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Management’s role in customer satisfaction. Case company X

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Abstract
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The purpose of this study was to identify the aspects affecting customer satisfaction and to find out how the management can improve customer service. The purpose was to give guidelines to the case company of how to improve customer service and thus gain competitive advantage over competitors.

The data to this study was gathered from various online sources and literature. The core theories and concepts were CRM, creating customer satisfaction, managing employees and complaint handling process. The case company’s customer satisfaction poll results were used as a secondary data to set cornerstones to the study. Empirical findings were gathered by using a questionnaire with mostly open-ended questions. Questionnaires were distributed among employees of the case company and analysed using qualitative content analysis.

The results of the study show that there are various ways for the managers of the case company to improve customer satisfaction. It was revealed that providing workers with sufficient resources and feedback, as well as improving atmosphere in the store, the management could improve customer satisfaction. In addition, many other things like JIT-technique, complaint handling process and internal customer’s satisfaction improve external customer’s satisfaction greatly. Based on the findings, clear suggestions were given to the case company on how to improve in order to increase customer satisfaction and gain competitive advantage.

Keywords: customer service, competitive advantage, CRM, management, customer satisfaction, reclamation
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Appendix 1 Questionnaire form in English
1 Introduction

1.1 Background

Due to advances in technology and changes in global trade policies, globalisation has risen drastically over the past few decades. Globalisation has enabled worldwide markets for companies, but in return, the competition has increased. Companies now find themselves competing against not only the domestic competitors but against competitors all around the world.

As competition grows, companies are forced to develop better ways to compete. Cheap prices, innovation and good quality products are all a very common way to compete. However, all these are relatively costly way to compete. Due to this, many companies have chosen superior customer service as their competitive strategy. In fact, many studies show that majority of customers are looking for effortless and satisfying experience instead of just a cheap price.

However, customer service is a pregnant subject and it is not always easy to identify all the factors that affect customer’s satisfaction. Many companies conduct customer satisfaction surveys in order to find out how to improve their service. The problem is that these kinds of surveys are often too narrow-minded since only those issues are surveyed that company managers think are important. Also, in customer satisfaction research, customers and workers are studied in order to improve service quality whereas management’s role to customer service is often forgotten.

The author of this thesis has worked in a certain company for many years and seen the development of its customer service. However, new competitor entered markets and the case company wanted to improve their customer service. This triggered the want of case company managers to find out if they could improve customer satisfaction by better management of operations.
1.2 The case company

The case company is relatively large operator in Finland employing approximately five hundred workers. The case company operates in business-to-business industry and has several outlets covering the whole Finland from South to North. This research was conducted in one of the outlets located in Southern Finland in order to see if customer satisfaction in that particular outlet could be improved.

The case company’s customers are HoReCa professionals covering hotels, restaurants and catering. The case company’s customers can be roughly divided into two segments. People that physically come to the store and people who get their products delivered. Naturally, someone that is mainly a delivery customer can come shopping to the case company but this division helps determining important data such as customer satisfaction. People that come physically to the store often see the cashiers and managers of departments whereas delivery customers are only in contact with the case company’s phone assistant and delivery personnel. Therefore, there can be a great gap between customer satisfactions of these two groups, and the corrective actions should be aimed accordingly. Thus, improvements should be aimed to either personnel working in the store or personnel working with delivery customers.

The product variety of the case company is large including fresh and processed foods, frozen goods, alcohol and brewery products, dishes and table setting products and tobacco products. The main idea of the case company is to provide its customers with good quality and fresh products and consider customer’s individual needs.

The case company has four major competitors depending on the location of the outlet. Currently, the case company’s competitive advantages are good quality of the products and reliability in deliveries. In addition, sustainable development is an important part of the case company’s image. Thus, products with sustainability logos are preferred over normal products. Good quality and sustainability often cost more but the case company believes that its customers feel the same about
these issues and are thus ready to pay a higher price in exchange for quality products.

Due to bad economic situation and rising competition, a research on how to improve customer service and fight back to the competition is crucial for the case company. In 2014, a new competitor entered the market. Since pricing and products were similar with the case company and the competitor, the management of the case company wanted to improve their customer service and thus gain competitive advantage over their competitor. The case company had been conducting annual customer satisfaction polls in order to measure and improve customer satisfaction; however, the management felt like this was not enough. Thus, they wanted to find out if better management of operations could improve the customer satisfaction and the need for improved management style was triggered.

1.3 Objectives, research questions and hypothesis

Based on a general knowledge a hypothesis was made that by improving customer service system the company can also improve customer satisfaction and gain competitive advantage. Accordingly, the main objective of this study was to find out how the management of the case company could improve customer satisfaction.

According to the study purpose the research questions were:

- How can customer service be improved in the case company?
- What aspects affect customer satisfaction?
- How can the management of the case company improve customer satisfaction?

The sub-questions in the study are:

- Is it possible to improve customer relationship management in the case company?
- How the manager can improve customer service via better employee satisfaction?
In order to answer the research questions theories about customer service and management in general are studied. Theories about customer relationship management are also studied, as CRM is one of the key techniques in creating and maintaining good customer satisfaction level.

1.4 Delimitations

This study focuses on the possible means of the case company to protect itself from competition by improving customer service. The research was conducted on a case company with nineteen respondents. Since the sample size was relatively small, further conclusions based on the research results cannot be drawn to other outlets operating in the same area. However, other outlets owned by the case company might benefit from the results since the operations and main idea of business are the same as in the case outlet.

Since the case company operates in a business to business industry this study was focused on improving customer service in that particular industry, excluding business to consumer view. Therefore, further conclusions cannot be made to consumer markets based on this research.

One of the sub-questions of this research was to find out if customer relationship management could be improved in the case company. The research was unable to find answer to this since decisions related to customer relationship management in the company are done by higher level management. Investigation about CRM in the company would have required additional interviews on the high level management which was not possible.

