires leadership focus. Without leadership focus on external CX, companies are lost. The impact of each individual employee and employee duty should be seen as a part of the overall CX of companies. Ensuring the awareness of both the management and the employees in terms of the causal impact of the different duties and responsibilities on the external CX of companies is significant. Employees and customers should have a feeling they are all fighting for the same issue together. Further, they should be confident of having sufficient tools to accomplish the desired goals defined by the management of companies. Moreover, once the CEM strategy has been formulated

and implemented companies' management should continue performing internal CEM on constant basis, measure the results of CEM, and update the strategy of companies in order to adapt the performance of companies to meet the possibly transformed expectations and perceptions of employees and customers.

3.3 Touchpoint Definition

In the literature on the CEM theory, touchpoints are constantly referred to, and identifying touchpoints are presented as a relevant part of the CEM. Hank Brigman (2013a) defines Touchpoint in the following way: "Touchpoint is each interaction, physical, communication, human and sensory with and within the organization". The principle of the touchpoint management is the ability to maintain the desired customers and employees. Maintaining is possible by constant deliveries of the touchpoints valued by customers (Brigman 2013b, 159). Smith and Wheeler (2002, 115) discuss differentiating CX and emphasizing each interaction customers have with companies. These interactions are related to people, processes and products. Touchpoints are everything and everybody customers are exposed to, e.g., advertisements, company's web site, premises, and documents such as invoices. Touchpoints are managed by various channels offering service and support. These channels are for instance telephone, email and the Internet. (Intervox 2005, 6.) The importance of the social media as a channel offering service and support is increasing rapidly. Therefore, it might be reasonable to add the social media to this channel list. Touchpoints are customer service standards of companies including all indirect and direct interactions with companies or companies' products and services during the entire customer journey. CX is formulated by these interactions and there are four touchpoint areas discussed previously in the chapter 1.4 (Saffer 2007, 176).

It is essential for the case company to recognize its own strong touchpoints. Strong touchpoints are interactions in which the case company has succeeded in meeting the customers' perceptions and expectations. Additionally, it is significant to identify the touchpoints where the case company has fallen short. CEM offers various tools to identify and cultivate the touchpoints of companies. One of them is the touchpoint mapping tool (Intervox 2005, 1-5) discussed in the sub-chapter to follow. In this research, touchpoints are not identified according to the findings by a one single author. In this research,

touchpoints of the case company are identified with the help of the touchpoint mapping tool adapted into findings by Brigman, Intervox and Saffer. Findings of these different authors are complementary. The touchpoint determination of the case company is illustrated in the appendix 2. Touchpoint mapping of the case company is discussed in the chapter five. The touchpoint mapping of V.A.V. Group is classified as confidential. Therefore, the appendix 2 and the chapter five in full length are not published through the databases of Lapland University of Applied Sciences.

3.4 Touchpoint Mapping Tool

Touchpoint mapping is a foundation for understanding the customer needs. It is a tool increasing the ability to drive enterprise value. With the help of touchpoint mapping it is possible to identify which touchpoints customers consider as the key touchpoints of companies and how effective and valuable they consider them to be. Touchpoint Mapping identifies the touchpoints meeting the customer perceptions and expectations and the touchpoints to be improved. The touchpoint mapping tool has three principles and five steps. The first of the three principles is CRL. The second principle is Touchpoints and the third Needs, levers and values. The five steps are Research, Mapping, Analysis, Implementation and Measurement. (Intervox 2005, 3-7.)

