

PART OF THE EXPERIENCE - MEASURING CUSTOMER SERVICE

Case company X



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TIIVISTELMÄ

Onnistunut asiakaskokemus on merkittävä kilpailuetu kaikessa liiketoiminnassa. Viime vuosien aikana asiakaskokemus on noussut myös ilmailulla merkittäväksi panostuksen kohteeksi sillä alan jatkuva muutos ja lisääntynyt automaatio on muokkaavat prosesseja ja toimintamalleja sekä pakottavat matkustajat sopeutumaan alan muutoksiin. Asiakkaan kokemuksen ymmärtäminen ilmailualan matalakatteisessa palveluliiketoiminnassa on edellytys yritysten selviytymiselle.

Tämän opinnäytetyön teoreettinen viitekehys rakentuu asiakaskokemuksen ja sen johtamisen ympärille. Työssä kiteytyvät ilmailualan ominaispiirteet ja alan palveluntuottajien haasteet vaikuttaa asiakaskokemuksen syntyyn. Opinnäytetyön tavoitteena oli lisätä toimeksiantajayrityksen asiakasymmärrystä tutkimalla lentomatkustajien kokemuksia lähtöselvitysprosessissa, jonka myötä toimeksiantajayritys voisi kehittää asiakaspalveluaan ja täten luoda kilpailuetua omassa liiketoimintaympäristössään.

Opinnäytetyön empiirinen osio koostuu sekä laadullisesta että määrällisestä tutkimuksesta. Kyselytutkimuksena suoritettu määrällinen osio pohjautuu laadullisen ryhmähaastatteluiden havaintoihin, testaten tutkijan laatimaa hypoteesia sekä tutkien matkustajien kokemuksia lähtöselvityksessä.

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ABSTRACT

Successful customer experience is a significant competitive advantage in all business. During the last few years the importance of customer experience has been acknowledged also in the aviation industry where constant changes and increased automation are re-shaping passenger processes and operational models. The changes in the industry challenge passengers to adapt and force service providers to focus on delivering superior customer experience. Understanding passengers' experiences is imperative for the industry stakeholders to survive the intense competition for customer loyalty.

The theoretical framework of this Master's thesis is built around Customer Experience and Customer Experience Management. This thesis discusses the characteristics of aviation industry, introducing the challenges and limitations which impact the service providers in their efforts to influence customer experience. The objective of this thesis was to gain an increased understanding of passengers' experiences in the check-in process through which the commissioning organization could improve its customer service and, thus, create competitive advantage.

Research methodology of this thesis comprises both qualitative and quantitative approaches. The quantitative part of this thesis, which was conducted as a survey research, is based on the findings of the qualitative part, and it studies passengers' experience in the context of check-in process. The survey also tests the hypothesis which the researcher drew based on qualitative data collected.

Keywords Customer Experience, Passenger Experience, Aviation, Subcontracting.

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1 INTRODUCTION

Competition over customers has changed dramatically during the last two decades. Along with the growth of the Internet and leaps of development within technology the world has turned to a significantly smaller place where time and place are no longer setting constraints for business. The Internet revolution is clearly affecting the way in which people feel, think and behave - it is reshaping established conventions and means to do business. (Pickard 2015)

Advancements of technology have introduced undisrupted yet economic connectivity which enables people to seek and share information regardless of their geographical location and/or time of the day - unlimited channels are offering vast amounts of information to satisfy peoples' hunger for knowledge, and at the same time they are offering an immense platform for businesses to reach their audience. There is no longer need to travel great distances to reach the market place or enter a "brick and mortar" store to buy bread and butter, but instead everything can be found online with a click or two. The same exchange of commodities still occurs, yet it mostly takes place in a digital form and through electronic channels. For consumers the trade has become easy, quick and convenient. (Bassi 2015)

Technology has no doubt brought businesses and consumers closer to one another but it has also intensified the competition – once local market leader may have lost its power and become an insignificant player in the global market. It is clear that the market has grown substantially and the competition has been taken to arenas where everyone is invited. Consumers can explore an ocean of alternatives where everything is accessible - products and services that did not use to be available have become daily necessities. The new rules of competition have made consumers more conscious and demanding which thereby forces businesses to apply new strategies, customer-centric strategies. As a result, goods and services are not only created to satisfy customers' needs but tailored according to their conditions. In global competition premium quality and best price will no longer ensure competitive advantage, and businesses have to come up with creative ways to engage their customers - to provide memorable experiences. The power has shifted from businesses to consumers. (IyooB 2015)

1.1 Background / motivation

Constant change is the new normal of all business. Adapting to continuous change requires high level of agility from any company – especially in the aviation industry. Aviation is known for being highly regulated and safety driven industry where profit margins are low and overheads are extremely high. These features make aviation very vulnerable – disasters, terrorism and economic downfalls etc. may drive poorly prepared market entrants or even incumbents with an unclear strategy to an end. Competition within the industry is harsh and it forces the operators to be alert as changes affecting the business environment impose constant challenges. Simultaneously the growing demand for customer experience and operational efficiency sets the bar high for airlines, airports and services providers alike. Collaboration is the key to success, and without joint efforts none of the stakeholders will benefit. This setup creates tight bonds between the customer and service provider – traditional exchange of commodities turns into mutual goal setting and joint strategizing.

All these characteristics which are commonly acknowledged within the industry have direct impact on services and the conditions according to which services are provided – some elements may change, new regulations may enter into force etc. but the price of the changes is eventually paid by the end customer. In this case the passengers. Over the years airlines have focused more and more on their core business – air transportation – and a number of processes around the product is subcontracted to third parties. Services are delivered through carefully selected partners whose greatest concern is to maintain their immediate customers satisfied – well-planned CRM frameworks and customer management models are in place to ensure the relationships remain in good health – to serve the immediate relationship. The end customer is hardly ever in the real focus, though. This creates a dilemma. Ideally partnership generates true value which works both ways – from service provider to principal, and vice versa. In this setup, though, the services are not built around the end customers' needs but in accordance with those of the principals and their specific requirements. In order for value creation to truly come alive service providers' focus should be shifted from immediate customers to end customers and their respective needs.

The challenge in aviation support services, and outsourcing setup in general, is that the services are by provided for and on behalf of someone else – by third parties. In this context it is easy to get lost; who is the customer and whose needs should be addressed. This is obviously problematic. When services are outsourced to a partner it can be difficult to define who owns the customer processes and to what extent; service provider or the principal. And the knot tightens even more when the services are provided in a fixed infrastructure to which neither the provider nor the principal can influence directly, such as airport. Within the holy trinity comprising airports, airlines and service providers drawing the lines

of responsibility and defining process ownership becomes even a bigger challenge. Moreover, it imposes a number of conditions and limits the ability of a single stakeholder to influence the overall experience of the end customer.

Above description of the industry challenges reflects the views of the author who is an industry professional with a decade of experience. The author is currently engaged in commercial side of the business but holds an extensive prior experience in operations which combined provide the author with a solid understanding of commonalities of the industry and, more specifically those of the Finnish market. Features described here depict the situation at Helsinki Airport where during the last five years competition has driven out a number of service providers who have been forced to leave scene. It also portrays the complexity which the case company experiences continuously as a subcontractor to its airline customers.

1.2 Research objective, questions and scope

The purpose of this thesis is to study how the case company contributes to its partners' key customer process(es) and to gain deep understanding how service delivery is perceived by the end customers. The author aims to explore the concept of customer experience through the context of customer service transactions, focusing on those key processes where frontline staff establishes immediate connection with the end customers. The objective of this research is to identify those elements that contribute to customer experience associated with airport and airline processes, and to recognize opportunities where the case company can influence the creation of positive customer experience on behalf of its principals.

Primary goal of this thesis is to create an understanding of end customers' (passengers) experiences which enables the case company to improve service delivery in the chosen context. Secondary goal of this thesis is to find out where the case company can create value to its immediate customers through innovation, and thereby increase customer satisfaction.