1.5 Research methods

The data to this research was acquired by questionnaires distributed among the workers of the case company. Both qualitative and quantitative approaches were used since the survey had both open-ended and closed questions. However, qualitative techniques were used more than quantitative because the sample size, nineteen applicants, was relatively small and thus it was possible to acquire
more in-depth data. It was crucial to get in-depth findings in order to answer the research questions.

Applicants of this research were workers of the case company ranging from summer workers to managers of departments. Applicants were asked to evaluate their managers on how well they have enabled workers to give best possible customer service. For example if managers have given enough resources for their workers to serve customers well. Further information about applicants and the questionnaire is shown in the survey part. The data received from the questionnaires was then analysed by using qualitative content analysis.

The case company had implemented their annual customer satisfaction poll in the fall of 2014. Data received from the poll was used as a secondary data in this study to establish the level of customer satisfaction at the time of the research. Establishing this was crucial in order to add customers’ point of view to the research. Customer satisfaction poll was also used to set certain cornerstones of what is relevant to customer satisfaction in the case company. These aspects were studied further in order to find out how to improve them.

1.6 Structure of the thesis

The structure of this thesis follows the traditional thesis guidelines. There are four main parts in this thesis, the introduction, theoretical part, empirical part and conclusions.

In the introduction part background of the research, objectives and research questions as well as delimitations and research methods are discussed. Presentation of the case company is also included here.

Theoretical part of this study includes all the relevant theories and concepts related to this study. Various online sources as well as literature was studied in order to answer the research questions.

The empirical part starts with the case company’s customer satisfaction poll results. These results were used as a secondary data in the research. Next, findings of the research are presented. These findings were gathered by using questionnaires. Findings are then analysed by using qualitative content analysis.
The study ends with conclusions where fundamental findings and recommendations are discussed. A clear guidelines are given to the case company of how to improve customer satisfaction.

2 Theoretical framework

Managers make decisions relating all the operations of the company. Decisions about human resources, staff training budget, employees’ tasks and responsibilities, feedback and many others have an indirect effect on customer satisfaction. Many of these are overlooked not knowing the link between these decisions and customer satisfaction.

Figure 1. Theoretical framework.

Theoretical framework of this study is presented in the figure above. The main idea is that managers make decision relating to workers. For example what trainings are provided, salary, common rules and many others. These decisions in turn effect on workers ability to serve customers, which determines customer satisfaction. The main idea of this research is to find out what workers need in order to give the best possible service so that the company can gain competitive advantage.

CRM, more commonly known as customer relationship management, is a system used by companies to manage their business relationships. As CRM has a huge advantage on customer satisfaction, it is studied further in the survey.

In order to find out how customer satisfaction can be improved it should be first established what good customer service and management is, and what does good customer relationship management mean.
2.1 What is a good customer service?

Robert Lucas, one of the most known customer service experts, defines customer service as "the ability of knowledgeable, capable, and enthusiastic employees to deliver products and services to their internal and external customers in a manner that satisfies identified and unidentified needs and ultimately results in positive word-of-mouth publicity and return business" (Lucas 2012, p. 7).

There are many definitions about what good customer service is. According to Lucas, customer service is about pleasing both internal and external customers. (Lucas 2012, p. 7). External customer is someone who uses company’s products or services whereas internal customer is someone who works in the company. The significance of a satisfied internal customer is often underestimated. However, internal customer plays a key role in external customer satisfaction since his ability to serve customer, or produce good products, determines external customers’ satisfaction. (Joseph n.d.)

Rissanen and many other authors of the subject agree that customer decides whether the service he received was satisfying or not. Service is often intangible and thus difficult to measure or analyse. Therefore the quality of service depends greatly from customers own values, perceptions and expectations. This means that different customers perceive the same service differently and the opinions of its quality can differ greatly. (Rissanen 2006, pp.15-17.)

It is argued that customers’ own perceptions are the key determinants to satisfying customer service. Thus, it can be difficult for an organization to give superior customer service if its customers’ needs and perceptions of a good customer service are unknown. Therefore, according to Bell and Zemke, the key for superior customer service is to know one’s customers. Because of this, companies should always strive to get as much information as possible from their customers. Circumstances may change for one’s customers and therefore the company itself needs to adjust to the changes. (Bell & Zemke 2006, pp.32-33.)

For example, healthy lifestyle is currently a trend all over the world. This has led to the demand for healthy products like a variety of protein products and healthier menus in restaurants. This means that wholesalers need to know their customers
and current trends so well that they can provide these products to their customers when they need it. The best-case scenario is when wholesalers can trigger this need and make customer realise that he can provide something new for his customers. In other words, wholesalers can help their customers to give better customer service for the end users, and thus maximize their own sales. This is closely related to wholesalers aiming to be customers’ partners and building long-term relationship with them, which is handled more profoundly in later chapters.

As many professionals agree, it is essential to ask what your customer wants rather than assuming and getting it wrong. Therefore, it is crucial that management knows what the company’s customers actually want. A great way to do this is to make annual customer satisfaction surveys in order to find out if the customer experience has been satisfying in general. In addition to this, customers’ feedback, positive and negative, should be seen as a great asset to the company. Companies should encourage their customers to give feedback whenever possible. (Evenson 2011, p. 1).

According to Lucas, good customer service includes not only satisfying customers but satisfying internal customers also such as co-workers or other people in the organization. Therefore, the management should not ignore the importance of a good atmosphere in the workplace. If workers feel secure and the work atmosphere is nice, they also tend to give better customer service and be more motivated and efficient. (Lucas 2012, p. 7.)

