

**Customer Relationship Management
and Customer Retention in the
Amica Restaurant at Valmet Oy Ltd.**

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Abstract <p>The aim of the thesis was to increase the understanding of customer retention by investigating a service company able to improve their customer retention through customer relationship management. Companies may choose to apply different parts of customer relationship management to their businesses through technology and other means of communication with their customers, various training programs and other resources devoted towards the employees of the company. Evaluating the past and present behaviour makes it possible for the company to adopt the most effective business strategy.</p> <p>A qualitative and semi-structured research method was adopted in order to explore the relationships between the service providing company and their customers to promote their customer retention strategy. The results of the research indicate that to be able to attract and keep customers by increasing the customer retention rate, companies have adopted a proactive approach devoting time and resources to stay in touch with their customers. This way companies not only can increase their competitive advantage but can also develop a sense of seeking benefits not just for the company but also for their customers.</p> <p>The conclusions are that companies have to realize that they have to do things right by listening to their customers and adopting a strategy based on mutual agreement with the customers. The company has a better chance to overcome their competitors and be more efficient in building relationships with their customers by promoting customer retention.</p>		
Keywords/tags customer relationship management, customer retention, relationship marketing		
Miscellaneous:		

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1 Introduction

This chapter starts with the research background in order to sum up the situation for the reader. This is then followed by the research objectives and research questions that will end with an overall purpose of the study. Then a specific research problem and a research limitation are introduced.

1.1 Background

It is already more than two decades since customer relationship management began to attract attention in developing relations between customers and organisations. Today's customers are significant factors in the company management with the power to change cooperate short term and long-term strategies. Conquering markets and achieving market leadership was no longer a company's primary concern. Instead, activities within the organization had to be coordinated to ensure that they contributed to the development of mutually profitable relationships with the right customers. During the 1990s, people became more aware of the development of buyer-seller relations and realized that the relations had consequences for the entire organisations (Peelen 2005, 4-5).

Many companies are increasingly adopting customer relationship management as means to take their competitive advantages. The firms are under a tremendous pressure to adjust quickly to rapid changes in a marketplace with re-goods to customer, technology and market function. Customers are not only becoming more value conscious but also less loyal and less service level oriented and less tolerant. Consequently, markets are becoming more fragmented, making differentiation more difficult and completion instant. This change is driving companies to become customer centric and shifting their marketing function from product based to customer based. (Kumar 2012, 2.)

1.2 Research Objective and Research Questions

The objective of the current thesis study is to investigate the factors that could potentially increase the understanding of service providing companies and customers in order to improve customer retention. The main research questions are as follows:

- 1) What are the advantages of customer relationship management?
- 2) How can the company get advantage from using a retention strategy?
- 3) How can a company apply customer retention strategy as the key to their business performance?

1.3 Research Problem

An organization without customer relationship management, will suffer from a serious competitive disadvantage. They will lose the competitive edge that the knowledge of customers and a better understanding of customer needs can give them while anticipating and adapting to relationship marketing developments. A company which fails to implement a customer relationship management system in time will be slow to improve customer service, and service innovations that depend on investment in call centres, data warehousing or e-commerce may not be implemented in time to recover from the situation (Baran & Galka 2013, 29). A specific target is to find out about the relationship between a service providing cooperation and their customers in which a company develops the relationship in order to improve customer retention.

1.4 Research Limitation

The present study will focus especially on customer retention aspects as customer relationship management is a multidisciplinary field. Emphasis will be given from the cooperate perspective. The interviews were conducted via e-mail due to the busy schedules of the interviewee, despite having the acknowledgement of the limitation of the answers received by e-mail in terms of interpretation. An answer received by e-mail provides the author possibility to respond to the answer by email and ask further questions. The author noted some limitations on semi-structured interviews via e-mail. Although the semi-structured interview questions, planned in advanced, gave meaningful results some of the answers received were slightly narrow and gave little information.

2 Amica restaurant Oy as a case company

Amica is the staff restaurant in Valmet Oy, located in the city of Jyväskylä with a limited access. Amica has three restaurants in the Valmet area, which provides a variety of foods for different customers, catering service for staffs of Valmet employees and take away food service offers for outside customers by ordering food online. (Amica 2015.)

Amica is a branch of Fazer food service. It is the leading contract-catering brand in the Nordic region, offering delicious food for customers and adapt service solution. Services include private and public sector, personnel restaurant, student restaurant, cafe-restaurant, conference restaurant and meeting venues as well as food services for schools and public service organizations. Fazer food service provides catering services for special occasions. Fazer restaurant business was established in 1891 when Karl Fazer founded, and started the first French café in Helsinki. Today Fazer continues to expand its leading brands in different markets and in new product and service categories. Fazer has over 15,500 employees and its main headquarters in Finland with operations in Sweden, Norway, Denmark, Russia and Baltic countries. (Fazer, 2015.)

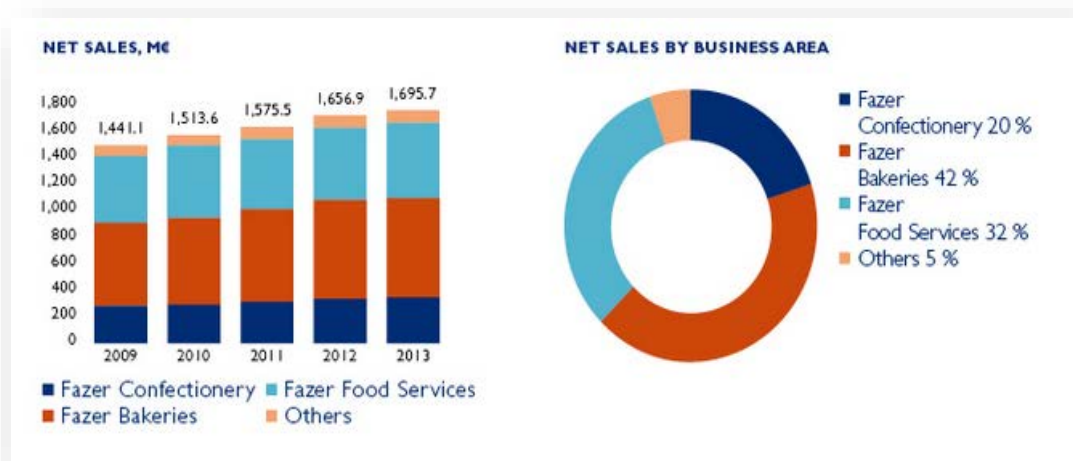


Figure 1. Net sales & Net Business area (Fazer, 2015)

The above figure 1, shows that the operating profit in 2013. Fazer group`s net sales grew to 1.7 billion euros of all time high and over 50% of the revenue comes from

outside the Finland. The profit was 49 M euro excluding repayment of goodwill. The operation profit in 2013 was 49 M euro (83 million euro excluding repayment of goodwill).



Figure 2. Brands of Fazer (Fazer, 2015)

Mission	Fazer creates taste sensations		
Vision	Fazer is the best choice		
Values	Passion for customer: We always strive to exceed our customers' expectations	Quality excellence: Responsibility in everything we do	Team spirit: We work together, respecting each other
Ethical principles	Fazer's ethical principles are based on the ten principles of the UN Global Compact		

Figure 3. Mission, vision and values of fazer (Fazer, 2015).

In the figure 2 shows, that Amica is the one of the brand of Fazer food services. Offering food and café service.

3 The customer as a focal point

3.1 Marketing

Marketing is a continuous and persistence process, implementation and follow-up. Marketing plays a key role in business planning in different ways. Customer value is the key integrant in the marketing formula for success. The broad purpose of marketing is to bring a firm's products for money; the purpose of personal marketing is to bring the right products into contact with the right customers, and to make certain that ownership transfers take place. Each company must find the game plan for a long-term survival, and growth that makes the most sense given its specific situation opportunities, objectives and resources. (Kotler, Armstrong, Harris & Piercy 2013, 38-47.)

According to Patel (2007), defined by T.F. Stroh, marketingmanship is one of the skills used in personal marketing; it is a direct, face-to-face, marketing-to-buyer influence, which can communicate the facts necessary for making a buying decision; or it, can utilize the psychology of influence to encourage the formation of a buying decision. The marketing-person of today has to react and interact in many different ways to many different people. Marketingmanship may be implemented not only through personal marketing but also through advertising. Modern advertising is planned with motivation or influence as the objective. (Patel 2007, 124.)