Companies should consider customer relationship as a CRL continuum (Intervox 2005, 5). Brigman (2013, 115) discusses customer journey instead of CRL continuum, and defines customer journey as the holistic engagement with business. The meaning of continuum and journey is similar. In case of both of these definitions, there are three stages. These are pre-purchase stage, purchase stage and post-purchase stage. Brigman, however, discusses seven different stages as individual experiences on customer journey and does not categorize these seven stages under the three stages defined by Intervox. The contents of these seven stages is, however, identical to the three stages by Intervox. When combining these two definitions it can be stated that Pre-purchase stage includes awareness, knowledge and consideration. Brigman defines purchase stage as a stage of selection. Post-purchase stages includes satisfaction, loyalty and advocacy (Brigman 2013b, 53). By defining the most critical touchpoints, companies should focus on customer needs, levers and values at the each stage of the CRL continuum or along the

stages of customer journey. In case companies ignore these three principles of the touchpoint mapping, they do not encourage customers to move on the next stage on the CRL continuum or to continue their journey with company.

The CRL continuum and the seven stages of it are illustrated in figure 2 (Interval 2005, 5.) The lifecycle of touchpoints extends from becoming aware of companies' existence to the actual sales and delivery, and further on to the after sales activity. The objective is to gain customer satisfaction, and preferably loyal customers willing to repurchase on continuous basis. Finally, the ultimate objective of the CRL continuum, or the customer journey, is customer advocacy. At the final stage, companies have managed to gain customers willing to refer others, i.e. to perform marketing for companies.

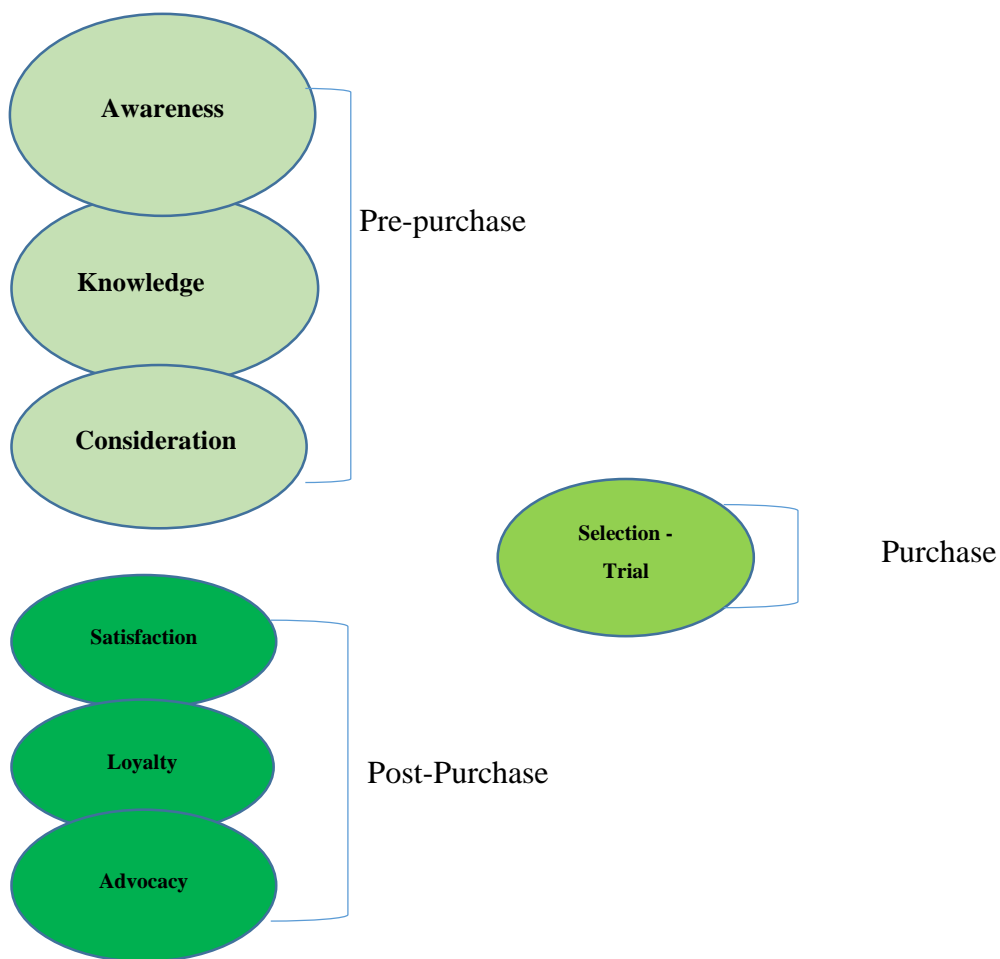


Figure 2. Seven Stages of the Customer Relationship Lifecycle (CRL) (Intervox 2005, 5.)