According to Gerson, greatest profits yield from customer retention, loyalty and repurchases rather than new customer acquisitions. Rather than getting new customers, companies should focus on keeping its current customers, and giving them the kind of service that a competitor cannot give. It is very important to create long-term relationships with the customer, especially in wholesaler business, since the amount of potential customers is more limited than in business to consumer markets. (Gerson 1998, p. 3.)

**JIT-technique**

Just in time technique, more commonly known as JIT-technique, is used by many companies worldwide. This technique makes sure that company has the item
needed in the storage just in time. Keeping products in storages costs relatively much because company needs to pay possible rent of the storage house, insurances and bear the risk of item being damaged. Therefore, it is the company’s benefit if item is kept in the storage as little time as possible. (Kokemuller n.d.)

On the other hand, companies should have items in storage when customer needs them. It is surely not good for customer satisfaction if customer goes to a store to get certain item and it is sold out. This also leads to lost sales since in many cases customer goes to competitor to get the item. Using JIT-technique companies make sure that item needed arrives just in time to the store. JIT-technique increases both customer satisfaction and sales. (Kokemuller n.d.)

Reclamations

Even though receiving reclamations means that the customer is not satisfied, company can turn the situation in its favor. When receiving reclamations, company should try its best to make it up for the customer. In most of the cases handling reclamations well means that the customer does not switch to the competitor. In addition to this, customer can be turned as a referee, which in turn improves the company’s image and brings more customers. The cost of a refund is often cheaper than what losing a customer would be. (Löytänä & Kortesuo 2011, pp. 209-222.)

According to Löytänä and Kortesuo there are certain points that should be taken into account in a reclamations situation. Firstly, customers do not always make a complaint but tell about the incident to their close ones causing non-flattering word-of-mouth referral without a possibility of a company to make it up to the customer. This is why companies should make it easy for customers to give feedback and make customer feel like they are genuinely interested of their opinion and feelings. (Löytänä & Kortesuo 2011, pp. 211-213.)

When company receives a complaint, it is crucial to handle it well. Reclamations should be answered in a timely manner, making customer feel like he matters. An answer should be from the customer’s point of view. This means that excess nonsense about how the complaint affects company’s operations should be left
out. Instead, the customer should be convinced that his problem is understood and that he will be refunded. (Löytänä & Kortesuo 2011, pp. 217-218.)

Finally, customer should be refunded in a right manner. It is not always possible to provide refunds if there are many complaints. For example if an internet broadband is down for all the customers because of a maintenance break. In these kinds of cases a genuine apology and an explanation why the incident happened is often enough. In single cases, where refunds can be given, companies should offer something that the customer cannot buy or something that has a great value to customer. A traditional way is to grant discounts or send a new item but by exceeding customers’ expectations company can make sure customer stays and recommends the company for others. (Löytänä & Kortesuo 2011, pp. 221-222.)

### 2.2 Customer service as a competitive advantage

Many companies have found out that hiring professionals and investing in keeping them in the company is actually more cost efficient than continuously hiring new workforce. Bell and Zemke give an example of a company that started purposefully investing in their workforce in order to stop the high rate of staff turnover. According to them, it was impossible to improve customer service to the highest standards when almost half of the staff changed annually. (Bell & Zemke 2006, p. 22.)

According to Bell and Zemke, customers appreciate the continuity of a staff. In order to create long-term relationship with the customer, company should strive to keep its workers in the company. Whenever a customer is being served by a professional that they have been communicating with before, the customer can expect the service to be good. However, if this person is different on each time the company has to prove its quality and reliability repeatedly. (Bell & Zemke 2006, p. 24.)

Keeping staff in the company has many advantages. It improves customer service quality and yields savings in recruitment costs. Keeping staff and training them also is an important factor in motivation of the staff. When the staff is satis-
fied and motivated they work in a more efficient way and are able to serve customers better. Also, teamwork is easier when the people know each other. (Bell & Zemke 2006, 24.)

2.3 Characteristics of a good manager and its tasks

Good manager understands that workers are an asset instead of just an anonymous workforce. Manager should pursue in keeping the workers in the company and focus on training them for various reasons. Training the employee gives a feeling of importance thus increasing the employee’s motivation to work. Motivation to work often results to improved and more effective contribution. Also, if an employee does not feel like he is getting the training needed for his personal career he might change the workplace resulting the employer to loose in costs of recruitment, time and knowledge of the worker. (Bell & Zemke 2006, 169.)

Offering the right training can yield to improved customer service. As known generally, a good customer service includes the expertise of the product as well as interpersonal skills. Investing in these kinds of trainings will bring invaluable benefits far more than the original investment. Manager should also consider customer service trainings in order to prepare workers how to handle complaints and other difficult situations as well as improve interpersonal skills. (Bell & Zemke 2006, 169.)

Bell and Zemke give an example of a study made by Harvard professor Rosabeth Moss Kanter. Kanter was studying and comparing top teams and teams that did not perform in a successful way. According to her, the following characteristics make a successful team:

1. Team members know the purpose of their work
2. they feel like their team is important
3. they feel like they own their job
4. they have a good self-esteem
5. support from the management
6. they have resources to do their job such as time, tools and training.

7. the flow on information as well as receiving feedback.

According to this list an excellent manager should strive to make his workers feel like listed above. Motivation is one of the biggest factors of better customer service. Motivated workers feel that their work is important and thus work more efficiently than workers who feel like their work does not matter. (Bell & Zemke 2006, 169.)

An excellent manager is having an interaction with his workers. He should give both positive and constructive feedback to workers on their job in order to make the workers feel like his job matters and also to improve the work by telling what was done right and how to improve. Many studies show that workers actually want this kind of interaction and thus the management should not fear to give constructive feedback when needed nor forget to note good work. (Dignen 2014.)

Giving support is also a characteristic of a good manager. When facing challenges workers need support from their manager in order to succeed. This also helps the worker to gain good self-esteem, which in turn results to better quality of work. (Dignen 2014.)