Bruhn (2003, 10) states that Parvatiyar and Sheth (2000) define relationship marketing as the ongoing process of engaging in cooperation and collaborative activities and programs with immediate and end-user customers to create or enhance mutual economic values at a reduced cost. The discipline of marketing has emerged over many decades. Early marketing thinking primarily focused on the efficiency of marketing channels. It is important for an emerging disciple to develop an acceptable definition that encompasses all features of the phenomenon and effectively delimits the domain. It is reasonable to limit the domain of relationship marketing to only those actions that are focused on serving the needs of customers. However, to achieve a mutually beneficial relationship with the customers, corporate management may need to consider other organizational relationship, i.e. with suppliers, competitors or internal divisions. (Bruhn 2003, 11.)

3.2 Customer Relationship Management

CRM stands for customer relationship management that is a marketing approach providing satisfaction of customer needs at every point of interaction between the customer and the cooperation (Kotler & Keller 2012, 2011). Customer is not just about installing software or automating customer touch points. It is about the reinvention of our enterprises around the customer and becoming customer-centric (Saunders, Wong, Kotler, & Armstrong 2001, 409-410.) In Parvatiyar and sheth`s view (2000, 6),

“Customer Relationship Management is a comprehensive strategy and process of acquiring, retaining and partnering with the selective customer to create superior value for the company and the customer.”

Customer relationship management has become important for the business with the new marketing approach to adapt their business activities to reach towards their customers and build the strong relationships, networks and interactions with customers. Customer relationship management has different market approaches, customer market, the referral market, consisting of customers who have been referred to the business by word of mouth, the supplier market, the recruitment markets, the influencer market and the internal market comprising an organization`s own employees. The marketing approach of customer relationship management has gained much currency in the recent years by attempting to build closer relationships and interactions between a business and its most important customers. Customer relationship management focused on businesses marketing their products and services through relationships and interactions with customer market, often taking advantage of IT-based interactivity. (Emerald 2005, 136-139).

Baran & Galka (2013 13-15) reveal that customer relationship management is a protective marketing strategy that focuses on managing the customer experience by understanding their needs and purchase behaviour. It is an efficient way to strength the relationship between a company and its customer, transforming links into friends and partners. This is done by building learning relationships, for example through super-market identification cards and loyalty programs. Customer relationship management implements a customer focus that enables an organization to retain loyal customers

and a greater share of the customer's wallet through cross selling and up selling. The organization must master multichannel marketing and managing touch points to implement it effectively. The structural design of customer relationship management consists of an integrated front office, business intelligence system (data warehouses, data marts and data mining), and business rules that transmit business intelligence to front-office personnel, physical links to back office systems such as inventory control, accounts receivable, and performance metrics.

3.3 Components of customer relationship management

Customer loyalty

Rogers & Peppers (2004), describes that customer loyalty can be approached into two directions attitudinal (emotional) and behavioral (functional). The attitudinal definition of loyalty suggest that loyalty is a state of mind whereas behavioral loyalty means that someone is willing to pay a premium for brand x over brand y even without favor to the attitudes that underlie that conduct. Behavior customer loyalty is not the cause, but the results of preference. A company focusing on different tactics to increase customer loyalty in fact increase the amount of repurchase behavior strategy that can easily include, raising consumer's general choices for the brand or customer level of satisfaction with it. Behavioral customer loyalty is simply more useful and practical because when customer is loyal then customer is a repeat purchaser, plain and simple. Customer loyalty should have as direct connection as possible to a company's financial and operational profits results. The lifetime value will capture all the various behavior and activities of the customer that have relationship with the enterprise's profit from loyalty customers (Rogers, 2004, 56-59).

Customer relationship

Customer is someone with whom we exchange value. With better service provided to the customer in return strong relationship bond will create between the company and customers. For example, Customer who orders books via internet from an online bookstore may afterwards contact the supplier by telephone to obtain additional information. Due the recorded of the data in the computer system the operator can see that

the purchase has been completed, as well as having access to the additional information on the delivery, product and payment. In this way the customer does not have to provide their entire contact history. The dialogue may proceed without the obstacles because the delivery channels have been connected with one another. Customer relationship management is a process that addresses all aspects of identifying customers chance to create customer knowledge, building customer bonds and shaping their perceptions of the organization and its products. Customer relationship is the one provided at the turn of the century, has adapted the concept of real-time marketing for various purposes. Customer relationship targets towards the building of an infrastructure, which may be used to develop long-term customer supplier relationship. As a results of infrastructure the walls between company and customer torn down. Whereas it was once impossible to enter the other`s domain at one`s own convince, now a days it is a great easier deal. On the other hand customer are able to look into the records to determine whether a specific products is in stock, track the status of delivery and analysed other buyer opinions on the product. The buyer maybe involved as lead user in the development of new products and share confidential information. Customer can obtain access to areas of the company which were previously hidden and which could only be entered or accessed under supervision and by appointment. As viewed from the other side it becomes much easier for suppliers to gather information from customers and contact them. The customer and supplier activities are integrated. The privacy of the both may easily be violate and both will have to consider carefully what is and what is not desirable in this part. In real time, it will be possible to provide to one another wishes quickly. (Beltman, 2013, 33-43)

Customer service

“Great service is about attitude. And a service attitude leads to a richer quality of life, not only in the commercial sector” (Leonard Berry).

Customer service is one of the important component of customer relationship management. Companies only know the strength and drawbacks with the results of provided customer services. Different service company promote the mantra TLC; think like customer while designing their service interactions. Due to mishandling on how customer think, many service company results miss opportunities to become truly excel-

lent. Understanding customer psychology at a deeper level can help company to provide excellent services. Actually while most of the service company addresses the obvious things that affects customer's psychological attitude towards the service such as responsiveness on the part of their employees. Through combination of market demand and creative development of service the developed world's economics are ruled by service firms. A service encounter consists of a customer interacting with an organization for the purpose of achieving certain goal. The customer service interaction can be either face to face to through telecommunications. Single interaction or multiple interaction. To improve such encounters and solve varieties of problem arose, it need to do what other science does, establish operational definition that permit focused analysis of cause and effects. The service encounter can be operationally define as three T so; task to be done, treatment accorded to customer and the tangible features of the service. For example the service provided by the restaurant, better service can be analyzed whether food was cooked well (task), was the food tasty (treatment) and was the restaurant area clean and pleasant (tangible) through this service encounters the company can provide effective customer service to improve the weakness and customer satisfaction (Chase 2013, 6-9.)

Loyalty Programs

Customer loyalty program seek to set customers bond to a company by offering additional encouragements. In a small business informal loyalty programmers may take in from of giving treat as a way of thanking to a regular customers periodically. Consumers are loyal to several brand while rejecting others, sometimes describes as polygamous loyalty. In such instant the marketing goal becomes one of the strengthening the customer preference for brand x over brand y. Marketers need to check three psychological effects to assess the potential of loyalty programme to alter patterns of behavior; brand loyalty verses deal loyalty where marketer should focus on loyalty programmers that directly supports the value of the product instead of creating difference between brand loyalty versus deal loyalty, several elements combine to determine a loyalty programs to value customer should analysed and marketers should focus on solution to send customer indicating progress towards reaching particular milestone and promoting the rewards that might be forth coming when that point is reach on time. Customer loyalty programs reinforce loyalty by rewarding frequent users. By

encouraging the frequent users a core of profitable customer companies initiate a spiral of economics advantages which enables companies to compensate employee more generously, provides investors with super cash flow and reinvest more aggressively to further enhance the value delivered to customers. (Christopher Lovelock 2002, 133-143).

Customer driven Brand

Brand is the type of product produce by the company to its customers. The importance of listening to the customer has, been one of the marketers mantra. Although the concept may work in the some companies or with some products, the fact is that more and more customer decisions are being made by chhannel customers or patner rather than by customers themselves. For example, Mcdonalds serves cocacola, not pepsi, in its restaurants. Similarly ,Wal-mart customer looking for whirlpool appliances will be dissappointed; because the retailer no longer carries that brand. McDonald`s and Wal-mart are major brands themseleves, each focus enormous marketing efforts directed at customers. But those consumors are increasingly restricted to making decisions in effects already made by others. Todays brand experiences from consumers point of views encompass business to business relationships further back on the production and distrubiton side. The business to business relationships are the critical in building sustaining brand value in the business to customer ground. (Freeland 2003, 30-33.)