Touchpoint mapping of the case company delivers a comprehensive understanding over the company by its customers. Due to the considerable impact of VOIC, i.e. the employee experience discussed previously in this thesis, and the causal effect between internal CX and external CX, both are included in the process of touchpoint mapping of this research. The pleasure points and the pain points are identified in the process. The customer needs, levers and values differ depending on the stage or their position on the customer journey with companies. At each stage, the peak points in companies' performance are identified. Further, it is necessary to investigate if both employees and customers consider the same touchpoints as the most valuable ones. Coherence of perceptions of the both customer groups over the peak points is considered as essential to investigate in this research. Touchpoint mapping contains analysis and detailed touchpoint action plan creation and implementation. In this research and in terms of the case company the touchpoint mapping tool is utilized in order to identify touchpoints to be included in the differentiation strategy. It is also significant to measure the results, i.e. in order to finally achieve the cost savings the constant follow up is required. Touchpoint mapping is a simple idea with powerful results. By eliminating or combining redundant touchpoints, companies save valuable time and efforts. Additionally, companies gain loyal customers and employees and enhance value and customer awareness. (Intervox, 2005, 7 – 8.)

3.5 Differentiation with CEM

Competitive advantage can according to Smith and Wheeler (2002) be obtained via differentiated CX and ultimately branded CX. Having understood the expectations and the current external CX of the customers and the employees with the help of touchpoint mapping tool, the case company may turn its attention to the delivery of differentiated CX and ultimately to the company brand promise (Smith & Wheeler, 2002, 48). It is essential to consider the formulation of the company differentiation promise thoroughly. The objective in this research is to differentiate the external CX, the promise and the company image with CEM. Differentiation and brand promises consist of decisions over values delivered by companies to desired loyal customers.

The CEM-based differentiation strategy enables identifying the current performance of the case company versus the customer expectations and the performance of its rivals.

Based on the current external CX knowledge it is possible to formulate the differentiation strategy involving the most relevant arguments to the customers in it. The objective of CEM is to not only identify and meet customers' core expectations that they demand from any provider, but also those expectations that would differentiate companies from its rivals (Smith & Wheeler 2002, 54). The six steps of the CEM-based differentiation presented in this thesis are formulated based on perceptions, findings by Brigman (2013b), Schmitt (2003), Smith + co (2013), Smith, and Wheeler (2002, 41-54). The six steps to be utilized in the case company differentiation are discussed in the paragraph to follow.

The first step is evaluation of the current customer performance. The research question 1 is designed in order to be able to perform the first step in the CEM-based differentiation of the company. The perceptions and expectations of the internal and the external customers concerning the most relevant touchpoints versus the company performance and, moreover, versus its rivals performance, are investigated and evaluated. Evaluation is performed with the help of the chosen tool offered by CEM, i.e. the touchpoint mapping tool presented in the previous subchapter.