Manager should also provide its workers the resources needed to work well. These kinds of resources could be tools, training, time or other, depending on the work tasks. By constant training management not only ensures that the staff is professional, but also helps the employees to seem more self-secure. Self-secure workers sell more products. (Frost n.d.)

2.4 CRM

The idea of customer relationship management, commonly known as CRM, became general in the early 1990s. The basic idea is to collect data on customers, analyse it, and then use the data received so that company benefits from it. Common actions that are done based on the data received are to segment customers and identify the most valuable ones for the company. By segmenting customers, company can better understand the customer and thus provide tailored products or services. (Löytänä & Kortesuo 2011, pp. 20-21.)
According to Francis Buttle, customer relationship management is about managing all the interactions that the company has with customer. These kinds of actions could be sales, service, reclamation or any other contact with the customer. By CRM actions, company can get a better idea of the relationship between company and customer. By identifying the customer, company can better provide products that the customer needs. (Buttle 2009, p4.)

Oksanen states that the support of the management is crucial in any changes that are being made in the company. This applies to CRM customer relationship management also. In any changes made in company the commitment and participation of the management level is crucial. This is applicable also when creating a new strategy for customer relationship management. THO Consulting Oy has studied Finnish corporate managers’ outlook of what are the most important factors when implementing new strategies. Ninety-three percent of the respondents saw the commitment and participation of the management as the most important factor. (Oksanen 2010, p. 48.)

2.5 The IDIC model

Don Peppers and Martha Rogers have formed the IDIC model, which shows the base for creating customer relationship, which is a crucial factor in customer service. This model uses both analytical and operational CRM and consists of four steps: Identifying, differentiating, interacting and customizing.

First, it is important to identify customer, which can be done by going through already existing data of one’s customers. Data about sales, finances or customer lifestyle, for example, tells much about the customer. When customer is identified as an individual, it is easier to differentiate customers by their values and needs. This kind of differentiation or segmentation is crucial in order to efficiently market products to customers. Differentiation can also help to create long-term customer relationships since offering exactly what the customer needs makes the customer see the company as a partner that understands customers business. (Peppers 2004, pp. 68-71.)

The second half of the model is about customer experience. Interacting with customer in an efficient and effective way is crucial. Interaction is important in order
to keep up with trends and to know what is going on in customers’ business. It is also important because customer should feel like you want to know how they are doing. When you know how individual customer is different from others, you can customize the service in order for the customer to feel like important, and thus improve customer satisfaction. (Peppers 2004, pp. 68-71.)

3 Empirical part

The case company had concluded its annual customer satisfaction poll in the fall of 2014 and some parts of it are included here. This is done to establish the categories in which the case company needs to improve its performance in order to improve the customer satisfaction. It should be noted that since the poll results are mainly used to establish categories affecting customer satisfaction, extensive analyses are not made from the results.

The respondents of this survey were delivery customers, excluding those customers that only visit the outlet and do not get their items delivered. The survey had both closed- and open-ended questions and some of the results were compared to the results from the past four years. From the results, it can be seen what customers of the case company are satisfied with and what can be improved. The measurement scale was from one to five, one being the lowest possible indicating dissatisfaction and five being the highest possible indicating satisfaction. All the data shown in this chapter is from the case company`s survey.
Online support

Figure 2. Customers’ satisfaction towards online support in the case company.

The case company’s customer satisfaction poll

Online support is an important factor in the case company’s customer satisfaction rate. As mentioned above, some customers are only delivery customers meaning that online support is their daily link to the case company.

Customers stated that they were not always able to reach the person they wanted to and the person that they did reach did not always know how to help them. The case company has several phone numbers available for customers. This makes it difficult for the customer since his call may be redirected several times before reaching the person they wanted to.

Suggested recommendation is that the case company changes its customer service phone system so that there is only one number available for the customers. This ensures that the person answering is professional and can either help the customer right away or call them back when they have an answer. Customer satisfaction is likely to improve since customer no longer has to wait on line while the call is being routed to right department.
Another factor causing dissatisfaction was that customers felt like the staff changes quite often and is unprofessional. They stated that personnel did not know the product variety and did not understand customers’ business. As Bell and Zemke stated it is important to strive towards continuity in staff in order to create long-term relationship with customers and keep them satisfied (Bell & Zemke 2006, p. 24). Thus, the case company could improve its customer satisfaction by hiring professionals that want to stay in the company instead of students for example that see the job only as a short term workplace during their studies.

**Client manager**

![Graph showing customer satisfaction towards the client manager](image)

Figure 3. Customers’ satisfaction towards the client manager in the case company. The case company’s customer satisfaction poll

There is currently one client manager that keeps in contact with all the delivery customers, offers deals and takes complaints. In the year 2013 there was not a specific client manager working, which is a probable cause for that year’s satisfaction being lower than in the other years. From these graphics, the importance of a good client manager can be seen. As it is agreed by many professionals, client managers and sales representatives are the face of the company and thus very important.
In order to improve, the case company should make sure that its sales representatives have enough time and resources to do their job. Trainings regarding selling and product variety are essential.

**Marketing**

The respondents were asked if they have received enough information about new products. Marketing new products is an essential part of customer service since getting new ideas and innovations is an invaluable asset to the customer.

![Marketing Graph](image)

**Figure 4.** Customers’ satisfaction towards marketing in the case company. The case company's customer satisfaction poll

There has been a notable change in marketing new products when compared to other years. One reason for this can be the new sales representative. The case company should consider offering product trainings to its’ staff in order to maximize sales and customer satisfaction. In addition, hiring a second sales representative could be an option too since it could be the case that the current one does not have enough time to focus on all the customers.