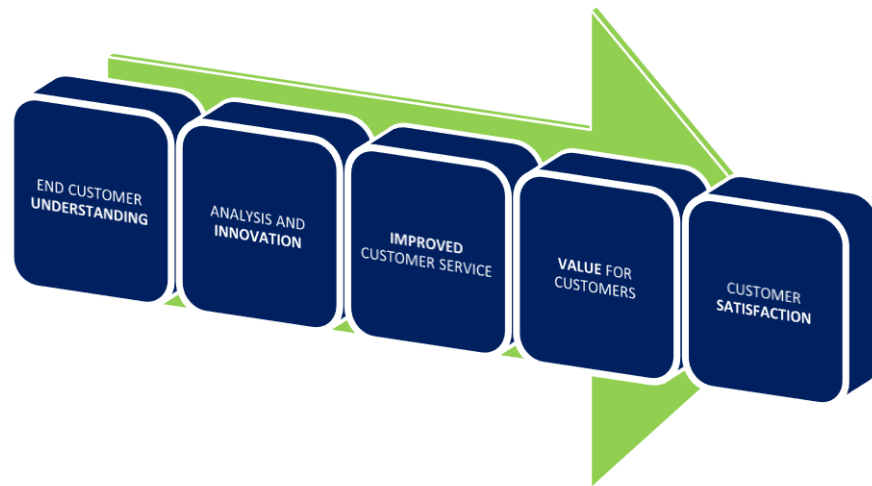


Figure 1. Value Chain

The case company is a service provider whose operational network consists of sixteen commercial airports in Finland. The company is, throughout its network, engaged in a wide range of aviation support services and its customer base comprises mainly B2B customers; airlines, airports and other service providers within the industry.

Given the fact that the importance of customer experience has been quite recently acknowledged and heavily emphasized by the airline customers of the case company, the author felt compelled to study the phenomenon within the context of customer service function which have been identified as most critical process(es) in terms of customer feedback. Hence, the author has chosen to focus on check-in process which a mandatory process for air travelling and function the case company has undertaken to perform as a subcontractor to its airline customers.

The author has derived the following questions from the presented research problem.

1. Which attributes of customer service within airport environment, specifically in regards to check-in process(es) comprise a good customer experience?
2. How well does the current customer service in the given context respond to the attributes of good customer experience?
3. How could customer experience be improved in the context of check-in process(es)?

Conducting a nationwide research would most likely generate somewhat scattered results due to location specific differences, drawing reliable conclusions from the outcome of the research would be difficult. Therefore, the author has decided to carry out the research at the location where the volume of customer encounters is the highest, and which is

considered as the most important station within the case company's network – Helsinki Airport. Furthermore, in the light of future prospects and potential growth the case company is aspiring, it is only natural to conduct the research at Helsinki Airport as it keeps attracting more visitors year after year.

The author is well aware of the aviation scene of Helsinki Airport which is dominated by various outsourcing frameworks. Majority of the services that passengers come across with and perceive when passing through Helsinki airport are, in fact, provided by third parties. While airlines and the airport focus on their core activities support services are subcontracted to companies that are specialized in those specific functions. These services are provided in accordance with policies and procedures stipulated by airlines whose products outline the service design. Moreover, the services are provided within “brick and mortar” - airport infrastructure – to which the service providers cannot influence. This combination leaves the subcontracted service providers with very limited means to innovate which thus highlights the importance of passenger understanding without which one cannot influence the experience.

1.3 Structure of the thesis

The author endeavored to structure the thesis reader-friendly throughout by introducing logic order which builds up from basic information to theoretical framework and all the way to research findings. This thesis is composed as follows: Chapter 2. presents the case company - where it operates and which business it is engaged in. It also discusses the elements of airport infrastructure and the path that passengers will have follow in order to travel by air. Later in the chapter is presented features of customer service to shed some light on the abstract nature of the concept of “service”. Chapters 3 and 4 are built around customer experience theme. In Chapter 3. the author explains what is customer experience and where does it derive from – the elements behind the experience. The chapter also discusses the difference between customer satisfaction and customer experience. Chapter 4. introduces Schmitt's framework for customer experience management and discusses Schmitt's theories how to stimulate experiences. Chapter 5. is constructed around outsourcing to create a general understanding of the topic, and also to develop an idea of the extent where subcontracting applies in aviation industry. Chapter 6. presents the research methodology and Chapters 7. and 8. disclose the findings of the research and Chapter 9. presents the researcher's suggestions for development. Chapter 10. summarizes the thesis with key conclusions.

2 INTRODUCTION TO THE CASE COMPANY

Airpro Oy was established in 1994 to provide support functions for the airport operator Finavia - to serve the passengers of Helsinki Airport. Started from Helsinki, later spread out to regional stations in Finland, Airpro Oy grew substantially in 2010 as the management of the company decided to further extend its ground handling operations through an acquisition it made over RTG Ground Handling (Finavia Toimintakertomus 2010), a company which was extracted from the national carrier Finnair's core business years before the acquisition.

In 2017 Airpro Oy is the longest established ground handling company in Finland (Airpro Oy 2017a). Airpro Corporation, Airpro Oy and its subsidiary RTG Ground handling, is a part of fully state owned Finavia Corporation. Airpro Corporation (hereinafter referred to as Airpro or case company) is a medium-sized company providing various support services for aviation and airports. These services are performed within four business sectors: Ground Handling, Airport Services, Cabin Crew and Airport Logistics. In 2016 Airpro took a steep climb in sales reaching up with an increase of 15,3% which resulted in turnover of 63,9 million euros. Airpro's turnover comprised approximately 16,8% of Finavia Corporation's overall turnover. (Finavia Toimintakertomus 2016)

Currently Airpro comprises a staff of approximately 1400 professionals, of which 175 are employed by RTG Ground Handling. The staff serves thousands of passengers traveling to/from Finland every day, and they are striving to deliver the company's mission of providing profitable, high-quality services tailored to satisfy the needs of the company's customers. Being active in several business areas and throughout the nation a passenger may encounter Airpro's multitasking personnel or use the services that the staff provides several times during his/her journey from airport to end-destination and back. (Airpro Oy 2017a.) Along this journey, each interaction with passengers is equally important making the service chain smooth and undisturbed. Well-functioning processes and seamless cooperation between different departments are eventually contributing to overall passenger experience making the staff the most important asset of the company.

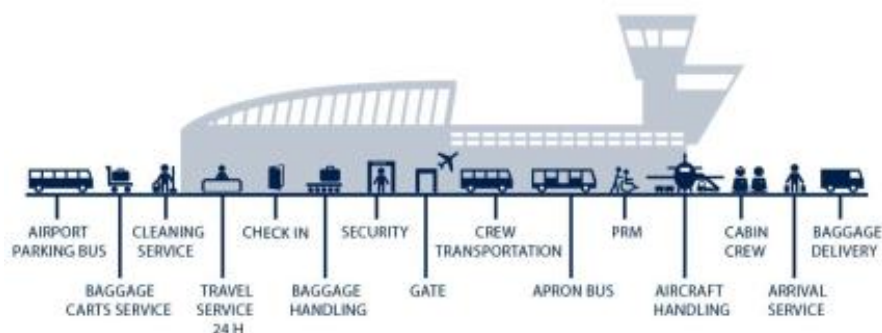


Figure 2. Airpro Service Offering (Airpro Oy 2017b)

Airpro is a unique service provider within the Finnish market – both in network and range of services. The way it differs from its competitors is that it has numerous touchpoints with the passengers along the journey which enables Airpro to influence the passengers' experiences at various fronts. This unique structure sets the framework for Airpro's operations where flexible usage of human resources is in central role. Inter-department co-operation where exchange of manpower is not only the cornerstone of diverse and meaningful works but also source of efficiency. By focusing on more than one business area Airpro can make better use of its personnel whereas its competitors are bound to offer more simplified jobs portrayed by repetition. The company's presence within different areas of aviation services makes Airpro highly agile towards its clientele – it may offer its customers more comprehensive, tailored service solutions. Service packages that are beyond conventional. The unique service offering of the case company allows it to explore ways to organize and coordinate services more efficiently – ideally to offer solutions to the customers.