Gaining customer Insight

The past customer relationship management companies lack the element of customer insight that the ability to understand customer need and accuretely predict customer behaviour. But these elements has become more critical as the customer have become more mobile, more changeable, and demanding. Companies must have all the capability required to capture and analyze critical custome data and analyze that data to create deep insight into the customer behave, how they would like to intreact with the company and what they turely want and need from the company. However, critical customer insight should determine how company interacts with customers in the future to provide suitable offers and services for gaining customer insight. (Freeland 2003, 8.)

3.4 The goal of customer relationship management

The aim of customer relationship management is to develop mutual relationships that are more profitable with customers. Some companies do this taking cost out of the relationship, e.g. by shifting customers to web-based self-service, and some increase the revenue by selling customers additional products and services. Most companies adapt both the approaches. The not for profit context would work towards different customer relationship management objectives, such as operational efficiency or increased client satisfaction. Measuring customer profitability suggests that an organization must be able to trace their incomes and costs to customers, either at a segmental or an individual level. Most business-to business (B2B) companies can trace their incomes to customers. The invoicing databases contain these data. Fewer B2B companies can trace their costs to customers, for example, the costs of customer acquisition and service. In business to consumer (B2C), customer relationship management implementations, costs and revenues are assigned at a segment level, because there are many more customers. (Buttle 2004, 39-50.)

In figure 4 the customer relationship value chain, the value chain model provides a helicopter view, giving an overview of the customer relationship management landscape. The value chain has a five-step process for developing and implementing customer relationship strategy. The five primary steps are performed with the deployment of several tools and processes. The other steps identify a number of supporting conditions that facilitate a successful implementation.

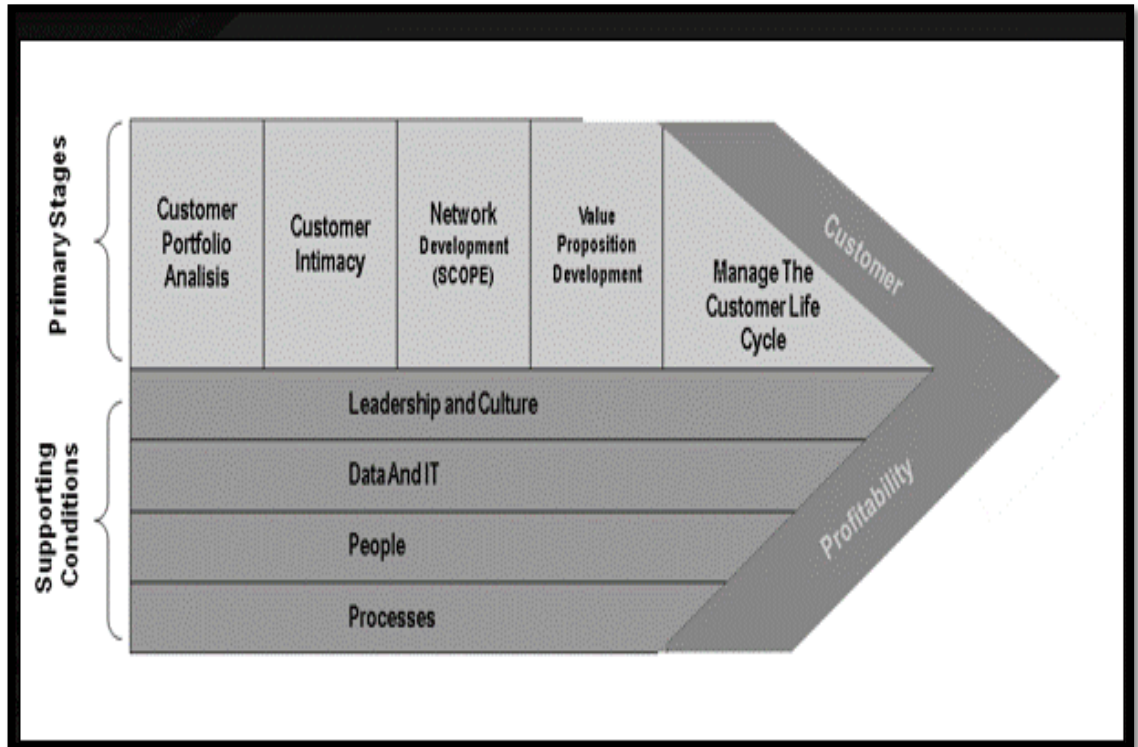


Figure 4. The customer relationship management value chain (Source: Buttle 2004, 40)

3.5 Benefits of customer relationship management

The reasons that companies have adopted customer relationship management because it can improve productivity across the perfect range of key marketing functions: detecting prospects, acquiring customers, developing customers through cross selling and up selling, managing customer migration, serving, retaining, and increasing customer loyalty and win back defectors. Many organizations have realised the benefits of customer relationship management as retaining and pleasing the right kind of customers, gaining repeatedly purchasing customers and increasing profitability. (Baran & Galka 2013, 9-15.) CRM is a technology or software that helps track data and information about the customers to enable better service. Customer relationship management help to acquire profitable customers, to be focus on enterprise customers as a key to competitive advantage. It helps to retain profitable customers longer, win back profitable customers and eliminate unprofitable customers. Companies can upsell additional products in a solution, cross sell other products to customers, referrals and word of mouth benefits and reduce service and operational cost (Rogers 2004. 307).

3.6 Customer retention

Customer retention has been defined in many ways definitions often explain the length and breadth of the subject area, thereby adding value in understanding the nature of the field in totality. In Peelen`s view (2005, 162-163), customer retention as:

“Customer retention in a marketing sense means holding on to customers. If a company becomes aware in time of those customers who demonstrate an increased likelihood of ending the relationship, then it can take action to prevent this.”

Customer retention is a system of activities for improving the transaction process, based on the positive positioning of the customer, and the consequential readiness for successive purchasing. Retention strategies work best when company retention level is high because only a small 5 percent increase in retention can increase company profitability to over 85 percent. Retention strategies are profitable not only because of increased revenue from loyal customers but also, because of reduced costs of serving long-time customers. The two possibility can be differentiated from the customer point of view with concern to customer satisfaction, loyalty and constrained (Bliemel 1998, 37-44).

Loyalty customers are voluntary commitment, that customer have the opportunities to change the company anytime. Customer`s economic and emotional reasons should be taken into consideration. Customer satisfaction is more importance and have to give highest priority in emotional reasons, because customer will only remain loyal under a company`s existing conditions, if they are so satisfied with the company that they do not want to change. A constrained is the situation where customer have no actual or legal opportunity to change their provider, or if this can only be done with the great difficulty or a great expense. They are involuntary bound to a company. Example in oligarchical political situations or in monopolies, but can also come about through contracts or via compatibility standards. Citizens of many countries in the world can relate to the concept of having much choice in the way of political representation or in industries monopolized by one major player. The ability to change is thus required due to lack of available alternatives. (Bliemel 1998, 37-44.)

3.7 Advantages of customer retention strategy

Herrmann A (2000, 51-52) stated that in the tough, tooth and nail competition, the companies that have managed in the past to closely bind their customers to themselves, thereby protecting customers against competitor attempts to attraction them away, have the advantage. The mutual acceptance grows as the duration of the business relationship grows. The customers will continue to trust their regular supplier if that supplier has an unsatisfactory service. This kind of relationship bond remains if the large number of interactions with long time relationships between business partners entails. The intensive situation of working together leads, among other things, to a strong mutual interest to share information and make complaints. The customers can reveal their observations concerning product quality and share their opinion and annoyances, as to improve, all of which serves as a basis for an innovative form of services. Customer retention can strengthen the security of the manufacturer; reduce various risks like the fear of failure. When the company knows the needs of their customer well, production risks are also determined and can be reduced. Closely connected with this is a lower investment risk, once management has more dynamically concentrated its policies of innovation on the requirements of the sales market. Companies customer relationships, as a rule, also bring with them improved benefits in the area of expenditures. With increasing customer trust, there is also a growing willingness to refer to the company and the tendency to recommend it. A phenomenon generally known as word of mouth advertising experienced as more believable when it is not seen as being influenced by the company. The relationship between the customer retention and commercial success of a company has a positive impact. Profit per consumer increases with the increasing customer relationship duration, as the duration of a customer relationship increases the firm experiences less costs associated with finding replacement customers. The higher the percentage of the customer relationship of firm the higher the bottom-line profit potential.