It should be noted here that the case company is only one branch located in Southern Finland, therefore the management of the case company cannot affect
their public relation aspects. However, marketing could be done in a more practical way by for example having campaigns and by using loss leaders.

Handling complaints

As argued in the theory part, complaints should be handled in a professional way in order to keep customer satisfaction rate high. Many customers tell about their shopping experience to others and complaint handled in a wrong way can quickly end up costing more than one customer.

Figure 5. Customers’ satisfaction towards complaint handling process in the case company. The case company's customer satisfaction poll

In the case company, satisfaction towards complaint handling procedure has risen. As Figure 6 shows, customers felt like complaints have been handled in faster and more professional way than in the recent years. More importantly, customers felt like there has been an improvement in whether the complaint has led to improvement or not.

Interestingly, the case company does not have standard process for handling complaints. Therefore, the quality of customer service in a reclamation situation varies depending on the worker and his ability to serve customer. In order to keep
a high standard, reclamation should be documented and workers should be informed about the correct way to handle a complaint.

**Product**

Product, its pricing, and the product variety are important factors to customer satisfaction. In a modern day where time is money, customers prefer places where they can get everything from one place. Therefore, companies should keep their product variety sufficient and price items in a clever way.

![Figure 6. Customers’ satisfaction towards products offered by the case company.](image)

The case company’s customer satisfaction poll

As Figure 5 shows, customers have been less satisfied with availability of the products and product pricing than in previous years. The change is relatively small, less than 0.5, but the case company could benefit from a better use of JIT-technique.

Respondents of the poll were less satisfied with prices of the products than they were compared to previous years. Some respondents even felt like supermarkets have cheaper prices than the case company does. This is a problem because the case company is a wholesaler and thus it should have cheaper prices than in
regular business to consumer stores. By arranging campaigns, the case company can create an image of cheap prices without reducing all the prices and losing money in gross margin.

The case company cannot affect its product variety to full extent since the mother company gives outlines to products that can be ordered, and also determines some products that have to be included in the product variety.

**Satisfaction in general**

All in all the customers were very satisfied with the case company and the likelihood of recommending the case company to others has almost risen to the same level than it was at its best in the year 2012.

![Figure 7. Customers’ satisfaction towards the case company. The case company’s customer satisfaction poll](image)

The reasons affecting customer satisfaction are pregnant and further studied in the empirical part. However, service can still be improved by making changes based on recommendations suggested above. In the empirical part below it was studied if managers can improve the service by improving internal customers’ satisfaction.
3.1 What should be included in the survey?

Customer satisfaction is a pregnant subject and aspects affecting it can vary greatly depending on the business industry, the size of the company and many others. Based on theories and the secondary data presented above it was established that following categories affecting customer satisfaction are relevant in the case company and thus investigated in the research:

1. What good customer service consists of in the case company?
2. Do workers have enough resources to give the best possible service?
3. Atmosphere in the workplace
4. Challenging workers and their satisfaction to work tasks
5. Feedback from the manager
6. Handling complaints.

3.2 The survey

Applicants of this study were workers of the case company ranging from summer workers to managers of departments. As discussed in the theoretical part there are fundamental aspects that affect customer service and thus the level of customer satisfaction. The applicants were asked to evaluate these aspects on how important they are to customer satisfaction and if they could be improved in the case company. The questionnaire was distributed among workers because they interact with customers daily and have firsthand knowledge to answer the questions asked.

Altogether nineteen applicants out of twenty-six took part in the survey. The survey was open for three weeks to maximize the participation rate since it was holiday time and many were on a sick leave. The survey was conducted so that workers evaluated their managers, meaning head of logistics and customer relations manager. Furthermore, these two managers evaluated their supervisor, in this case the head of the case company.

Applicants were categorized into three categories. First category included five applicants that had worked in the company for less than a year. These applicants were mostly summer workers. The second category included eight workers with
one to five years’ experience in the company. These were workers in different departments in the company. The last category included six workers with over five years’ experience in the company. All of the applicants were managers of different departments.

3.2.1 Customer service in the case company

Applicants were first asked what they think good customer service is, to which most of them stated that customer should leave happy and want to come back. It was stated that customer should feel welcome by smiling and noticing his needs and solving his problems. It was also noted that customers’ problems are best solved by being professional. For example in out-of-stock situation, a professional seller can recommend other meat that is suitable for customer’s purposes. This way customer leaves happy and there are no losses in sale. The case company should invest in training the staff so that they have a good knowledge over the products and are skilled in various selling techniques as well as in customer service.

In addition to these, applicants stated that good interpersonal skills are needed to be able to interpret different customers and their wants. It was also stated that workers should be honest and take feedback well.

At the moment there are no managers of departments present in the store in the evenings. This means that cashiers and delivery department are responsible for serving customers after department managers leave. However, customers often have very product-specific questions that the evening staff usually cannot provide an answer to. This can easily create a non-professional image of the staff and lead to dissatisfied customers. The case company could benefit greatly from providing more in-depth training about the product variety to all the staff.

It is not given that all the workers have the necessary social skills to make customer feel welcome and be able to interpret his needs. In addition to product- and other work-related trainings the case company could provide customer service trainings in order to maximize customer satisfaction. Training on how to handle difficult situations could also help in customer satisfaction. For example, if something is out-of-stock worker can offer similar product with a discount.
Next, the applicants were asked to rate five different factors on how important they are in customer service. The scale was from one to ten, one being not important at all and ten being very important. The factors were noticing customer, understanding customer’s needs, taking feedback well, atmosphere in the workplace and keeping promises made to customer.

Figure 8. Aspects affecting customer satisfaction and their importance

As one can see from Figure 8, all respondents felt like keeping promises is very important. On the other end applicants felt like workers relations have the least effect on customer satisfaction with only sixty-eight percent stating that it is very important and thirty-two percent feeling like it is only important. Noticing and understanding customers’ needs and making one feel like his feedback counts were also seen very important by most of the applicants.