The second step includes involving the internal customers' perceptions. Whether the internal customers' perceptions over the current external CX are realistic, i.e. coherent versus the viewpoint of the external customers is to be evaluated. The research question 2 is chosen in order to answer these issues. The peak points are identified and possibly required updates in internal customers' performance are identified. The third step includes choosing the non-gap touchpoints significant to the customers to be part of the differentiation strategy. Among the touchpoints on which the company is succeeding well according to the customers, and the ones considered the most relevant ones, are chosen to be part of the argumentation of the differentiation strategy. The fourth step is to determine which gap-touchpoints will be part of the differentiation strategy. Among the touchpoints on which the company has fallen short but which are significant according to the customers, the peak points are used to build the effective differentiation strategy. The fifth step is to determine the most crucial touchpoints on which the company is to go beyond satisfaction, beyond the obvious, to be included in the differentiation strategy argumentation. The research question 3 is created in order to be able to find answers to

and complete the steps three, four and five in the CEM-based differentiation of the company. The sixth step is to devise the action plan for improvement in order to be able to include all of these critical touchpoints determined in the previous steps in the company differentiation strategy. With the help of the differentiated company brand promise including cultivation of the most crucial touchpoints, the company is able to obtain the competitive advantage over its rivals. Obtaining competitive advantage requires consistency on constant basis on CEM.

3.6 CEM-based differentiation in Russia

In terms of Russia, it is important to notice that there is no diversity of various marketing strategies in the market, and CRM is a considerably new concept, which began to gain recognition as late as in early 2000's. Since 2004, there has been organized CRM forums and conferences in order to gain CRM awareness in Russia. (Griffin & Curtis & Barrere 2008, 3-5.) In view of CRM being a considerably new concept in Russia, it can be argued that awareness of CEM is not high either. The lack of awareness can be considered as a challenge. Another challenge is the emphasis of price as a value-adding attribute in the Russian market in general. In CEM, gaining the key supplier status and a win-win situation based on extreme trust is an outcome of differentiation focusing on the quality of the CX where price is not emphasized as the value-adding attribute (Ulaga & Eggert 2006, 119; Peppers and Rogers, 2013, 31). In the Russian business environment, including also the TPE- and silicone profiles market, the influence of factors, especially the acquisition price, i.e. the first cost price has a significant impact on the overall CX (Venäläinen, 2013).

Further, Russian business culture does not emphasize perseverance and Russians are not likely to be forethoughtful. Both of these characteristics can be stated to be within the core concept of CEM. It will require much effort to make the Russian customers to value the overall consistent CX more than the single factor of the first cost price. The strength of CEM-based differentiation in Russia is, however, the emphasis on extreme trust in CX. Extreme trust is significant if not the most valued issue in the Russian business. Therefore, applying CEM in the marketing strategy in Russia is inevitably a challenge for the case company. On other hand, it is an opportunity in terms of its uniqueness and its emphasis

on extreme trust. CEM could enable the case company to implement marketing strategy not copyable by rivals due to the characteristics of CEM and due to the lack of expertise in CEM in Russia.

4 V.A.V. GROUP

V.A.V. Group was established in 2005 but the personnel of the company have approximately 20 years of experience in manufacturing silicone and TPE-profiles according to customers' needs. Facilities are located in the town of Ii, Finland. The company employs 11 people in Finland and utilizes services of an interpreter in Russia. The turnover of the company is € 2.3 million per year. Currently 76.1% of the company turnover comes from the domestic market and 23.9% from the international market including Scandinavia, Central Europe, Estonia and Russia. The share of the Russian market is currently 3.1% while the company's target at this point is as high as 25% until the end of year 2016. The company manufactures products according to the EU norms and the company products are EU certified. (Venäläinen 2013.) Customers are leading companies involved in wood processing, work in the processing industry, and engineering. (V.A.V. Group 2013.) The company was recently rated into the highest class of credit rating, AAA (V.A.V. Group 2014).