3.8 Factors of customer retention profitability

There are different factors, which influence the customer retention profitability like product, price, communication, distribution, customer clubs, customer cards, complaint

Management, the input procedure, the case processing procedure and information collection procedure. Customer retention can be achieved in various ways with the quality services provided to the customers and giving more priority to the existing profitable customers. In Figures 5 and 6 show the relationship between customer commitment and company success, according to the example of a credit card company and a garage. Where both accounts the profitability grows with the increase of the business relationship's duration. (Raab 2008, 84.)

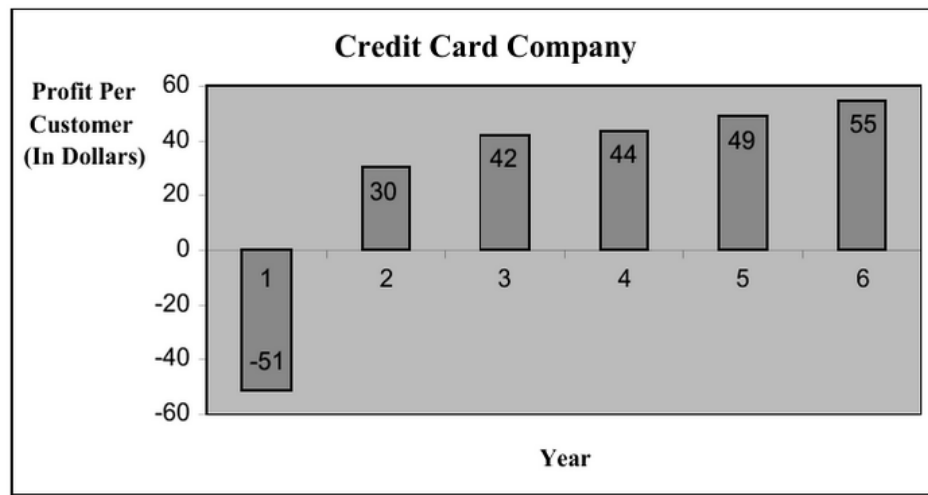


Figure 5. Credit card company (Raab 2008, 84)

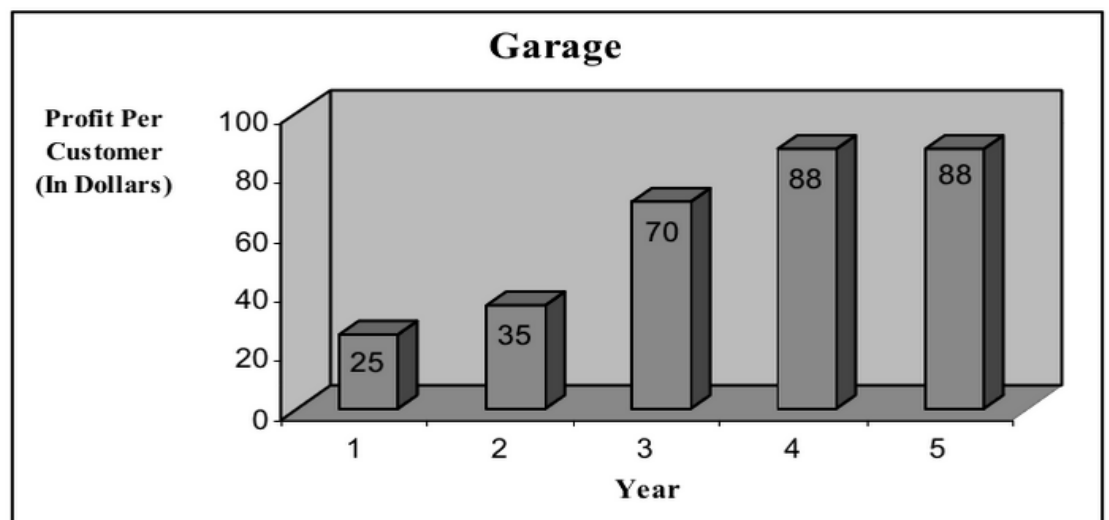


Figure 6 Garage company (Raab 2008, 84)

Product

The quality of the product can attract customer for example through a product development process shared by the customer and the provider. The essential fulfilment is thereby achieved in that jointly developed product achieves the customers' expectations. Furthermore, the customer is strongly integrated through the development process, getting to personally know the company contact and therefore develops an emotional connection. Therefore, quality standards, designs, and additional product services can also contribute to customer commitment. (Raab 2008, 84-89.)

Price

Price is the key element in the reaching the customer satisfied. Price plays an important role in the functioning of economic system. Giving discount and bonus on purchasing will attract customers towards the products. Customers can also be made loyal by satisfaction dependent pricing systems and money back guarantees in case of dissatisfaction. In this case, special contracts and standard customers pay different prices, which are graded according to purchase quantity. A potential customer, who is granted better conditions with the growing length of the business relationship or with increased purchase quantity, will carefully consider whether they will choose another supplier, and thereby pay with this benefit. On the other hand, possibility consists of contracts that vary in the level of basic amounts and in price per unit. (Rowley, 2006)

Communication

The continuous communication with the customer should lead to an increase in the customer's loyalty to the company. Classic elements here include personal contacts with the customers in the form of customer's forums, field service, direct mailing efforts, telephone contact and complaint management system. Companies are more active using the internet, email and voice over IP technology. For example, the internet based company; Amazon.com has recently got success in achieving repeat purchases by tracking not only what individual customer purchases, but also what other customers who also purchased the same item have purchased in the past. Through email communication, customers of Amazon.com can view similar items based on purchases made by other customers. If customer has an interest in a certain topic, certain form of music or certain hobby reviewing items of interest as determined by Amazon.com can

be very helpful. If there is lack of such communication efforts, then customers may choose their purchasing requirement elsewhere. (Raab 2008, 84-89.)

Distribution

The standard modes of distribution are commerce, catalogues sales, direct delivery and subscriptions. The sales product over the Internet is also becoming increasingly more important. The emails sent to customers detailing similar items of interest often act as customized sales catalogues for the seller.

Primary Effect Tool Category	Focus Interaction	Focus Satisfaction	Focus Barriers to Change
Product Policy	<ul style="list-style-type: none"> • Joint Product Development • Internalization/ Externalization 	<ul style="list-style-type: none"> • Individual Offers • Quality Standards • Service Standards • Additional Services • Special Product Design 	<ul style="list-style-type: none"> • Individual Technical Standards • Value Added Service
Price Policy	<ul style="list-style-type: none"> • Customer Cards (Raising Level of Information) 	<ul style="list-style-type: none"> • Price Guarantees • Satisfaction-Dependent Pricing Systems 	<ul style="list-style-type: none"> • Discount and Bonus Systems • Price Differentiation • Price Bundling • Financial Incentives • Customer Cards (Granting Discounts)
Communication Policy	<ul style="list-style-type: none"> • Direct Mail • Event Marketing • Online Marketing • Proactive Customer Contacts • Service Numbers • Customer Forums/Advisors 	<ul style="list-style-type: none"> • Customer Clubs • Customer Magazines • Telemarketing • Complaint Management • Personal Communication 	<ul style="list-style-type: none"> • Individualized Mailings (High Value for the Customer) • Establishment of Customer Specific Channels of Communication
Distribution Policy	<ul style="list-style-type: none"> • Internet/Lotteries • Product Sampling • Visits to the Workshop 	<ul style="list-style-type: none"> • Online Ordering • Catalogue Sales • Direct Delivery 	<ul style="list-style-type: none"> • Subscriptions • Customer-Oriented Choice of Location

Figure 7. Tools of customer commitment (Raab 2008, 86)

Figure 6 shows various tools of customer commitment in an overview format. Which tools should be implemented depends on the individual goals of a company. A company has to decide to choose a specific primary effects itself whether it wants to con-

concentrate on interacting with the customers, the satisfaction of customers, or on the barriers of change. On the other hand, maybe a combination of all of the above is also beneficial. According to Raab (2008, 84-90), the three tools of customer commitment that have been gaining steadily in significance recently will be discussed in detail: customer cards, customer clubs and professional complaint management.