2.1 Airport infrastructure, services and processes

Airports are traditionally understood as mere nodes between air and other means of transportation but, in fact, they are much more. Nowadays many airports resemble shopping centers where people frequent not only for shopping but also for entertainment purposes – cafeterias, restaurants and other facilities are integral part of the infrastructure where even purposeless idle serves for pastime activity. A lot of focus has been put on the design and ambience of the facilities to ensure passengers find their dwell time at the airport as pleasurable as possible. Duty free shops, boutiques and special brand stores are placed conveniently to encourage passengers to open up their wallets and consume goods and services while their stay at the airport which it is naturally what the airports aim for - to collect revenues from the passengers, regardless whether the passengers are arriving, departing or in transit. Despite the fact that airport terminals have become immense commercial platforms "the main function of a terminal is to provide a convenient facility for the mode transfer from ground to air transport" (Kazda & Caves 2015).

Airports are highly complex constructions where design and processes meet to accommodate passengers', airlines' and other stakeholders' needs. Frequent travelers have most likely noticed that the airport terminals they pass by tend to appear as never-ending construction sites. Although airport facilities are built for long-term they are often impacted by changes – whether due to increasing passenger volumes, trends and development within the industry, new regulations entering into force or any other reason. The fact is that airports are never completely finished

and the designs should support flexibility and the dynamic nature of the industry. (Kazda & Caves 2015.)

Coping with the changes is indeed a challenge as ongoing construction works should not affect airport processes or passenger experience. The experience is highly important as impaired passenger journey may cause dissatisfaction and, in worst case scenario, decline in passenger figures. Lead architect of Helsinki Airport's terminal expansion, Tuomas Silvennoinen, (Finavia 2016) describes airport as a machine with a purpose where the purpose refers to enabling smooth transition from ground to air, and vice versa. Yet, besides ensuring smooth processing of passengers and baggage, Silvennoinen states that it is equally important that the passengers leave the airport satisfied after a positive experience which, according to Silvennoinen, is essential, especially at airports, where the focus is on transfer traffic. Silvennoinen explains that experiences at the airport influence transfer passengers' routing decisions when planning their future travels which thus highlights the importance of pleasant passenger experience during transfer. From a commercial point of view it is a simple equation; the more passengers pass through the more revenues the airlines, airport and shop operators will collect.

Airports are often impressive constructions – not only in design and size but also in technology. Modern airports are built with state of the art technology enabling seamless processing of passengers, baggage and aircrafts – each of which is equally important to ensure airport's efficiency and, of course, positive passenger experience. These processes are the cornerstone of any airport's performance and through which airlines ensure their passengers are processed in a hassle free manner, their bags are carried all the way from origin station to end destination as scheduled. However, in order for a smooth and undisrupted passenger journey to materialize, airlines, airports and other stakeholders must co-operate – processes must be efficient and support each airlines differing product features.

Some processes differ from one airline to another but the basic mandatory elements apply to all passengers – booking, check-in, boarding etc. Why the processes generally differ is due to differences between airline products and strategies; low cost carriers are most likely focusing on more simplified products characterized by self-service solutions and point to point travel whereas full service carriers are probably offering various travel classes, more personalized and tailored customer service, bonus schemes and extensive network through alliance partners. Each airline has its own product and service offering which the airport infrastructure must accommodate.

Besides the product differences between airline operators and the way certain phases of the journey are processed, one of the most basic difference emerges as different passenger nationalities travel to different

destinations. There are number of regulations set by governmental bodies which may affect, for instance, border processes (Schengen / Non-Schengen) and Customs operations. In addition, passport and visa requirements, safety and health regulations may have some impact when traveling to certain countries. Less experienced travelers may find the differing procedures very confusing and stressful, especially those concerning check-in, security and boarding (Kazda & Caves 2015). Airlines and airports generally provide all necessary information that a passenger needs to know, however, the amount of information can be overwhelming and the information is sometimes provided in a language which is not the traveler's first choice. Processing all the information is stressful and creates uncertainty. Kazda & Caves (2015) suggest that some of the uncertainty results from difficulty of estimating the effect of the possible barriers to processing and movement, and some from the difficulty in actually navigating through the terminal.

Figure 3. below illustrates the basic activities involved in passenger journey of a departing passenger. The journey is not complete but limited to cover the phases which passengers will have to pass once arrived at the airport terminal before finding their seats onboard the aircraft. It also demonstrates how the journey can vary depending on the airline operator's product, airport, passenger profile and obviously the destination. In the figure, mandatory activities are phases within the journey which cannot be bypassed or avoided – these activities are integral part of the passenger process. Journey related activities, however, may or may not be included as they depend on, for instance, passenger profile and/or destination.

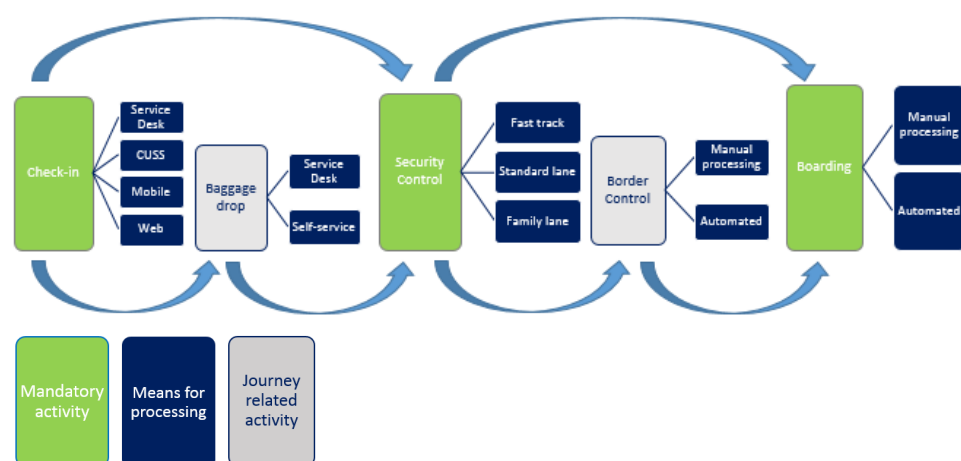


Figure 3. Passenger Process of departing passengers

2.2 Planning of service provision at Helsinki Airport

Passenger journey and the processes involved (Figure 3.) may sometimes be affected by unforeseeable events but even predicted load peaks – both of which may impact the passenger experience. The author knows – based

on his experience – that the fluctuating traffic pattern of Helsinki Airport imposes a challenge to all operators at the airport, and the airport itself. The windows of high demand are narrow and require a substantial amount of personnel to attend the passengers and service the aircrafts during very short periods of time in a day. Not only does the traffic structure put the airport capacity to test but also the service providers who need to accommodate the demand and arrange their resources accordingly. Following figures illustrate the traffic structure of Helsinki Airport which increases year after year.

The year 2016 was a record year for Helsinki Airport in terms of passenger figures – the volume of international passengers increased by 4.9% whereas domestic routes accumulated a growth of 3.4%. With an average of 500 daily commercial takeoffs or landings the total number of passengers in 2016 reached up to a bit shy of 17.19 million (17,184,681) passengers. The overall passenger figure of Helsinki Airport grew 4.6% in comparison to previous year. Figure 4. below shows that number of operations remains rather equal throughout the week and declines significantly towards the weekends. (Finavia Responsibility report 2016.)

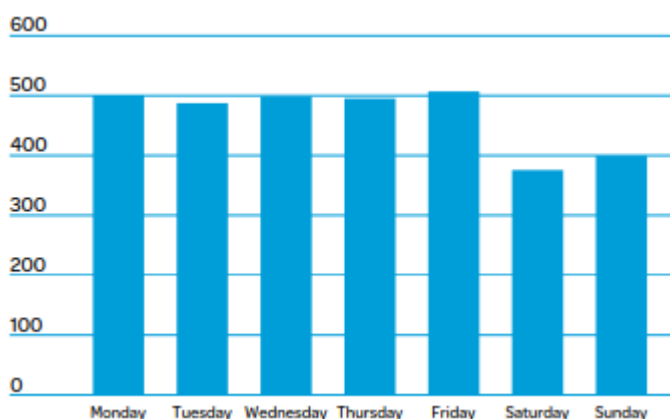


Figure 4. Distribution of traffic at Helsinki Airport day of the week (Finavia Responsibility report 2016).