These are all issues that might not be obvious to everybody. The case company could hold a meeting with all the workers where these issues are dealt. For example why is it important to greet customer and create nice atmosphere into the store. Also, different customers and their businesses could be discussed. For example summer season customers need to make enough money for the whole year within few months. This is why it is crucial to have everything in stock for them because one day’s lost sales means a lot for them.
3.2.2 Resources and customer satisfaction

As argued in the theory part, providing sufficient resources to workers, such as time, training and right tools, helps serving the customer. Thus, the applicants were asked whether they have enough resources to give the best possible customer service. Resources were categorized as time, training, responsibility and other.

Time

Applicants were asked to explain in their own words if they have enough time to do their job properly. They were also asked to discuss how their ability to serve customers would improve if they would have more time.

Applicants stated that the main issue regarding time was that sometimes it is very busy and naturally, the level of customer service drops. The applicants mentioned that sometimes they do not have enough time to notice all the customers. Also, lines in the cash registers can get long thus decreasing customer satisfaction. Lack of time also leads to more errors because people tend to forget things in a hurry. It was also stated that workers seem to be in a better mood when not in a hurry which easily reflects on customer satisfaction since happy workers often lead to nice atmosphere in the store.

Managers of departments stated that if they would have more time they could serve customer better and sell more products. Other workers on the other hand felt like their hands were too tied to give best possible service. For example only department managers can grant discounts over outdated items even if there would be other products with the same best before date. In a hurry it is easy for a person to forget to mark all the outdated products. This causes annoyance amongst customers since cashiers cannot allow discounts for outdated products that are not marked.

Corrective actions could be made to arrange department managers more time during busy seasons by for example allowing more rights for other workers. This way, other workers could help serving the customer, thus improving the customer satisfaction, as well as internal customer satisfaction. Other corrective action
could be to set clear rules, for example that a cashier can grant discount to products with less than two days until best-before date.

Management could also anticipate seasons and provide more workforces for busy times such as sick leaves and holiday seasons. Training people to do several tasks could prevent lack of time. For example, people in the delivery department could help cashiers or other departments during busy seasons.

**Training**

Next, applicants were asked if the employer has provided them with enough training. Two out of six department chiefs, felt like they would need more training others saying that they have received all the training they need currently. Five out of eight workers with one to five years’ experience in the company felt like more training would improve their ability to serve customers. Training on products, languages, customer service and social situations were requested. One of the applicants stated that trainings would increase his motivation towards work tasks.

Applicants that have worked in the case company for one year or more mentioned training regarding the SAP system and languages, such as English and Russian, being helpful to give better customer service. Better knowledge on products was also wanted amongst regular workers.

Eighty percent of the summer workers, meaning applicants with less than a year experience in the company, felt like they would need more training. Trainings on customer service, product variety and b-to-b industry were requested.

The applicants were also asked to list trainings provided by their employer. One of the summer worker mentioned forklift training as a good training because worker can now lift the item by himself instead of taking the time to find someone who can drive the forklift. This means quicker customer service, which reflects to improved customer satisfaction. By providing this training for every worker, management could increase internal- and external customer satisfaction. Internal customers would be satisfied since they do not have to rely on colleagues to reach certain products and external customers would be satisfied due to more effective and quicker service.
Sales- and customer service trainings were offered to managers and department chiefs. All of the department chiefs felt like they have received enough training on these issues.

Hygienic passport-, cold chain-, and product trainings were mentioned as good trainings that were provided since one can now offer better quality products to customer and make sure that products are stored safe. The impact on these kind of trainings on customer service and thus satisfaction was mentioned to be high.

One respondent mentioned mirror training as a good training to improve his customer service skills. Mirror training is about learning yourself and through that understanding others, in this case customers’, behavior.

As the questionnaire results show, the case company has provided extensive variety of trainings to its workers. However, better allocation of training would help to improve customer satisfaction. For instance, department chiefs could benefit from SAP- and product trainings whereas workers with less experience in the company would benefit from customer service- and other social skill trainings.

**Responsibility**

As argued in the theory part, management can improve workers motivation by giving them challenges. Therefore, the respondents were asked whether they have been given enough responsibility in their work tasks. One summer worker mentioned that he could serve customers better if he would be granted with more responsibility. He felt like he has to ask a permission from the supervisor to everything which leads to relatively slow customer service.

Interestingly, all the other applicants were satisfied with the level of responsibility they were granted. Two out of nineteen felt like responsibility has nothing to do with customer service. Five out of nineteen felt like having enough responsibility keeps the motivation up and can boost self-confidence leading to improved customer service.

The case company could consider granting more responsibility to workers with less than five years’ experience in the company. This would make workers more motivated and make the service more efficient.
Other

None of the respondents suggested other resources that would increase their ability to serve customer. However, these resources and their importance vary greatly depending on the business and job title. For some businesses atmosphere in the store is important and for some, like small kiosks, the personnel and service given is more important than the facilities.

3.2.3 Atmosphere and customer satisfaction

As argued in the theory part, good atmosphere at work and satisfied workers result to fine customer satisfaction. The applicants were asked to evaluate how much atmosphere affects customer satisfaction in their opinion. They were also asked to discuss if the atmosphere in the case company could be improved.

![Impact of work atmosphere on customer satisfaction](image)

**Figure 9. Impact of work atmosphere on customer satisfaction**

As it can be seen from Figure 9, all the applicants felt like atmosphere has an impact on customer satisfaction. A majority of eighty percent of the summer workers felt like atmosphere has a great impact on customer satisfaction while the rest twenty percent stated that it has some impact. A majority of sixty-four percent of regular workers evaluated atmosphere as a great influencer to customer satisfaction and the rest thirty-six percent stating that it influences greatly.
When asked about the atmosphere in the case company twelve out of nineteen felt like the atmosphere at work and relations between workers were good. There were various reasons stated:

- Humor
- no yammering over small things
- good colleagues
- good dynamics between workers
- people are treated equally
- availability of help when asked
- easiness to approach someone in the higher position.