Customer clubs

The customer club is an organization of the customers who are offered special services because of their membership. Interested customers can join these clubs on a voluntary basis. Special services can include up to date information, payment options and the entitlement to special services, attract offers and private event. A company can attempt to offer a membership with extra value to suggest exclusivity or additional benefit. Customer clubs can be divided into closed and open club groups. Open clubs are freely accessible to everyone or to all customers whereas in closed clubs there are limitations, such as membership fees. Not every customer can afford or want to pay these fees. Therefore, it is possible to specifically evaluate members and target groups. The customer club service centre is the hotline of the club. This hotline caters to the needs of the customers and, at the same time, maintains the customer databank. (Raab 2008, 89.)

Customer cards

The success of customer cards depends on the function and services offered, which should benefit the customer. Customer cards have over time evolved from their original function as a means of payment into a marketing tool. Companies attempt to bind the customer to them with original service offers and systems of discount. Whether department stores, supermarkets or gas stations, many companies are currently attempting to entice with varying forms of customer cards. Whoever owns one can obtain, for example, a special price, advantages, trust and bonus points as well as credit. Through offering special services, companies validate the feeling of being a regular customer thus encouraging the customer to take the companies more seriously. The consumer is personally addressed, receives offers only for cardholders and can see himself or herself as being a valued company patron. With customer cards, the frequency of visits increased and, on average, a rise in the quantity of purchases is observed. (Raab 2008, 84-90.)

There are various kinds of customer cards, customer cards without a payment function, cards with revolving credit, cards with a bonus function and customer cards with a discount function.

Five customer cards and their functions are compared below.

Issuer	Function
Karstadt/Hertie	3% Discount, also possible without payment function (Coupon, as a bonus or paid out in cash).
Payback	No payment function. With a purchase a discount of between 1 and 3% is received. Starting at a certain point, credit accrued in this way can be transferred to the customer's account. He can choose from various deals in the Payback Shop.
Douglas	Card with payment function, Douglas Magazine five times per year, small surprises and coupons for test sample (an annual fee applies).
Ikea	Cashless shopping, financed purchasing, assurance of transportation while shopping, the customer magazine "room".
Quelle	Cashless shopping, payment in installments.

Figure 8. Comparison of customer cards (Raab 2008, 89)

Complaint management

Customer management motto `do it right the first time` enjoy an advantaged place, complete satisfaction of all customer wishes is not always assured and possible mistakes in the adaptation of services may not be omitted. Effective complaint management should therefore be seen as an important tool. Customers invariably complain when they are not satisfied with the service received or with individual elements of the service. The motive because of all complaints is accordingly the disappointment of expectation that have been experienced concerning a product or service. The service

received does not add up the customer's personal wishes. Therefore, the customers look back to the company, complaints with the hope of solving the problem that has arisen (Christianus 2002, 71).

Christianus (2002,72-75) mentioned that an active complaint management system should truly benefit the company, by re-establishing customer satisfaction, through a handling of the complaint that is as persuasive as possible. In order to assure a professional way of dealing with complaints, the following three aspects should be considered,

The input procedure

First the individual customers with dissatisfied should be known by the company. The task of complaint management is to direct the flow of complaints. The company can only help the customers who are actively complaining and encourage the silent majority to speak up. One requirement to ensure participation by the silent majority is lack of difficulties associated with the filing of a complaint. The suggestion boxes or other methods of collecting complaints should be checked frequently, so that the dissatisfaction can be determined as soon as possible.

The case processing procedure

This procedure involves the quick and inflexible processing of customer complaints with the goal of remedying the customers concerns in the way that is convincing to the customers. Whether regaining of the customers satisfaction is successful is decided in the context of the case processing procedure. A company can only truly win back those customers who receive a solution to their problem that in their eyes is convincing. In this instance, the social competence of customer contact personnel is important, since handling with the highly emotional conflict situation may often be required.

This procedure involves checking, the complainants are questioned concerning satisfaction with how the process of dealing with their complaint went, as well as how to

satisfy the customer by solving the problems. Moreover, meeting the needs of dissatisfied customer as so as possible.

Information collection procedure

The information collection procedure consist of acquiring information that can be used for the future improvement to the process integral to the rendering of Services and relevant individual features of services. With the basis of an exhaustive analysis of customer complaints, a company can discover what particular weak point and problem areas with the services provided.

3.9 Customer retention as a key to business performance

Customer retention has more impact on profit than market share, economies of scale and other variables that are considered to provide complete advantages for a firm. While acquisition strategies are necessary to fill the pipeline with customers to counter inevitable attrition, it should be remembered that customer equity is more dependent on customer retention than customer acquisition. For most firms, improving customer retention can lead to very significant increases in profitability. Customer retention strategies work best when industry retention levels are high and there is a significant step in the company`s customer base. Only five percent increase in retention can increase a company`s profitability to over 85 percent. Customer retention strategies are profitable not only because of the increased revenue from loyal customers but also, because of the reduced costs of serving long-time customers. A customer retention strategy is based on two types of bonds, programmatic and humanistic. Programmatic bonds consist of rewards programs (priority treatment with regard to notice of sales and events, tickets, invitations, free merchandise, etc.), and procedures that make it difficult for customers to switch the provider`s termination penalties, lengthy forms to complete, and a lengthy time involved etc. Humanities bonds refer to the treatment given to customers by highly trained personnel. E- Marketing through (email and newsletter) and social networking have become two of the most cost effective ways to retain customers and gain a greater share of wallet. Companies can also develop computerized systems that can personalize offering and tailoring products and services to specific customers. Recommendations can be made based on the buyers` purchase history and history of buyers similar to them. For dealing with customer complaints and

problem resolutions, customer contact personnel can be trained to provide outcomes for customers based on their company value. After viewing a customer's value profile, they can choose to accommodate a high value to customers. (Baran & Galka 2013, 230-243.)

3.10 Creating Trust to build customer retention

Trust is the medium to connect one party's confidence with the other relationship member's reliability, durability and integrity and the belief that its actions are the best interest of producing positive outcomes for the trusting party. Trust plays an important role to retain profitable existing customers. Trust is an indispensable component of a healthy, growing relationship between a company and its customer. The customer's own level of commitment to his relationship with a company build long term trust. It Enterprises create trust-based customer relationship through the actions of their employee and partners, and through company strategies and policies to keep existing customers. (Rogers 2004, 43-44.)

In service company customers have to go through the consumption or delivery process in order to learn about the product, this represent a big risk that the reputation of the service provider has significant bearing on purchase decisions. To enhance trust firm should really listen to customers feedback and try to give immediate reactions, infrom customer about the risk and problems of different services. Trust brings positive word of mouth and number of operational benefits to a given service encounter. Hence, building trust to retain customer is profitable to a company. (Chase 2013, 67,87.)

3.11 Impact of life time value customer on customer retention

Companies want to be responsive by keeping open dialogue with their customers by adapting customer retention approach like effective programs for receiving and responding to complaints, active solicitation and analysis of customer satisfaction data, and the development of long-term strategic relationship with customers by evolving changing needs. When dealing with customer a company must consider lifetime value of satisfied customer rather than individual profit gained transaction customer. As life time value is not a new concept but it is widely used in consumer goods brand man-

agement, to prevent customer from switching brand because long term customer behavior is the key to success, due to cost effective on retention customer than acquire new ones.

The simple example, to show value of life time value concept. Let's think a young person buying his first car but he could not afford the expensive one due to weak financial situation. Whereas the dealer profit from selling car will be also less. It is appealing that this customer is not important. But, some companies realize that this is not the case. Volvo, for example enhance customer loyalty and repurchase. The young people who buy an inexpensive Volvo 360 may buy a medium price car Volvo 740 after several years after increased earning power. Even after several years same customer may buy luxury car, Volvo V70. The dealer profit increase over time, as the customer becomes more establish financially. The future purchases customer is apparently worth, based on the current purchases. Hence, life time value customer should be retained because it is cheap to retained existing customer than acquire new customer, customer satisfaction should be used to enhance and develop relationship with life time value customers, and retaining existing customer are profitable. (Leventhal 2006, 434-435.)

3.12 Key performance indicators of customer retention programmes

A company should focus on the sales and profit adjusted retention rates in each customer segments, calculating the cost for customer retention and the cost for obtaining new customers. Unprocessed retention rate should be focused on the company, in each customer segment, towards the sales-adjusted retention rate and profit adjusted retention rate. Customer retention plays an important role allowing to know the amount of business a company gets through a specific retained customer, customer churn rate per channel and the cost effectiveness of the customer retention strategy (Buttle 2004, 319).