The traffic structure of Helsinki Airport is portrayed by peaks and bottoms. First wave starts picking up during early morning and it reaches its operational peak between 08:00-09:00 followed by a steep downhill. In the afternoon the traffic starts increasing again at around 14:00 when flights coming in from Europe arrive feeding passengers to Asian routes which makes the outgoing traffic the heaviest from 16:00 to 18:00. More than 75% of the flights from Helsinki airport are for destinations abroad. (Finavia Responsibility report 2016.)

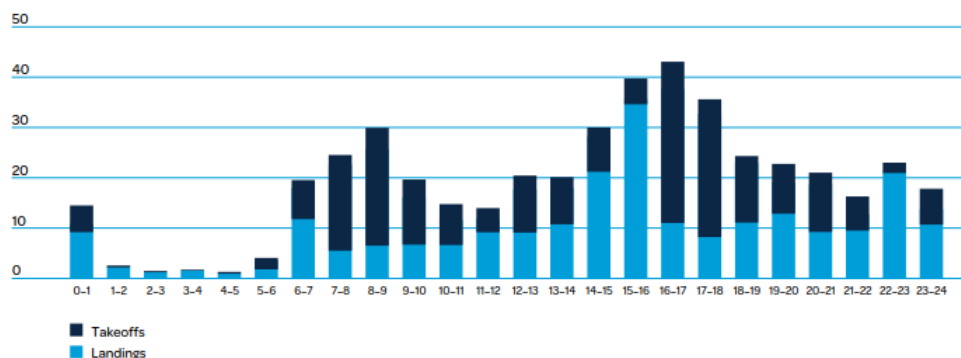


Figure 5. Hourly distribution of traffic at Helsinki Airport (Finavia Responsibility report 2016).

It is clear that in service business availability is planned the way that supply meets the demand. In aviation the planning is commonly based on operating schedules (departure and/or arrival times), passenger volumes (aircraft types and/or frequencies) and other requirements related to an airline product(s) (number of service personnel, waiting time etc.). However, depending on airlines' requirements services can be made available at agreed timings with fixed number of staff or, alternatively, some airlines may request certain services to be made available without such guidelines – at passengers' convenience without defining headcount or timeline for service provision. It all depends on the product and its special characteristics. All of these aspects contribute to the planning of service activities which is highly impacted by the uneven distribution of daily operations at Helsinki Airport.

2.3 Features of service

Services appear in many forms and we, consumers, tend to use them every day of our lives. And, without sparing a further thought, it may sometimes be difficult to determine what is actually meant by service as many goods we buy comprise elements of service as well. Phillip Kotler (1987) defines service as "any activity or benefit that one party can offer to another which is essentially intangible and does not result in the ownership of anything. Its production may or may not be tied to a physical product." (Ramachandra et al 2009). It is still confusing but to shed some light on what Kotler suggest with his definition – a proper example could be, for instance, a consumer who signs a deal with an operator for telephone subscription and the agreement includes a device throughout the contract period, or alternatively, a hungry laborer go to a diner for a lunch. In both cases, the actual service is intangible, yet the physical product gives a meaning to the service which thereby enables the actual service experience to come alive.

Services can be classified based on which needs they are to satisfy. Yet, regardless of significant differences between forms of different services and how they appear – whether the services are to satisfy needs of safety

or to entertain a single consumer – there are common nominators characterizing service as such. Ramachandra et al (2009) point out five key features that characterize the abstract nature of services:

1. **Intangibility** – a pure service is an abstraction which cannot be assessed by using any physical senses. Goods, unlike services, have features, such as taste, smell, appearance, etc., which a prospective buyer is most likely able to evaluate prior to purchasing. Service, however, has no such tangible properties, it is dominated by experience qualities, and therefore it can only be meaningfully assessed once purchased and consumed. Service is an activity which is performed for the benefit of customer and perceived by customer.
2. **Inseparability** – services are characterized by active participation of a customer in the service process – producer and consumer must interact in order for the benefits of the service to materialize. Producer and consumer meet at a time and place convenient to both parties which thereby enables the service provider to pass on the service benefits. With tangible goods production and consumption are two separate activities whereas services are purchased and consumed simultaneously.
3. **Variability** – services involve a high degree of inconsistency due to human involvement. When consumers are asked about their experiences concerning, for instance, consultation or health care services, people would most likely point out having perceived high levels of variability. The customer is usually involved in the production process for a service and, hence, it may impose a challenge for the service provider to monitor and control compliance of established service standards. Furthermore, the actions and behavior of the customer make the service provider more prone to adapt to the situation, and thereby deviate from the service standards. Businesses within service sector aim to defeat the odds of inconsistency by careful selection, training and motivating of the personnel. In some occasions, deploying technology and/or extending customer involvement can be used to increase consistency.
4. **Perishability** – services not used within the timeframe they are produced are lost experiences. A good example would be an airline which is unable to sell all seat capacity of a flight – the seats that remain unsold cannot be stored for the purpose of fulfilling forthcoming peaks in demand. Due to this specific feature that services hold within, and the fact that demand rarely emerges in steady, constant patterns, planning and scheduling services require management's attention to even out peaks and bottoms. Goods, however, can generally be stored and used at a later stage.

5. ***Inability to own services*** – no ownership is transferred from seller to buyer when a service is performed. What the buyer acquires is the right to a service process, such as appointment with a medical doctor.

Daskin (2011) adds on the list that services generally provide value to customers, value that cannot be quantified – such as entertainment or feeling of safety. Zeithmal & Bitner (1996) describe overall service experience emerging from service quality, customer satisfaction and value to customers (Ylikoski 2000, 154).

Understanding the essence of service business, it must be acknowledged that efficient processes but foremost personnel play a significant role – not only delivering consistent service quality but ensuring the creation of engaging service experience together with the customers (Krishna et al 2009). Consumer is partially responsible for the creation of service experience which results from the interaction between producer and consumer (Ylikoski 2000, 89), and, furthermore, the perception of service experience may vary from one occasion to another as both producer's and consumer's humane features are introduced in the service situation.

Companies within service industry are typically heavily burdened by personnel cost. Due to the inherent nature of the industry, the activities of service sector are often highly labor intensive, and the overall operating costs of the companies within the sector are shadowed by substantial share of respective costs. Therefore, the importance of optimized service design and efficient resource usage cannot be overstressed. The impact of fluctuating demand in relation to perishable nature of services call for careful planning to ensure optimized production and financial viability (Daskin 2011). Once service is consumed it ceases to exist (Ylikoski 2000, 87) and, therefore, in order to avoid "idle" (excess production during low season) or underproduction, the supply should follow the patterns of demand as far as possible. Efficient resource planning is vital for any company but especially for those operating in service sector where the most important asset are the people behind the service.

Service is an activity which, in order for the benefits of the service to materialize, requires both producer's and consumer's contribution. And, upon consumption, satisfies certain needs and creates value to the consumer.

3 CUSTOMER EXPERIENCE

In today's business world mere customer satisfaction is likely not to suffice anymore. Although satisfaction supports loyalty it does not prevent customers from seeking other alternatives amongst abundance of competitors offering the same product at the same price. Companies must rise up to compete on a more complex level, and create satisfactory customer experiences through all stages of the purchase process, manage the customer's expectations and assessments before, during, and after the sale (Klaus 2014). Differentiation is the key to win the customers. Companies must be able to deliver positive experiences whenever interacting with their customers, to delight them over and over again. In order to do so companies must be able to manage and measure customer experience consistently – to bring customer experience in the strategy.

Currently customer experience is a super trendy subject amongst modern marketers and business scholars. For some years it has been a hot topic to argue and write articles about, and it is indeed something that companies should pay attention to (Root 2014). Many organizations declare improving customer experience being amongst their top priorities (Accenture 2015), and some companies devoted to the sexy trend go as far as claiming customer experience being part of their strategy – integrated in their organizational DNA. What makes customer experience so important? Customer experience is an all-encompassing phenomenon which contributes greatly to customer satisfaction and customer engagement, and ultimately it may even determine whether customer is retained or lost. Therefore, it is no wonder that it is considered so central these days. Competing for market leadership with premium quality product or lowest pricing are commonly known ways of attracting the audience, however, these approaches can easily be replicated by competitors within the market. In order for companies to truly differentiate and gain competitive advantage, it needs to apply more holistic approach. Every step of the customer journey must be carefully planned and executed.