4.1 Products and Services

The company objective is to offer the customers the best solutions enabling them to compete at the highest possible level. Even though the company has years of experience on manufacturing and cutting-edge profile materials, it considers itself a pioneer. It is an active developer of new gasket solutions, materials, and installation techniques. The company product offering consists of silicone profiles, TPE-profiles and upgraded products. There are two types of the product raw materials. The attributes of the final products vary according to the supplements added into the manufacturing process. Colouring of the profiles has a meaning depending on a case. The latest implemented innovation is co-extrusion for silicone enabling the possibility to combine both foam and solid, two colours and two types of hardness in the same profile (V.A.V. Group 2014). Silicone profiles can be utilized in demanding environments due to the high weather and ozone resistance. Further, the heat resistance of the silicone profiles is high. The level of the heat resistance can be determined by various supplements, in order to adapt the product into the various target environments. The attribute concerning the recyclable TPE-profiles is the high resistance against chemicals. The weather resistance of TPE-

profiles is high and the temperature may vary from -50 up to + 120 degrees. There are two production lines in the company; one manufactures silicone profiles and the other TPE-profiles. The manufacturing technique of these two lines differ from each other remarkably, the one being based on cold processing, and the other on heat processing. Thermosil Fire X developed by the company is manufactured of a flame retardant material to suit into the extreme heat conditions up to + 270 degrees. The product is self-extinguishing and non-toxic. Both the silicone and the TPE-profiles can be offered non-stretchable. The non-stretch silicone gaskets developed by the company improve the quality of the final product, which are, e.g., windows and doors. The upgraded product offering of the company include, for instance, the pressure gaskets and the taped gasket products. The special products of the company can be manufactured by using both the cold and heat processing techniques. (V.A.V. Group 2013.)

4.2 Current Situation

According to the Centre for Economic Development, Transport and the Environment, i.e. ELY Centre report (2008) performed in the development program of SME-company internationalization in 2008, it was already at that time inevitably clear for the company that the growth potential is in the international market. The company considers no growth possibilities in the domestic market mainly due to the recession in the construction sector. The confidence indicators of the Confederation of Finnish Industries (hereinafter EK) in November 2013 show that the confidence indicators are generally below the average. The indicator concerning the construction sector in Finland has fallen sharply in November 2013 keeping the order books are low. The average is -7 and the figure in November was -28. (EK 2013). Therefore, the company is obliged to invest efforts outside the domestic market in order to grow. Since 2008, potential in the Russian silicone and TPE-profiles market has been regarded as high. There is no recession in the construction market there, and the manufacturing of the passenger transportation is increasing. The report states that the company has all the potential for internationalization. The potential included the available production capacity needing no further investments as well as the internationalization knowhow of the personnel. The potential for V.A.V. Group in the Russian market, and especially in the St. Petersburg area, was deeply analysed in 2008 by Markinvest Oy. As an outcome of this report, V.A.V. Group obtained information

concerning its rivals as well as the potential customers. The importance of the Russian market was confirmed due to the fact of fast developing silicone profile market needs in both the construction as well as in the passenger transportation sector (Peltonen 2008, 31).

In the present situation, V.A.V. Group has been able to create the customer relationships in Russia, in the St. Petersburg area. The research is restricted geographically to concern only the St. Petersburg area. The other two geographical target segments being the Moscow area the Kazan area will not be included in this research since there are no customers yet, and therefore investigating CX is not possible. The company is currently well aware of who its rivals are. It is essential for the company to create the differentiation strategy in Russia in order to build company brand image and obtain competitive advantage over its rivals. Developing the company image was emphasized already in the ELY Centre report in 2008. Differentiation is to be performed at the company level instead of the product level. This choice was made since the company is a pioneer in the branch and the emphasis is currently on the holistic CX instead of product branding (Venäläinen 2013). Thermosil Fire X, however, is considered as a possible product for branding in the future (Peltonen, 2008, 6).