A dissatisfied customer is expensive, and it costs five times more to get new customer than retain a current one. For example, one customer who spends 100 euro

per week stops doing business with a company, which will lose 1 euro million in annual revenues. Retaining existing satisfied customers will generate the medium of word of mouth and repurchasing the company`s products and services, which, on the other hand, is beneficial for the company`s indirect marketing and financial benefits. (Petouhoff 2002, 11-15).

4 Methods and materials

Research design can be classified into three categories: exploratory, descriptive and explanatory studies. The exploratory case studies show an initial study in advance of wide-scale surveys to map out the themes for successive research. Descriptive research is usually used to expand on the trends that have already been discovered by survey research. In addition, explanatory research helps to seek to derive a detailed understanding of a particular phenomenon. (Lee, 2007.)

The research will mainly, focus on how the service providing company Amica restaurant of Valmet Oy Ltd. can improve their customer retention by constantly developing their business strategy. This includes the assessment of certain variables such as customer relationship management, relationship marketing and influence of customer retention strategy. Exploratory research was used, in order to gain a better understating of the research area. Hence, the research purpose is explanatory by drawing conclusions that answer the research questions.

4.1 Data collection

A qualitative research approach was chosen due to the small number of potential participants. Quantitative research would have required many more respondents in order to get reliable data. The primary data was collected by using semi-structured methods in by interviewing the participants. The interviews were conducted via e-mail. An email interview allows a flexible time period for the respondent and interviewee, where the interview can be conducted over an extended period of weeks or months. (Mark Saunders, 2009, 349-351.) The case company was chosen due to the personel working experience in the amica restaurant. The interview request was send via email. In order to conduct the research interview, the first interview was requested by sending an email to the director of the Amica restaurant of Valmet. The author got a reply from the director of the company and the recommendation to contact the manager of the restaurant. After that, the author emailed the manager of the company and agreed on a personal face-to-face meeting to further discuss the thesis topic and research objectives and added value for the company. The author prepared beforehand for related research questions.

The author and the manager agreed to meet on January 21st 2015 at 4 pm . At the personal meeting with the manager; the author explained the thesis topic and asked the manager whether he could perform the interview method to collect data. The manger allowed the researcher to interview another employee of the Amica restaurant by email as the schedule of the manager and the workers were very tight, and it would take a longer time and be difficult to arrange a face to face interview. The manager forwarded the author`s research questions to the other employee.

The researcher translated the research questions into Finnish in order to get more respondents. The interview was conducted with four employees of the Amica restaurant. The interview questions both in Finnish and English languages were sent through email. At first, there were just two respondents to participate in the research. It was quite difficult to derive reliable data just from two respondents. Nevertheless, after discussing with the tutor and the manager of the amica restaurant, the author decided to send those questions in Finnish as the two other participants felt much more comfortable to answer the questions in their native language. The author had difficulties with translating those questions into Finnish but with the help of an online dictionary i.e. a English-Finnish dictionary, and with the help of Finnish friends, the questions were translated into English. The author applied the same procedure in order to translate the answers of the respondents. The secondary data was collected by visiting the company website and materials provided by the amica restaurant.

4.2 Qualitative research

Qualitative research is an exciting interdisciplinary landscape comprising diverse perspectives and practices for generating knowledge. The qualitative approach to research is a unique grounding the position from which to conduct research that fosters particular ways of asking questions and particular ways of thinking through problems. The questions asked in this type of research usually begin with words like how, why, or what. The social meaning people attribute to their experiences, circumstances and situations, as well as the meaning people embed into texts and other objects, is the focus of qualitative research. Therefore, at the heart of their work, qualitative researchers try to extract meaning from the data obtained. The focus of research is generally words and texts against numbers. More than a concept or series of techniques that can

simply be employed, qualitative research is an intellectual, creative and rigorous craft that the practitioner not only learns but also develops through practice. (Leavy & Nagy, 2011,3-5.) It was said that qualitative research could consist of observation and participant`s observation, interviews, and researchers own perceptions and impressions. The qualitative research was applied, in order to collect the data from the employee of the Amica restaurant.

4.3 Interviews

Interview is one of the most powerful ways in which interviewing try to understand associated humans. It is the medium acquire information to the questions, which includes a wide variety of forms and range of uses. Depending on the situation, an interview can take place over multiple lengthy sessions or it can take a onetime brief exchange. Interview can also take in the form of mailed face to face, group interchange or self-administrated questionnaires' and telephone surveys. Interview can be structured, semi structured, or unstructured. In structure interview the interviewer pre-plan questions and asks all the respondents the same sets of questions. Whereas semi-structure and unstructured interview are non-standardised, these are usually referred to as qualitative research. (Fontana, 2007). Unstructured interview are used to explore general interested area in depth but in semi- structure interview the researcher has sets of questions and subject matter which is vary from interview to interview (Mark Saunders, 2009). Consequently, the interview was semi-structured, as the researcher allowed the participants to be flexible to respond the research questions. The researcher was not very strict about the questions presented but instead appreciated the variety in the answers of the respondents.

Due to the busy schedule of the respondents, the interview was held via email because the interview can be conduct by email a part from one to one interviews conducted face-to-face basis. The interview questions concentrated on the relationship of customer. The interview questions were emailed to four staff members of the restaurant in both the Finnish and English language. The interview was conducted over an extended times of weeks so that the respondents have enough time to answer the research questions.

4.4 Data Analysis

According to Yin (2003), research projects should start with a general analytical strategy providing the researcher with a system by which he or she can set priorities for what to study and why. Two general analytical strategies are available when performing a case study, namely relying on theoretical propositions and developing a case description. Relying on theoretical propositions is favoured strategy and the strategy used in this study. Using this strategy the data collection is based on the research questions taken from previous studies. The findings of the research will then be compared with the findings from previous studies.

Miles (1994) further state that the process of analysing qualitative data concentrate on data in forms of words and processing of these words is an aspect of the analysis procedure. The procedure consists of three activities:

- Data reduction is viewed as the process of selecting simplifying and transforming the data in an arranged; way that conclusion can be drawn and verified.
- Data display refers to the presentation of reduced data in an organised way in order to simplify the process of drawing conclusions.
- Conclusion drawing is the ultimate analytical where the researcher evaluates the significance of the finding by noting regularities, explanations, patterns casual flows and proposition.

When the data in the study were analysed the three steps suggested above were followed. The research has been implied conclusion drawing analysis regarding qualitative data within case analysis. First, for each research question included in the study the empirical findings have been compared to the literature and theories in order to make with in case analysis and data gained from the case company is compared and finally drawn conclusions from the data gained from the company.

In e-mail interview data analysis process started before the interviews by dividing the phenomenon`s different aspects to themes. Therefore, it would simplify the analysis process after the interviews. Next step was interviewing the respondents, after the interviews, the responses were interpreted word for word. After that, all the answers

were put together and then deleting all unnecessary texts from the text, which did not have any value on this research. Then it was time to read answers repeatedly to find out the key issues that was answered by taking notes, mind maps and figures.

Benefits of customer relationship management, analysis

The objective of this question to interviewee is to know how the employee know about the customer relationship and apply to the company to increase services profit and value of the company.

After the respondent of the interview, the researcher is happy with the employee of Amica practice and knowledge about customer relationship management all of the interviewee mention the key point of customer relationship management, which are to build the future relationship with their customer, to gain customer trust, to fulfil customer needs and provide right service in right time. However, no one mention that the customer relationship management also increase the benefits of the company if author increase data sample then the result would be different.

The benefits of customer relationship management presented in theory part, page 14, presents the positive pros. The benefits of customer relationship management is to develop relationship that is more profitable with customers and increased customer satisfaction.

Advantage of customer retention strategy, analysis

The objective of the questions was to know that how the Amica restaurant can get advantages of using customer retention strategy and how can company apply customer-retaining strategy.

Based on the interview questions, the interviewee mentioned that it helps to know the customers and their needs and able to recommend to right a product which the customer will prefer or interest. Able to react for the customer feedback which meet the expectation of the customer. Customer retention helps to learn about the customer needs and recommend to existing customer their like services.

As mention in the theory part in page 16 to 21, understanding customer retention is a system of activities for improving the operation process, on the basis of the positive positing of the customer because retention strategy work best when the company retention level is high because only 5 percent increase in the customer retention can increase company profitable to over 85 percent.

Customer retention strategy as the key to their business performance, analysis

The objective of the question was to know how Amica restaurant of Valmet oy apply customer retention strategy as the key to their business performance.