According to a research conducted in 2015 by Accenture, improving customer experience and growing revenues were seen as top strategic priorities of businesses. The study reveals that decision-makers ranked customer experience as their top priority, followed by growing revenues, improving differentiation and reducing costs. (Accenture 2015.) The importance of mindful customer experience is clearly acknowledged, which is only natural since in “the age of the Customer” technology has given customers the control. Sources to find and share information on brands and products are endless – everything can be found online, in good and in bad. (Lehtinen 2004, 218.)

Why such a buzz then? People tend to share their experiences through a number of social media platforms where brands or products can either be

praised or weighed down. The impact of these shared experiences should not be downplayed, though - only Facebook, Instagram and Twitter together have approximately 2.3 billion active users (Smart Insights 2017) who may pass on their experiences. Marketing communication is no longer unilateral but interactive to which both companies and consumers contribute. Shared experiences and customer testimonials are playing a crucial role when consumers are making purchase decisions. A research conducted by BrightLocal (2014) shows that 85% of North American consumers read up to 10 online reviews before they feel they can trust a business they do not know. It is evident that companies are no longer in charge and the power has shifted to the customers. Companies must acknowledge the power of consumers and take measures to ensure the experiences they deliver will have a positive echo on the online medium.

3.1 Customer experience vs. customer satisfaction

What Joseph Parry puts it in his poem: “Make new friends but keep the old; those are silver, these are gold” sits nicely in the context of customer relationships. Taking good care of valuable customers can make a significant difference to companies’ financial performance - acquiring new customers can be up to seven times more expensive than retaining current ones (Longo 2016). Thus, it makes sense to cherish good customers – keep them satisfied and engaged.

In the 1980s customer satisfaction was a hot business topic. Customer satisfaction was considered to provide the best view over customer loyalty, and thereby improved business performance. Later in the same decade, though, researchers became hesitant whether customer satisfaction truly impacts overall performance – the link between customer satisfaction and higher profits was found questionable. (People Metrics 2010.) Mere satisfaction was not proven to ensure increased revenues but served as an uncertain indicator of loyalty. In fact, researches have shown that 60-80% of customers who take their business elsewhere claim having been satisfied or very satisfied with their current provider (Storbacka et al 1999, 61).

What is customer satisfaction after all? The premise of customer satisfaction is that it reflects customers’ judgement of a product or service that a company provides. Wikipedia (2017) defines customer satisfaction being “a measure of how products and services supplied by a company meet or surpass customer expectation”. Given that customers are satisfied with a product they buy or service they receive should it not ensure longevity of customer relationship? For businesses it is a challenge to understand that human beings make decisions not only based on ration but unconsciously. Consumers do not always think rationally or recognize the feelings driving their behavior – and the same applies to purchase decisions. (Korkman & Arantola 2009, 33-39.) Customers being satisfied

obviously supports strengthening the relationship and creating loyalty but true engagement is driven by emotions.

Employees are in central role in the creation of customer satisfaction. External value will increase through the creation of such culture where employees are empowered to go beyond standard service. Employees having the autonomy to do whatever it takes to deliver genuine hospitality without the fear of being challenged by the management will mostly result in customer satisfaction. (DiJulius 2011.) Improving the quality of internal service by equipping employees with appropriate skillset and empowering them to serve customers better elevates employee satisfaction. In exchange, satisfaction, drives higher productivity and employee engagement which ultimately impacts the external service value and, thus, increases customer satisfaction and loyalty. (Taneja 2010.)

It is undeniable that high level of customer satisfaction that a company enjoys supports the creation of customer loyalty which is amongst the biggest drivers of corporate growth. Where companies tend to go wrong is that they are often blinded by the results of their customer satisfaction surveys and, consequently fail to see the big picture. Majority of organizations rely solely on customer satisfaction scores in their attempts to understand their customers' experiences. (Pacelli 2011.) What companies do not always consider, though, is that consumers are feeling and sensing human beings whose emotions affect the service experience (Ylikoski 2000, 90) which ultimately contributes to their level of satisfaction. Understanding the role of emotions is critical, especially when service fails and the recovery means are deployed – customers who have experienced a service failure but are ultimately satisfied with the recovery effects will be more loyal and committed towards the company (Krishna et al 2009; Ylikoski 2000, 195-196).

Ross Beard summarizes customer satisfaction resulting from customer experience by stating: "Customer experience is the practice of designing and reacting to customer interactions for the purpose of meeting or exceeding customer expectations, thereby, increasing customer satisfaction, loyalty and advocacy" (Beard 2014). Loyalty is strengthened by the value company can offer to its customers (Storbacka et al 1999, 121) and value is created through good experiences. Customer experience is a subjective phenomenon that boosts individual customer's level of satisfaction. However, it does not work the other way around. One might be satisfied with a certain product or service; quality, features and price but feels no sensations – hence the customer does not become emotionally engaged. A satisfied customer might even buy the same product, or use the same vendors at a later stage but without emotional attachment the customer is more prone to explore alternatives. Emotions beat rationale when it comes to decision making (Nattress 2015).

3.2 Definition of customer experience

Every company provides a customer experience – if there is any interaction between the company and a customer there is also an experience. It simply means that the customer perceives the interaction with the company some way. The customer is left with a notion or feeling, an experience which is likely to determine the loyalty of the customer going forward. The experience can either be well-planned and highly influenced but it can also be random product of a single customer encounter. Yet, the fact that a company has customers to whom it provides goods and/or services is enough to create an experience. The experience, however, can either be good, bad or indifferent to the customer.

Esteban Kolsky, founder and the principal of customer strategy consulting organization thinkJar, contributes to the definition of customer experience in his slideshare presentation “CX for Executives” (LinkedIn 2015) stating an experience being “the sum total of conscious events, as a coordinated series of interactions between a customer and a brand to accomplish anything”. Kolsky goes even further by summarizing that “customer experience is defined by the customer, for the customer, at each touch-point, each time”. Kolsky’s thoughts simply suggest that the company is responsible for the design of the experience but the experience itself, good or bad, is defined by the customer. Christopher Meyer and Andre Schwager (Harvard Business Review 2007), on the other hand, define customer experience as “the internal and subjective response customers have to any direct or indirect contact with a company” (Klaus 2014, 13). Harley Manning (Forrester Research 2010) summarizes customer experience in his blog as: “How customers perceive their interactions with your company”.

Concluding the above, customer experience can be described as a notion that a customer creates in his/her mind each time he/she interacts with a company/brand. The key is to make the customers feel good, emotionally attached when dealing with a brand, product or service. If the notion or experience is clearly positive it is likely to make the customers satisfied, and to turn them loyal. Failure to deliver good and pleasurable experiences, however, may result in dissatisfaction of customers who are likely to consider carefully the next time they are planning to purchase similar products or services. A negative experience the customer has encountered along the journey will unfortunately remain memorable and affect future purchase decisions.

The challenge of creating a customer experience is that one experience may not fit for all. One customer may be fully satisfied with the experience he/she has had whereas another customer may find the exact same experience completely unacceptable. The experiences should be customized for individuals, or at least designed for specific customer groups. (Taneja 2010.)

3.3 Customer satisfaction in the case company

Airlines and service providers alike tend to carry out different kind of surveys on a regular basis to understand how satisfied their customers are with the product or service they are offering. It is no doubt crucial to know whether the customers are satisfied or not since dissatisfied customers are likely to move on and explore other alternatives within the market to avoid further disappointment. Inability to maintain customers satisfied will put any company out of business eventually. Hence, having the right tools to measure customer satisfaction is vital indeed. The challenge with these surveys is that they tend to leave a lot of room for interpretation – they are often broadly drawn and do not get down to specifics. They are hardly capable of pinpointing areas of development but instead they measure only whether customer is satisfied or not. Moreover, the surveys are often carried out retrospectively when emotional peaks of the customer are evened out and may no longer reflect the true experience.