In accordance with Schmitt (2003) and Smith and Wheeler (2002) and the current company marketing philosophy of the company, the brand image differentiation of V.A.V. Group will consist of managing the both external and internal CX. A few centric issues can be recognized as the relevant leading points in the company's current marketing strategy. It is inevitable that V.A.V. Group is not considering the price as their competitive advantage. Instead, the overall performance quality is emphasized. Overall performance quality of the company and the company CX policy consist of the following attributes: fastness, reliability, flexibility, efficiency, innovativeness and cooperation adding value for customers (V.A.V. Group 2014). A holistic performance towards its customers is essential as well as emphasis on customer needs and benefit. Knowledge nourishing management in both the customer relationships and within the company itself is considered as crucial. (Peltonen 2008, 6-7.) Therefore, due to the strong commitment and focus of the company management on the CX approach and the customer focused innovation, the differentiation strategy with the help of the CEM theory is justified in the

case of V.A.V. Group. The overall thinking of the company management and the company policy basis is ready for the adaptation of CEM. The mission, i.e. how to adapt CEM in practice efficiently in order to differentiate the company is the current dilemma. The focus is on how to maintain the current Russian customers and to gain customer loyalty and advocacy, and how to promote the company for new customers. The findings of this research are utilized to propose a solution option to this current dilemma.

5 IMPLEMENTATION OF THE RESEARCH PROCESS

The implemented research process is presented in the sub-chapters to follow. The quantitative research process of this thesis follows the stages of quantitative research process presented by Heikkilä (2004, 25): creation of a research plan, building the tool for data collection, collection of the data, data processing and analysis, reporting, conclusions and utilization of the results. The results utilization in this research refer to both the creation of the CEM-based differentiation strategy proposal and the creation of the case company focused action plan proposal. These proposals are devised according to the case study method.

5.1 Creation of Research Plan

The research plan of the research process is devised focusing on the current needs of the case company discussed in the previous chapter. In order to be able to devise an action plan for differentiation strategy it is necessary to determine the current external CX and the most crucial touchpoints in the current external CX performance first. The objective is, therefore, first to find answers to the research question 1. The objective is to determine the current external CX of the case company in Russia and to identify performance gaps. Secondly, the objective is to find answers for the research question 2. Differences in the current external CX judgement between the internal and the external customers are identified. Based on the analysed findings and the conclusions of the research questions 1 and 2, it is possible to find answers for the research question 3. Utilization of the results enables devising proposals for the CEM-based differentiation strategy and the action plan for the case company.

The company touchpoints to be investigated are defined in accordance with the company policies concerning external CX delivery. After defining the company touchpoints, the Webropol online interview questionnaire is designed and implemented. The target groups of the online questionnaire are the internal customers, i.e. the case company's employees and the external customers, i.e. the current existing customers of the case company. Answers are gathered by sending a direct online link to the both target groups. After data collection, the results of the interview questionnaire are analysed. The information

obtained is combined and transferred into knowledge, in order to determine the current external CX of the case company. The current external CX judgement of these two target groups is compared in order to define similarities and gaps. The utilization of the results, i.e. the CEM-based differentiation strategy proposal and the short-term and the long-term action plan proposals based on the interview findings, the other data of this research and the theories applied in this thesis are presented further in this chapter and in the chapter six to follow. The complete implementation of the research process is classified as confidential and is not published through the databases of the Lapland University of Applied Sciences.

6 ACTION PLANS

The case company action plans for development are devised based on the analysed results of the online interview combined with other primary and secondary data of the research. Devising the action plan follows Ellet's (2007, 102-116) case study method according to which the short-term action plan contains the most urgent actions easy to perform. The Long-term actions follow the short-term actions. The long-term steps are depended on the short-term steps. Both the short-term and long-term action plans are classified as confidential and are published in their full length in appendices.

7 CONCLUSIONS

This chapter summarizes the research. The findings of the research are not published through the Lapland University of Applied Sciences database due the classification of confidentiality.