After the respond of the interview, the researcher agreed with the employee of Amica. The practice and knowledge about customer retention strategy they apply as the key to their business performance all of the interviewee mentioned the key point of customer retention strategy responsibility of the employee by giving training to the employee, respecting working environment, employee should fulfil the responsibility, introducing to his/her job, good guidelines, training and bonus. Towards the attitude of the employee the respondent mention that there should be yearly appraisal, daily meetings (morning and evening),employee should ask the question that are not clear during working environment, asking feedback from the managers from previous working day and same day. The employee's positive attitude really matter because if customer service is generally positive client is in good spirits and satisfied. Positive attitude is significant. Towards evaluation of customer relationship the respondents mention the yearly customer satisfaction survey should be done, head secretary meeting should be done at least once in a month. And reacting to the customer feedback, held the conversation between the customer and company management team. Towards the change of performance if needed the respondent mention that they do it several times like by changing the products. The company is ready to accept the changes in the performance if needed. By reacting on time according to the program of the company. The company has a meeting with the customers at regular intervals, and if there is, a problem comes up activities to change. The change must be ready at all times. To behave with the different types of the customers respondents mention that Amica restaurant have three different kind restaurant in the valmet area and restaurant prepare different kinds of foods for different customers. There are differences, and the differences must

be also aware of different customers and exercise in favour of customers. To the training of the employee the respondent, mention that they have lot of training from customer service to serve or make food and how to garnish food. The employee should be educated and the education should be arranged from time to time and the development of the employee should be checked and followed. The training of the employee is very important. However, the employee should also be active enough to update themselves by learning and reading things that are related to their work.

The customer retention strategy as a key to business performance mentioned page 25 & 26, customer retention has more impact on profit than market share, economic of scale and other variable that are considered to provide complete advantages for a firm. Customer retention strategy are not only profitable because of increased revenue from loyal customers also because of reduced costs of serving long time customers.

4.5 Reliability and Validity

Validity is a process whereby the researcher earns the confidence of the reader that he or she has gotten it right. Trustworthiness takes the place of truth. Validity takes the form of subjecting one`s findings to competing claims and interpretations and providing the reader with a strong argument for particular knowledge. (Leavy & Nagy, 2011)

The interviews were designed to increase validity to compare the findings, which hopefully lead to a better analysis. The interview questions were planned to provide relevant data. In this research, validity is used in the evaluation of the questions. Logically, the nature of the questions asked is critical to the reliability and validity of an interview. If the questions are not related to the issues to be examined, we should not expect the results of the research necessarily to be comparable because each interviewer has, in fact, collected different information about the interviewees. Validity is properly implemented if the target group and the questions are accurate. The assessment of validity usually directs the attention on the question of how well the research approach and methods used correspond to the phenomenon, which is to be examined. The author constructed the questions that would give a basis for positioning the company and evaluating its input to customer relationship management. The author got

straightforward answers to direct questions, which contributed to reaching validity. From the answers to the questions, the author got a basis to continue the research and, in addition, they supported the author's original thoughts about the issues considering customer relationship management and customer retention. Naturally, it gave a deeper insight into the process. The author used their original ideas on each question and answer and based on the new information gained in the analysis. The author strived for a natural continuum each time findings were made so that there would be conformity throughout the research.

Validity is concerned with the generalisability of the research, whether it can be applied to other research settings. This is a great concern when dealing with single case studies as the results usually only reflect that organization. With an increased number of cases studied, this problem is reduced. (Saunders, Lewis, & Thronhill, 2009, 158).

The reliability of a research is assured by similarity in the interpretation in further studies regardless of the interpreter. A questionnaire has to be reliable in order to be valid. Reliability is, therefore, concerned with the strength of the questionnaire and in particular, whether or not it will produce consistent findings at different times and under different conditions, such as with different samples or in the case of an interviewer administering a questionnaire with different interviewees (Saunders, Lewis, & Thronhill 2009, 373).

In this research, documentation was used in order to collect the secondary data relevant to the study. This was conducted by visiting the websites of the company and other material provided by the company itself. Consequently, in this research documentation was the most important measure of reliability. To ensure the highest reliability of the research, the proper questions in the questionnaire were created so that the respondents would not misunderstand or be misled by the questions. Uncertainty in the vocabulary and sentence structures was eliminated by a serious consideration to make sure that the respondents were put in the appropriate context of the questions. All the questions in the interview questionnaire always support a specific purpose of the research in which none of the questions give useless information. However, proper and simple questions also help the respondents save their time and focus on giving the most honest answers.

5 Findings

The research questions sent via email are included in the Appendices. According to the respondents, the advantages of customer relationship management are mentioned such that it helps to know what their customers really want and with the help of this knowledge, the restaurant can provide the right service at the right time for the customers. It helps to build a future relationship with the customers. Both the customers and the company can have mutual advantages, when both parties know each other's needs and desires. To create customer retention, the model of Porras i.e. by Christopher, Payne and Ballantyne was used. The strategy applied to build the customer relationship can be summarized as communicating with the customers, arranging customer group meetings four times a year, surveying once a year, collecting customer feedback and keeping in mind that face-to-face communication is important. They apply different marketing plans to surprise customers by providing discounts on the food prices on special occasions. Recently, changes have been made to the customer relationship but the changes have not been mentioned due to confidentiality. The changes are made after a brief discussion with the customers on necessity of any changes. The communication channels that were employed to reach customers were info walls, internet, e-mails, group meeting, feedback book and telephone, survey of the customer satisfactory, meetings with the customers, secretary meeting, collecting feedback and e-mails from the customers. They mentioned that they have different types of customers with different tastes and desires.

As for the question how the company can get advantage from using a retention strategy, the respondent answered that it helps to know the customers and their needs, which allows to recommend right products to the right customers. It helps to correct weak point through customer's feedback which meet the expectation of the customer. Customer retention makes it easier to learn about the customer needs.

As for the question how Companies can apply a customer retention strategy as a key to their business performance, the respondent answered that the responsibility of the employee would increase, employee will focus to their specific job position to per-

form better, company can provide good guidelines, training and bonus to the employee, which would correct the attitude of the employee by a yearly performance appraisal, daily meetings and managing the feedback of customers. A customer relationship is evaluated by arranging a customer satisfaction survey yearly and secretary meeting about every second month. The firm have made many changes to promote customer service by changing in products and the way they train the employee. As for the attitude of the employee, Respondent mentioned that there should be a yearly appraisal, daily meetings (morning and evening), and employee work evaluation. The employee's positive attitude really matters because if customer service is generally positive, the client will be satisfied. A positive attitude is significant. As for the evaluation of customer relationship, the respondents mentioned that yearly customer satisfaction survey should be made secretary meeting should be arranged at least once-a month. Reacting to the customer feedback, conversation between the customer and company management team to increase customer touch point. As for the change of performance within the company if needed the respondent mention that they do it several times like by changing the products, the company is ready to accept the changes in their performance if needed and by reacting to customer feedback solutions on time according to the program of the company. The company have a positive thought with the customers at regular intervals, and if there is, a problem comes up activities to change. To serve different types of the customers, the respondents mentioned that the Amica restaurant have three different kinds of restaurants in the Valmet area and these restaurants prepare different kinds of meals for different customers. There are differences, and the differences must be also aware of different customers and exercise in favour of customers. As for the training of the employees, the respondents mentioned that they have a lot of training in customer service for their employee on serving food and garnish food. The employee should be educated and the education should be arranged from time to time, and the development of the employee should be checked and followed. The employees should also be active enough to update themselves by learning and reading things that are related to their work.

6 Discussion

6.1 Research Results

The research questions presented in the chapter 1 presented the solid base for the research. The outline of the survey together with the supporting literature revealed, in the case of Amica restaurant of Valmet Oy, that there is a demand for customer relationship management and increase customer retention strategy that it is relevant for successful business operations presently at marketing relationship and possibly be even more in the future. The strategy will not only increase the company's business performance, but can also save money in terms of time and marketing cost for acquiring new customers rather than focusing on existing customers. When focusing on the customer retention rate is equivalent to a low defection rate. Customer retention is the mirror image of customer defection rate. Proper process for customer feedback, complaint management, front staff training, special bonus and offers to customers will increase the business performance, which is an improvement for the employee-working environment. As the more satisfied customers, a better public image will be presented to them and more value will be created for the business.