In 2013 the case company conducted a customer satisfaction survey to measure the level of the satisfaction its customers experienced at the time. The survey revealed valuable information on how the case company was perceived by its clientele and disclosed certain features and shortcomings which contributed to customer satisfaction in negative manner. Despite the pitfalls being acknowledged – rigid management style and organizational structure at the time did not support seeking immediate solutions to perceived deficiencies. In fact, very little was done to address the shortcomings. A year after the survey was carried out, newly appointed top management identified similar development areas within the organization and its processes as earlier disclosed by its clientele. Understanding the deficiencies the organization was suffering from initiated a change which the company has been undergoing the past two years during which major leaps of development have been taken – organizational re-structure, documented policies and procedures, significant business growth and a valued recognition for quality – just to mention a few.

Since 2013 the case company has not conducted similar surveys to measure the satisfaction of its customers. In the meantime, though, measures to tackle the weak spots have been taken and the company has made significant investments to renew its strategy in which customers are placed at the core of the business. Until now the primary focus has been on immediate customers and managing relationship with them whilst the needs of end customers have not been addressed with due importance. Understanding the end customers' experiences relies heavily on the information received from principals.

Made changes have started to show positive results; increased interaction and continuous customer dialogue has enabled the company to understand its immediate customers better – needs are acknowledged,

pains addressed with due importance, targets are set mutually and performance monitored together. All activities aim to ensure that the cooperation yields expected results – delivery of quality services in accordance with customers' requirements. Overall, the level of cooperation has improved which is one of the basic goals of CRM. Nevertheless, true understanding of the end customers' experiences still remains unclear.

3.4 Formulation of customer experience

Chapter 3.2 describes customer experience being the sum total of all interactions between the company and the customer. All interactions between customer and company are important and contribute to overall experience of a customer.

As described in Chapter 2.3, customer's involvement in service situation is obvious – the benefits of service will materialize only upon interaction between consumer and producer. As services are both purchased and consumed at the same time the value is often produced after service has been provided. Only after consumption consumers can determine whether purchased product or service met the expectations, yet the assessment of customer experience is ongoing, and involves a number of elements in addition to traditional customer service. The author aims to shed some light on these elements of which customer experience truly comprises.

Schmitt (1999) suggests that customer experience emerges from different elements which are important for engaging customers at different levels, such as: "sense, feel, cognitive, physical experiences, lifestyle, and the customer's social identity relative to a reference group". Schmitt's view on how customer experience consists of refers to strong emotional construction where customers' social status, dreams and endeavors are critical. Verhoef et al. (2009) share the opinion by suggesting that customer experience is of a cognitive, social, affective, and physical nature whereby respective management strategy shall include; social environment, service interface, retail atmosphere and assortment. (Klaus 2014).

Juha Muuriais kangas (Questback n.d.) simplifies the idea of customer experience by suggesting that businesses should strive for understanding customers' experiences through those encounters, feelings and images that stimulates customers' purchase decisions – businesses should listen to their customers and make use of the obtained information in order to build the experiences in accordance with the customers' expectations – to adapt the experiences they provide accordingly. Muuriais kangas and Klaus (2014, 17) both emphasize that the journey with the customer starts well before actual encounter that the customer has with the business, and it does not end once transactional phase is finished. Along the customer

journey, Muuriaiskangas identifies three experiential levels customers encounter with the company:

- Experience associated with **image** – businesses can influence the image that customers have over their company. Although the image can be influenced through the means of marketing and communication, customers base their experiences with a brand on all experiences; hear, see, feel and experience.
- Experience associated with **purchase process** – customer approaches purchase decision by combining image with comparison. In the actual purchase process the value that customer perceives takes a central role – value in terms of competition and associated with customer benefit. Purchase decision can be enforced by strengthening the image that the customer has over company or by facing the customer according to his/her preferences.
- Experience associated with **usage** – is the final determinant of customer satisfaction and engagement. Loyalty towards a business or brand is highly dependent whether product or service meets customer expectations, or if offered customer support provides further value.

The experiences or the feelings that are aroused amongst customers are heavily influenced by a number of factors of which some may be outside or within limited control of the company. According to DiJulius (2011), in order for a company to assess the quality of the customer service it provides, it needs to examine the six components of customer experience presented below:

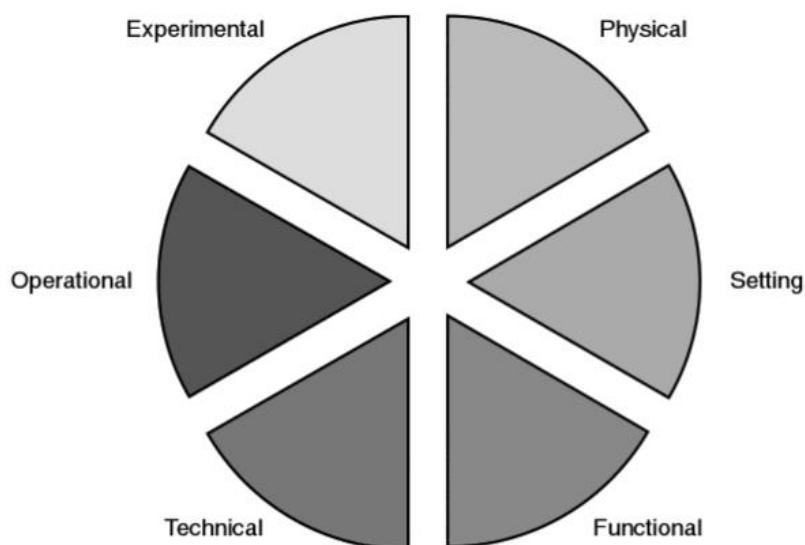


Figure 6. The Six Components of a Customer Experience (DiJulius 2011)

DiJulius describes features of each component and their role in the creation of customer experience as follows:

Physical: The physical component refers to the actual “brick and mortar” setting of the operation - the physical environment where the service is provided, and which typically engages the company for long term and cannot be changed daily.

Setting: Refers to the controllable setting/layout that a company creates on a daily basis. Setting is the component that conveys the message that a company wishes its audience to receive. It is the element that tickles the customers’ senses; sight, sound, smell, touch and taste.

Functional: Is the component that refers to ease and convenience of doing business with a company — policies, selection, hours of operations and a number of other factors.

Technical: This dimension concerns product and work knowledge combined with technology in use. It refers to employees’ level of expertise, their particular skills and abilities to perform their duties by using the company’s systems and equipment.

Operational: Refers to preparational back office duties that need to be performed to ensure preparedness for customer encounters.

Experiential: This component is the trigger of customer engagement – the reason for customers turning to brand advocates, the “WOW factor”. It refers to the actions and/or behavior of the team members that surprise the customers positively in the course of customer interactions.

DiJulius (2011) states that each component is equally important in terms of customer experience, and they all need to be reviewed periodically. Considering the comprehensive list of specific examples DiJulius includes within the six components he presents, it is evident that companies must allocate sufficient resources to manage and develop customer experience.

Physical	Setting	Functional
<i>Brick and mortar</i>	<i>Ambience</i>	<i>Policies</i>
<i>Building</i>	<i>Candles</i>	<i>Hours of operation</i>
<i>Structure</i>	<i>Theme</i>	<i>Ease of doing business</i>
<i>Architecture</i>	<i>Lighting</i>	<i>Accessibility to human being</i>
<i>Location</i>	<i>Acoustics</i>	<i>Product selection</i>
<i>Accessibility</i>	<i>Grounds</i>	<i>Design of your website</i>
<i>Parking availability</i>	<i>Furnishings</i>	<i>How well are you staffed</i>
<i>Design</i>	<i>Comfort of chairs, beds, etc.</i>	<i>Reliability of vendors</i>
<i>Decor</i>	<i>Mood</i>	<i>Security</i>
<i>Public areas</i>	<i>Signage</i>	<i>Payment options</i>
<i>Floor coverings</i>	<i>Sound system</i>	<i>Phone number on website</i>
<i>Signage</i>	<i>TV placement</i>	
<i>Spaciousness</i>	<i>Noise level</i>	
<i>Handicap accessibility</i>		
Technical	Operational	Experiential
<i>Employees level of expertise</i>	<i>Daily tasks</i>	<i>Hospitality</i>
<i>Speed of your technology</i>	<i>Cleaning</i>	<i>Customer engagement</i>
<i>Computers</i>	<i>Dress code</i>	<i>Personalization</i>
<i>State of the art technology</i>	<i>Preparation</i>	<i>Above and beyond</i>
<i>Ability to use your website</i>	<i>Answering the phone</i>	<i>Using the customer's name</i>
<i>Equipment</i>	<i>Duties</i>	<i>Remembering preferences</i>
<i>Phone system</i>	<i>Checking people out</i>	<i>Presentation of food</i>
<i>Software</i>	<i>Processing orders</i>	<i>Verbiage/vocabulary of staff</i>
<i>Product knowledge</i>	<i>Functions of the job</i>	<i>Congeniality</i>
<i>Quality of product</i>	<i>Compliances</i>	<i>Willingness to help</i>
<i>Timeliness</i>	<i>Paperwork</i>	<i>Anticipating needs</i>
<i>Knowledge</i>		<i>Service recovery</i>