The research investigated the current external CX of V.A.V. Group. The online interview questionnaire was implemented for the employees and for the current customers of the company in the St. Petersburg area in Russia. The most critical touchpoints were identified with the help of touchpoint mapping tool combined with the touchpoint classification by Saffer. The touchpoints in which the company has succeeded to meet the customer perceptions and expectations, and the touchpoints where the company has fallen short and which need to be upgraded were identified primarily through critical quantitative analysis. Qualitative analysis of the customer interview results considering influence of multi-cultural aspects was included in this research. This was a necessity since the Russian business environment is strongly loyalty-focused and the Russian external customers were inevitably no willing to compare their providers. The touchpoints to be included in delivering the differentiated CX in Russia were identified based on a deep analysis. The proposal for the company's differentiation strategy in Russia was devised. Moreover, the action plan proposal including the short term and long-term actions to be performed by the company management was devised.

Applicability of CEM in Russia and in the case of V.A.V. Group was justified. Loyalty-focused business environment, emphasis on extreme trust and clear indications for a strong need for CX uniqueness in Russia enable the case company to succeed when differentiating based on CEM. The philosophy and policy of the case company emphasize the five core concepts of CEM discussed in this thesis. No gaps were identified and the company management's awareness of customers being the only source of revenue and the key of constant company growth is high. In order to gain competitive advantage, V.A.V. Group was advised to investigate the internal CX and to perform CEM on constant basis.

8 SUGGESTIONS FOR FUTURE RESEARCH

There are two suggestions for the future research. Firstly, the current ability and willingness of the employees to deliver the desired differentiated CX, i.e. internal customer loyalty, is not part of this research. Most organizations have some form of customer satisfaction measurement. In most cases, however, these actions are useless since they do not link back to the practical results, and to the people who have taken action to achieve the customer satisfaction. The causal link between the company employees and the customers is emphasized in CEM. Additionally, the awareness of the several important aspects is crucial. These are internal customers' awareness of the overall company policies, leadership focus on CEM and triad power. Triad power indicates to the combined efforts and cooperation between various employee groups having the same objective. All the mentioned aspects are extremely essential for the companies to include in the performance evaluation and finally in the strategy. A common mind-set and skill set of the employees influence significantly on employees' ability and willingness to deliver desired CX. The lack of common mind-set and sufficient skill set influences the level of commitment, satisfaction and loyalty of the employees. Investigation of the current ability and willingness could be performed in order to overcome any possible gaps. An action plan with the objective to upgrade the employees' performance level would reinforce the company's ability to deliver consistent differentiated CX and to gain sustainable competitive advantage. Therefore, a need for future research concerning internal CX is inevitably significant

Secondly, the possibility of V.A.V. Group to obtain a branded CX and a branded company image in Russia could be investigated in the future. Branded CX could be designed when the company is inevitably delivering coherent and constant differentiated CX. Branded CX enables the company to gain sustainable competitive advantage not copyable by rivals.

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APPENDICES

APPENDIX 1: DISCUSSION TOPICS WITH VENÄLÄINEN

Interview with Marko Venäläinen, Managing Director, 02.12.2013 V.A.V. Group.

Discussion topics

1. Company history and background.

2. Current Situation
 - Personnel of the company
 - Machinery and equipment
 - Tools
 - Production lines
 - Raw materials
 - Products and core characteristics of them : Silicone and TPE-profiles, Thermosil Fire X
 - End usage of the products of V.A.V. Group.
 - Current situation in the domestic market.
 - Recession in the domestic construction industry.
 - Main foreign markets for the company currently.

3. Company mission, vision and values
 - Company's CX policies
 - Core values
 - Mission
 - Vision
 - Economic objectives of the company in the near future.

4. Russian market
 - Current situation of V.A.V. Group in the Russian market.
 - Geographical segmentation of the company in the Russian market.
 - Customer base in the St. Petersburg area.
 - Rivals of the company in the Russian market.

- Importance of the Russian market for the company.
- Potential of the Russian market for the company.
- Consideration of the role of the Russian market in obtaining the economic objectives of the company.
- Interaction with the Russian customers.
- The importance of factors and especially price in the Russian silicone and TPE-profiles market.