The applicants felt like hiring certain kind of people that fit to the culture of the workplace helps to keep the atmosphere good. In addition, people should help each other and treat everybody equally. However, this is something that the management cannot always control. When hiring new workforce one’s personality is not the only thing that matters. Also, it is not possible to make everybody like each other. What management can do is to treat their employees equally and make it easy for them to approach anybody, even someone in a higher position in the hierarchy.

Most of the applicants agreed that overall atmosphere is currently good but some disagreed. Two out of nineteen felt like there is a room for improvement in the atmosphere at work. One reason for this was that there are too many women at work thus more men would be needed to balance it out. The other applicant could not mention a specific reason but felt like the atmosphere has gone down during past years. It was also mentioned that in a hurry there tends to be more conflicts because people are more on edge in a hurry.

Five out of nineteen applicants were happy with the atmosphere but they also had ideas on how to improve the situation. For example, one applicant felt like there is a lack of management in the company. She stated that workers do what they want since they are not given exact orders. If something is done incorrectly, it is not corrected.
The respondents agreed that the atmosphere is mostly good but some things could be corrected. For example, there are some cliques and workers are sometimes in a bad mood causing tense atmosphere. Happy workers would be easier to approach.

Good relations between workers are important but it is not the only thing affecting customer satisfaction. Overall cleanliness of the store is also important, especially in groceries business. Items should also be in a logical order to maximize customer satisfaction. This is something that also saves time because workers can focus on other tasks when they do not need to show customers where certain items are.

To summarize, the general opinion is that the atmosphere is good but some improvements can be done. For example arranging events could help bring workers together and thus create nicer atmosphere to the workplace. Management could also manage better by taking corrective actions whenever something is not working. Currently, some employees feel like the management is being lazy and that many things could be improved by stronger management style.

3.2.4 Challenging workers and their satisfaction to work tasks

Respondents agreed that realistic challenges given by the management can improve their motivation thus improving their ability to serve customers. Realistic new challenges, like improving customer satisfaction or sales challenges were mentioned as a nice change to the routine and thus motivating.
As shown in Figure 10, some of the workers feel like their tasks could be more challenging. For example forty percent of summer workers stated that their tasks are only little challenging and that new challenges would keep them motivated. Regular workers were more satisfied with their work tasks. A majority of seventy-one percent stated that their tasks are challenging enough and thirty percent stating that their tasks could be more challenging.

Figure 10. How challenging applicants feel their tasks are

Figure 11. Applicants’ satisfaction towards their work tasks
As Figure 11 shows, summer workers were very satisfied with their work tasks with eighty percent being completely happy with evaluation of ten and twenty percent evaluating their satisfaction with nine on a scale from one to ten. Regular workers were less satisfied with only twenty-nine percent stating that they were completely satisfied with their work tasks and a majority of sixty-four percent stating they were very satisfied. Seven percent of regular workers stated they were only little satisfied with their work tasks.

The differentiation of satisfaction between summer workers and regular workers could be explained with time matter. Summer workers have worked in the company for less than a year and thus all the tasks are new. Regular workers have practiced the same tasks for years and feel like a change in everyday routine would be nice. Thus, new challenges should be offered by the manager to keep regular employees motivated and satisfied.

3.2.5 Feedback and support from the manager

The applicants were asked to evaluate if they are currently receiving enough support from their managers.

![Support from managers](image)

Figure 12. Support received from applicants’ managers
As it can be seen from Figure 12, summer workers are satisfied with the support received from the managers eighty percent stating they are receiving enough support and twenty percent stating the level of support is okay. Regular workers were less satisfied with the support received with only fourteen percent stating that they are receiving enough support. A majority of seventy-nine percent of regular workers stated the support they are receiving is okay and seven percent stating that they would need more support from their managers.

As Figure 12 shows, summer workers are more satisfied with the support received from the managers than regular workers. One reason for this could be that the support received is different between these two groups. Summer workers, meaning workers that have worked in the company for less than a year, are most likely receiving a lot of guiding and support from the managers since they are constantly being briefed to new tasks and systems. Regular workers on the other hand do not need this kind of guidance but require more complex support.

Next, applicants were asked if they are receiving enough feedback from their managers and customers. Applicants all agreed that receiving both positive and negative feedback would improve their ability to serve customers.

Four out of five summer workers mentioned that more feedback from customers and the managers would help them to improve their customer service skills. A majority of thirteen out of fourteen regular workers felt like they would need more feedback from the customers or the managers. Some mentioned that they get only positive feedback from the managers, which helps them to be motivated but they were hoping for constructive feedback in order to improve. An employee is unable to correct his mistake if he does not realize he is doing wrong. By pointing out the mistake manager can prevent it from happening again.

Some department chiefs mentioned that they would need more feedback from the customers about the product variety. They stated that it is sometimes difficult to estimate what customers need. In the annual customer satisfaction poll more
specific questions about product variety could be asked in order to identify customers’ needs better. In addition, customers should be encouraged to give more feedback.

Managers of the case company could focus on giving more feedback to their workers. Both positive and constructive feedback helps workers to improve and can give a self-esteem boost. It should be noted that verbal feedback is as important as benefits or prizes. For example, the case company provided their workers events and night-outs as a bonus from good sales. The managers thought that this would be a good way to give positive feedback. However, the workers stated that verbal feedback is as important as monetary benefits.