Customer's level of commitment was more dependent on employees' personalities than on the efforts of leadership. Customers plays a vital role in the business performance to leads towards the success. The satisfied customers helps indirectly in promotional activity to attract the new customers with words of mouth communication channel.

6.2 Research Analysis

➤ Interview

An interview was done to increase the understanding of customer relationship management by investigating the service company and their relationship with customer to increase customer retention. The food service company was chosen because they deal

with the customers all the time serving foods. By limiting population to existing partners, the validity of the research results may be compromised and at the same time limited in two ways:

1. The respondents are already in the cooperation with the Amica restaurant, so they had already formed an opinion about the company; this may have caused a response bias such that the respondents answered in the way in which they thought the interviewer wanted them to, or in the way, they thought was most relevant.
2. Some of the company`s representative did not know about Customer relationship management and customer retention strategy, while others already had the system in the operation. This might have affected their responses even though the basic of customer relationship management and customer retention strategy were explained in the interview.

The questionnaire, however, is repeatable and as a tool for research, it gave reliable information even though there was minor threats to its validity. To increase the understating about the customer relationship management and customer retention the results of this survey can be compared.

➤ **Research Purpose**

Customer relationship management and retention strategy is not a new field of study and there are already many researches done before. Many papers available on customer relationship management system applied. In this research, however, the relationship between the service company and their customers to increase customer retention strategy are under close study. The research scope was set only to increase the understanding of service providing company and relation of customer to increase customer retention.

The author investigate the company relationship with their customer and focus more on customer retention strategy. So that the company can improve their relationship, more on the existing customers rather than spending lot of money for acquiring new customers.

6.3 Reflections on the Research

During the research, the author gained a lot of new informations regarding customer relationship management and customer retention strategy, which increase his skill level towards that the subject area. the researcher learned about how amica restaurant of valmet oy applies customer retention strategy to keep their existing customers and what they do to keep in touch with their customers. During the research interview, respond author got some feedback from the respondent that the questions were more related to the field of strategic management that is rarely used in the level of working place and questions were meant mainly for operative management. The author got chance to know his drawbacks and gained recommend to make questions more systematic to get answer to the research questions.

6.4 Reliability and Validity

The interview was designed to increase validity in the form of comparing the findings, which hopefully lead to a better analysis. The interview questions were planned to provide relevant data. In this research, validity is used in the evaluation of the questions. Logically, the nature of the questions asked is critical to the reliability and validity of an interview. If the questions are not related to the issues to be examined, there should not be expectation on the results of the research necessarily to be comparable because each interviewer has different information about the interviewees. Validity is properly implemented and the target group and the questions are accurate. The assessment of validity usually directs the attention on the question of how well the research approach and methods used correspond to the phenomenon that is to be examined. The author constructed the questions that would give a basis for the positioning of the company and evaluating its input to customer relationship management. The author got straightforward answers to direct questions and this contributed in reaching validity. From the answers to the questions the author got a basis to continue the research and in addition, they noted that answers supported author's original thoughts about the issues considering customer relationship management and customer retention. Naturally, it gave deeper insight into the process. Author used their original ideas on each question and answer and based on the new information gained analysing was done. The author strived for natural continuum each time findings were

made so that there would be conformity throughout the research. It is great concern of validity when dealing with single case studies because the result usually only reflects that organization. However, with the increased number of cases studies the problem is reduced.

To ensure the highest reliability of the research, the proper questions in the questionnaire were created so that the respondents would not misunderstand or be misled by the questions. Uncertainty in the vocabulary and sentence structures was eliminated by a serious consideration to make sure that the respondents were put in the appropriate context of the questions. All the questions in the interview questionnaire always support a specific purpose of the research in which none of the questions give useless information. However, proper and simple questions also help the respondents save their time and focus on giving the most honest answers. Accurate recording, transcription and documentation of all research data and process insured the reliability of this study.

7 Conclusion

The aim of the thesis was to increase the understanding of customer retention by investigating a service company, which can improve their customer retention through customer relationship management. Companies may choose to apply different parts of customer relationship management to their businesses through technology and other means of communication with their customers, various training programs and other resources devoted towards the employees of the company. Evaluating the past and present behaviour makes it possible for the company to adopt the most effective business strategy.

Customer retention strategy helps a company to gain profit because only five percent of the existing customers can lead the company towards 85 percent of the gross profit. Customer retention is the mirror image of customer defection rate. A proper process for customer feedback, complaint management, front staff training, special bonus and offers to customers will increase the business performance, which is an improvement to the employee-working environment. The more satisfied the customers, are the better public image will be presented to them and more value will be created for the business.

An interview was done to increase the understanding of customer relationship management by investigating the service company and their relationship with customers to increase customer retention. A food service company was chosen because they deal with the customers all the time serving food. Customer relationship management and retention strategy are not new fields of study, and there are already many previous researches.

One of the respondents gave some feedback saying that the questions asked during the research process were more related to the field of strategic management. The author got a chance to know his drawbacks. The interview was designed to increase validity in the form of comparing the findings, which hopefully lead to a better analysis. The interview questions were planned to provide relevant data. Validity is properly implemented if the target group and the questions are accurate. The assessment of validity usually directs the attention on the question of how well the research approach and

methods used correspond to the phenomenon, which is to be examined. The author constructed the questions that would give a basis for positioning the company and evaluating its input to customer relationship management. The author got straight forward answers to direct questions, which contributed to reaching validity. The answer mentioned of the respondents additionally increased the validity of the research.

Documentation was the most important measure of reliability. To ensure the highest reliability of the research, the proper questions in the questionnaire were created so that the respondents would not misunderstand or be misled by the questions. Uncertainty in the vocabulary and sentence structures was eliminated by a serious consideration to make sure that the respondents were put in the appropriate context of the questions.

The conclusions are that companies have to realize that they have to do things right by listening to their customers and adopting a strategy based on mutual understanding with customers. The company has a better chance to overcome their competitors and be more efficient in building relationships with their customers by promoting customer retention.

7.1 Suggestions for further studies

This research focused on investigating the relationship between a service providing company and their relationships with the customers to increase customer retention. The study dealt with one firm within the food service sector. Further research related to the thesis topic would be of interest for professional service firms in other industries. Therefore, the topic would be good in further research on the service company to analyse the company's customer relationship management and success factors.

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Appendices

Appendix 1: Interview questions

1) What are the advantage of customer relation management?

What strategy applied to build customer relationship?

Are there any changes lately towards customer and customer relationship?

Communication channels?

Customer reaction?

2) How can the company get advantage from using retention strategy?

Customer satisfaction within the company?

Retaining existing customer?

What are customer real needs?

Advantage with retaining customer?

3) How can company apply customer retention strategy as the key to their business performance?

Responsibility of the employee?

Attitude of the employee?

Evaluation of customer relationship?

Change of performance if needed?

Differences when it comes to behave with different types of customers?

Training of the employee?

Appendix 2: Interview questions

1. Mitkä ovat asiakkuudenhallinnan hyödyt?

Mitä strategiaa käytetään asiakkuuksien luomiseen?

Onko tapahtunut muutoksia asiakasta kohtaan ja asiakassuhteessa?

Kommunikaatiokanavat?

Asiakasreagointi?

2. Kuinka yhtiö voi käyttää edukseen säilyttämisstrategiaa?

Asiakastytyväisyys yrityksen sisällä?

Jo olemassa olevien?

Mitkä ovat asiakkaan oikeat tarpeet?

Hyöty palaavien asiakkaiden kanssa?

3. Kuinka yhtiö voi hyödyntää asiakkaidensäilytysstrategiaa liiketoimintansa avaimena?

Työntekijän vastuullisuus?

Työntekijän asenne?

Asiakkuuden arviointi?

Toiminnan muuttaminen jos tarpeen?

Erot käyttäytymisessä erilaisten asiakkaiden kanssa?

Työntekijän koulutus?

Appendix 3: Interview request send to participants via e-mail

In English

Dear Mr.##/Mrs.##

My name is Nischal CK and I am studying facility management in Jyväskylä University of Applied Sciences

At the moment I am writing my Bachelor`s Thesis on the topic: “Customer relationship management and customer retention in service company”. My research will be based on interviews. These interviews are conducted for research purposes, to know the better understanding of company customer relationship.

I think your opinion and personal views would be very valuable for my research. Would you kindly give me the opportunity to interview with your company staff member via email?

Thank you already for your time!

Sincerely,

Nischal Ck