Table 1. The Six Components of a Customer Experience (DiJulius 2011)

A well-planned customer experience management framework enables companies to tackle majority of the areas, however, as described earlier, some elements contributing to overall experience might be beyond or within limited influence of a company. The experience can, for instance, be influenced by number contextual factors such as presence of other customers etc. (Schembri 2009). (Klaus 2014; Ylikoski 2000, 91.) Verhoef et al. (2009), on the other hand, suggest that the situation, its surroundings and the consumers themselves can contribute to the creation of the customer experience (Klaus 2014).

Following chapters discuss those elements which come into prominence in service situations, and especially within airport environment in the context of passenger journey.

3.4.1 Emotions

Business operations are commonly understood through processes. Operations are built upon a number of isolated actions which bundle up to form a chain of seamless processes creating an engine that keeps the business running. It is easy to understand business through its activities and to justify that performance is a result of processes. However,

performance, whether good or bad, is highly influenced by softer and abstract elements, such as emotions and feelings. Emotions drive humans in decision making and, thus, understanding the emotions that consumers undergo when dealing with brand or product is crucial for companies willing to satisfy and engage their customers.

Customers have humane features which makes them very receptive towards different kinds of stimuli. They are feeling and sensing beings who are increasingly desensitized to different messages around them. People may forget what has been said or done but they are likely to never forget how they felt (DiJulius 2011). Thus, one might say that providing great customer experiences is trading for long-lasting positive memories. “Emotions evoke memories, and memories influence action — often to repeat the past, thus creating loyalty and an affinity for specific brands and services” (Loeffler & Church 2015).

Understanding emotions is vital especially in service business. Customer service transactions are very sensitive situations where the company’s representative must be able to read the situation and adapt accordingly (Jalonen et al 2016, 13). According to professor Jay Kandampully (2014), customers’ service experiences create memories of their relationship with a company, and very often the relationship between the customer and the company is ignited and developed by the company’s employees. Hence, in the context of service transactions, the company and the customer co-creates a relationship where emotions emerge – it creates an emotional attachment between the customer and the company. Kandampully claims that emotions have a sustained influence on customers’ decision making and behavior which, through an increased emotional attachment, can lead to retention and serve as a better predictor of loyalty than cognition.

Consequently, experience that has an emotional reference has a long lasting impact which the customer carries over the company. In service context people providing the service have an important role serving as a catalyst in nurturing and sustaining relationships and, thus, reinforcing that emotional connection and the memory of the experience. (Jaakkola et al 2015, 189-190.)

Emotions associated with a brand or product can either be positive or negative. Positive experiences often reinforce the creation of positive emotions and thereby engage customers whereas disappointing experiences are more likely to contribute in a negative manner and, in worst case scenario, end the relationship. The emotions aroused by customers’ experiences depend on the customers’ expectations, prior experiences and the importance of the service or product to the customer – the more personal and important the product is to the customer the bigger the disappointment is if the company fails to deliver the expected (Jalonen et al 2016, 71-72). Fulfilling the desires and needs of every customer the way that the experience evokes positive emotions is indeed

a challenge as each individual establishes his/her expectations based on the image and the best knowledge he/she has over the brand, product or service. In order to influence customers' experiences and their expectations companies need to focus on consistency on all fronts; careful positioning of the product or service supported by respective communication, ensuring certain level of quality and well-functioning processes.

The centric role of emotions in business is evident. Researches are showing that advertisements and marketing activities which appeal to customers' emotions are far more effective than those focusing on mere facts and product features. Consumers are continuously predisposed to emotionally charged advertisements in all media but harnessing the power of emotions is difficult. Despite the fact that advertisements which arouse positive feelings within their target audience tend to contribute to consumers' purchase decisions in a positive manner they do not guarantee success. In certain industries advertisements powered by negative emotions can also be used to trigger consumers' purchase activity by pointing out risks and problems which the customer may not have been aware of, or has not addressed with due importance. (Jalonen et al 2016, 31.)

Since consumers are humans and they are affected by their senses emotions will follow them at each phase of the customer journey. In order to commercialize the involvement of emotions companies should track and identify the feelings emerging at each transaction after which the identified emotions can be addressed with proper means – either by deploying counter measures to turn the experience positive or by reinforcing the positive emotions with delighting surprise elements.

3.4.2 Human involvement

Technology has introduced significant reliefs to businesses. Automatization and computerized systems are indeed of great help to provide cost-efficient solutions to areas where human involvement is not necessary – computers can perform innumerable simultaneous tasks and mathematical calculations in a blink of an eye, which would probably take ages for people to get the same job done. The same applies to customer experience – proper technology at certain touchpoints of a customer journey can support delivery of positive experiences. Perhaps to some extent at all touchpoints. However, even the most sophisticated systems can never fully replace human beings. What technology lacks is creativity – human ability to perceive; sense and recognize feelings, and adapt to perceived conditions. Computerized systems will never go beyond or deviate from what they have been programmed to do but only coldly process the tasks they are good for. Great customer experience includes human involvement.

According to Lynn Hunsaker (2010), CEO of customer experience consultancy ClearAction, copying the customer experience a company creates is the hardest thing for competitors to replicate. But where the differentiation derives from is the personnel; “engaged employees are the most dynamic and influential force in creating superior customer experiences”. Taneja (2010) agrees with Hunsaker by stating that “great customized consumer experiences require great employees”. Both Hunsaker and Taneja emphasize the tight connection between employee satisfaction, engagement and performance – all of which are required for the delivery of outstanding experiences.

A company entering the arena of customers experience must understand the importance of employee wellbeing. It is clear that employees lacking motivation will not be providing superb experiences for their customers. Unsatisfied and unengaged employees tend to deliver nothing more than the minimum required for their paycheck. Hence, in order for a company to be able to deliver superior experiences, it needs to start from its employees. A satisfied employee is content with the jobs he/she is charged with, the conditions and the environment where the tasks are performed. Simply described – a meaningful work in appropriate facilities. Employee engagement, however, is the extent to which an employee feels passionate about the job and is committed to the organization. Kevin Kruse (Forbes 2012) defines employee engagement being “the emotional commitment the employee has to the organization and its goals”. Satisfaction is the basic premise for employees to deliver the expected and feel good about the work whereas engagement reflects employees’ commitment towards the company, and fuels the employees for extra efforts.

Acknowledging the linkage between engaged employees and customer satisfaction is nothing new. Supported by numerous researches, Leonard A. Schlesinger and James L. Heskett (MIT Sloan 1991) discussed in their article in early 1990’s the correlation between employee satisfaction and customer satisfaction, and their impact on employee productivity. In the article Schlesinger and Heskett presented an organizational dilemma which they refer to as “cycle of failure” in which wellbeing of employees is clearly neglected due to managerial shortcomings and lack of focus on long-term planning – a common mistake in industries which are featured by simplified job descriptions. Schlesinger and Heskett make a point that companies tend to undervalue their employees in customer contact positions, and take little or no actions to improve their commitment towards their work and the company. Lack of efforts to create better working conditions deteriorates employees’ motivation and results in high employee turnover, and thereby leads to weakened customer satisfaction. Frontline staff is often in key position and their impact on overall customer experience is pivotal and may determine whether customer is lost or retained. Thus, investing sufficient resources and focusing on the

employees is crucial for any company endeavoring to improve their customer experience.