3.2.6 Handling complaints

Currently there is no proper complaint handling procedure in the case company. When customer complains workers usually just apologize. Even though a sincere apology is a good way to make customer feel better there could be more done.

A good example to illustrate the complaint handling procedures problem happened in spring 2015. The case company made a decision to change its opening hours. Information about the change was spread around in the store with flyers. The information about the change was also posted on the company’s webpage but it was done only couple days before the change. Because of this customer A and B came shopping too late when the store was already closed.

This naturally caused annoyance within customer A and B because they had driven many kilometers for nothing. Customer A complained straight to the higher level and received an apology and a bottle of champagne. Customer B complained to the cashier and received a shrug and a quick apology. This customer most likely left the store displeased.

In order to keep high standard in reclamation handling process the case company could start using a form that worker can fill in in a reclamation situation. It would be then given to the person responsible and some kind of reimbursement should be given. This way the customer would feel like he is taken seriously and that he matters.
3.3 Results

The findings of this research reveal that there are numerous ways of the management to improve the case company’s customer satisfaction. Certain aspects are proven to have an effect on customer service and furthermore on customer satisfaction. In overall, respondents wished that management of the case company would use stronger management style and take actions when something is done wrong.

One of the most important findings was that by pleasing internal customers management could please external customers as well. The research results show that workers should be provided with sufficient resources so that they can give the best possible service. In the case company, the most important resources were time, training and responsibility.

Another subject closely related to internal customers’ satisfaction is giving reasonable challenges. This is shown to be a good motivator for workers. Especially those workers, who had worked in the case company for five years or more, stated that new challenged would keep them motivated and improve their work. Realistic sales challenges, for example would keep workers motivated, make them feel like their work matters and possibly improve sales.

The research findings also reveal that atmosphere in the store and relation between workers affect greatly to customer satisfaction. As argued in the theory part, many studies show that customers often prefer satisfying shopping experience over cheap prize. The case company could benefit from creating nice atmosphere in the store. Management of the case company should also invest in keeping workers relations well. Happy workers tend to work harder and be more motivated. In addition, customers often sense the atmosphere in the workplace and happy workers are surely easier approach to than unhappy ones.

The study also shows that the importance of feedback should not be underestimated. This applies to both feedbacks from external customers and the feedback that managers should give to workers. Customers should be encouraged to give feedback and most importantly, when customer gives feedback, it should be handled in a professional matter. On the other hand, workers require both positive
and constructive feedback from their managers. This is important because giving feedback makes worker feel like his work matters and by giving feedback manager can motivate and improve the work done by the employee.

4 Conclusions

4.1 Summary and discussion

The author of this thesis had used literature and articles from online sources to define what customer satisfaction is, and which aspects affect it. Management and its importance to customer satisfaction were also studied. The case company’s customer satisfaction poll’s results were used as a secondary data to define which aspects are the cornerstones of customer satisfaction in the case company.

In the empirical part, qualitative research methods were used to gather and analyze data. A questionnaire was distributed among workers of the case company and applicants were asked to evaluate their managers on how well they have enabled them to give the best possible service to customers.

The main purpose of this study was to find out if the management of the case company could improve customer satisfaction by better management of operations. The results of the survey show that there are many actions to take by the management in order to satisfy customers better. Both internal and external customer satisfaction was shown to be crucial as well as atmosphere in the workplace, reclamation handling process and feedback given by the management.

A majority of the research questions were answered and based on the research results the case company was provided with guidelines on how to improve customer satisfaction. Most importantly, it was proven that the case company can gain competitive advantage through superior customer service.

One of the research questions about how CRM can be improved in the case company was not answered. As the study went on it was discovered that studies on CRM in the case company would have required interviews with the high-level management of the case company. This was not possible at the time of the study.
As CRM is closely related to customer satisfaction, further research on the importance on CRM to customer satisfaction and how it could be improved in the case company, should be studied.
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The Questionnaire form in English

Dear applicant,

This survey is part of my Bachelor of business administration degree that I am currently studying in Saimaa University of Applied Sciences. The survey is about the quality of customer satisfaction in your business. The answers are totally anonymous and a summary of all the answers will be published in my thesis. The survey takes approximately 15 minutes.

1. Who is your supervisor?

2. For how long have you been working in the case company?

   □ less than a year
   □ 1-5 years
   □ over 5 years

3. In your opinion, what does good customer service include?

4. On a scale from 1 to 10 how important the following aspects are in a customer service in your opinion?

   1 = not important at all   10 = very important
noticing the customer for example greeting
understanding the needs of the customer
the customer feels that his feedback counts
the atmosphere between workers
keeping promises
other, what? .........................................................................................

5. Do you feel that you have enough resources to give the best possible customer service? Evaluate according to the following categories:

a) time *(do you have enough time to do your tasks properly and serve the customers?)*

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........................................

b) training *(do you feel like you need more training, for example regarding customer service?)*

c) responsibility *(do you feel like you get enough responsibility?)*

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6. In your opinion, is the atmosphere in your workplace good?
a) Yes, why?

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b) No, why not?

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7. In your opinion, what effect a good atmosphere has on the customer service?

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8. Name the possible trainings that your employee has paid for you. Evaluate also their impact on your work and ability to serve the customer.

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9. Do you feel like you get more motivation through new challenges? What kind of challenges lead to a better customer service?

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10. Do you feel like you get enough feedback from your supervisor or clients? Do you feel like you could serve the customer better if you would get more feedback?
10. Evaluate the following

- Support from your supervisor
  1 = no support at all  10 = enough support

- Satisfaction towards your tasks
  1 = very bad  10 = very good

- In your opinion, how much the atmosphere in your workplace effects on customer satisfaction?
  1 = has no effect  10 = effects greatly

- How challenging do you feel like your tasks are?
  1 = not challenging at all  10 = very challenging

Thank you for your time.