Entry level positions are commonly those where compensation is very low. In fact, depending on the industry, in these positions compensation is often at the level of statutory minimum or slightly above. These positions are very seldom rich in content, and probably subject to high employee turnover, if the remuneration is not appreciated, companies must have other means to encourage their staff stay onboard. Taneja (2010) refers to a similar group of employees stating that they are likely to receive the lowest pay and be the most ill-equipped in the company. Yet, they are the ones delivering customer experience in the frontline. For an individual frontline employee it may seem unfair that the most demanding tasks are assigned to him/her at the lowest pay, and perhaps without possibility to advance in his/her career within the company. Ruohotie and Honka (1999, 35-36) discuss the connection between employee satisfaction and performance in relation to rewards. Ruohotie and Honka identify that rewarding employees increase the level of employee satisfaction, however, they point out that, although rewarding in general increase employee satisfaction, only performance based rewards increase employees' motivation to excel in their duties and, thus, improve their productivity.

Ruohotie and Honka (1999, 33-35) state that employee's efforts within his/her work are determined by ability and motivation. Together they will lead to improved productivity but without existence of the other results will remain the same, or even worsen. Abilities and skills define which tasks and to what extent an employee is capable of performing them, whereas motivation defines the drive based on which employees work to reach set targets. In addition to individual determinants ability and motivation, Ruohotie and Honka list one general dimension affecting employees' work behavior – situational conditions/influencers, such as tools or resources. Ruohotie and Honka see these three dimensions as enablers of increased productivity. Training provides the basic knowledge for employees to perform their duties successfully. It provides them with the skillset needed to perform required tasks and transactions. When it comes to customer service, and especially customer experience, mere hard skills will not suffice. Delivering memorable experiences require completely new skillset from employees who, in order to arouse customers' feelings, perform their tasks in a theatrical way (Lehtinen 2004, 224). Thus, employees operating in the frontline should be equipped and trained for an array of soft skills, such as customer service, relationship building, role playing and etc. According to Taneja (2010) inadequate training of employees is one of the most significant drivers of inconsistency and thereby lack of great customer experiences. Taneja states that companies tend to focus more than 90 percent of their training on hard skills, including operational skills, product knowledge, and technical skills. Mastering processes is a solid base

to start from, however, the importance of soft skills will only increase when employees have to adapt and personalize customer encounters.

Disney is famous for its consistent world class customer experience. All aspects of the experience are carefully designed. In terms of employee training, Loeffler and Church (2015) describe Disney to prepare its staff for any situation that may arise by “rehearsing the show”. These rehearsals are amongst the key components behind Disney’s superior experience. At Disney the staff is trained to “perform their role” and also prepared to manage situations – to personalize customer encounters by, for example, using different tones of voice to convey the right message with personality and professionalism. Although the story of Disney’s is based on fantasy and the experience is delivered through an act or show, the continuous praise of the outstanding experience reflects high degree of professionalism and commitment of the staff. Loeffler and Church see training and rehearsing critical to the success of any company. They state that when businesses and their employees are communicating to customers that they are professionals, they are actually assuring the customers of certain level of competence which, in turn, creates confidence and trust. The more accomplished and competent employees are, the more confident, knowledgeable, and skilled they will present themselves.

3.4.3 Customer expectations

Experience is a subjective phenomenon which can be influenced to certain extent but, in the end, it cannot be fully controlled. Each individual perceives the surrounding world differently which, thus, makes experiences unique. Further to peoples’ differing perceptions of the world, what adds on the uniqueness of each experience is the expectations that we as consumers tend to establish for goods and services that we purchase – we create a certain image of a product or service which reflects our expectations, and those expectations stand for value that we expect in exchange for dealing with a business or brand.

Companies should place customer expectations in the center of their attention to stay ahead of the competition and to secure their competitive advantage going forward. Companies that succeed in adapting their spectrum of performance in accordance to those elements that satisfy, or even exceed, the expectations of their customers are likely to contribute to positive development of their customer satisfaction rates and, thereby, create solid basis for future business. (Raab et al 2010.)

True customer orientation springs up from an understanding of the customer - what does the customer really need and expect. Knowing what the customer truly wants puts companies in superb position where they can take measures to address these desires through which customers are eventually won over. This understanding enables companies to pursue

competitive advantage over the competition by direct actions to satisfy the customer. (Raab et al 2010.)

In order to fulfill customers' needs companies must be able to ensure an appropriate level of quality (Raab et al 2010). Service marketing literature is dominated by quality which, in fact, commonly refers to customer perception. According to Grönroos (1984) "Perceived service quality is an outcome of the evaluation process, where the customer compares expectations of the service with the actually received service product" (Altinay & Poudel 2016). Raab et al (2010) agree by stating that the actual experience of a product or service results from an evaluation process where customer reflects his/her expectations to perceived quality. The standard of comparison that a customer's expectations are based on may differ, and one can differentiate, for example, the following standards:

- **Expected Performance** – standard of comparison based on prior experience with the same or similar product.
- **Desired Performance** – the optimum standard of comparison what customer would like the performance to be – reflects an ideal performance from the customer's point of view.
- **Minimum Tolerable Performance** – stands for standard of comparison below which performance should not fall.
- **Adequate Performance** – reflects the standard of comparison which the customer considers reasonable.
- **Product Type Norms** – this standard of comparison reflects the expected normal within same product category.
- **Best Brand Norms** – this standard of comparison represents the best choices currently being offered.
- **Comparison Level Experience** with similar products – represents standard of comparison built upon prior experiences and information obtained from third parties. In this standard of comparison the relationship between costs and benefits is decisive

One experience may not satisfy everyone's expectations which, thus, makes generalizations is impossible. There is no absolute standard for something that is subjective, such as opinion of beauty or one's wealth – first being abstract and latter highly proportional – which is why the standard of comparison may appear in various forms, according to each individual and according to each situation. Similarities can be found through careful segmentation of customer groups, yet the overall experience depends on each individual's expectations and his/her perception of relative quality. (Raab et al 2010.) Therefore, experiences

should be customized to individuals, or at least designed for segmented groups, based on the insight that a company has over these specific groups (Taneja 2010). The goal of a business should be to continuously exceed the consumer's expectations – to steadily raise the level of standards and thereby adding onto customer satisfaction.

Consumers are influenced by their values, beliefs and their socio-cultural roots. These elements follow us through our lives contributing to all decisions we make. Over time, though, through development of technology and increased information, new values bring rise to entirely new expectations which pushes companies in a corner and, eventually out of business, if they are unable to cope with the change. Businesses must be able to satisfy current needs and expectations, but also understand and predict those that are emerging. Taneja (2010) depicts the generation of "Millennials" being highly technology-oriented and impatient people who expect flexibility and involvement. They expect to be freed from time and space while they crave to be heard and respected. Moreover, they expect creativity and authenticity through experiences. This generation has proven to consist of demanding customers who know what they want, and they are plowing the way for "Generation Z" whose expectations will determine the way business will be conducted in the future. Older generations', "Generation X" and "Babyboomers", expectations and behavioral patterns should not be overlooked but taken into account equally in order tap into their assets – these generations hold substantial funds to consume but the triggers are somewhat different. As stated above, regardless of similarities within age groups, each individual perceives the surrounding world through a unique lens which makes generalizations impossible. However, to get as close as possible to manage these expectations, companies must be able understand customers and their views, and thereby influence the experience they provide.

3.4.4 Brand

Brand plays an important role in engaging customers. It brings rise to and stands for those qualities and compelling values that consumption creates for consumers. Brand is an image that consumers build over a product, service or company based on ration and emotion. From a marketing point of view, however, brand can be considered as a promise given by the company to its customers – a promise to satisfy certain needs of the customer through its qualities and value. (Ylikoski 2000, 230-231.)

Creating and developing a brand is continuous work and it requires commitment for long-term. The objective of brand creation is to arouse an intended image within the target audience who associates the brand with certain values and qualities. Ideally brand becomes something that the target audience builds emotional bond with and, thus, engages the customers. Emotional bridges between brand and consumers will not be created even over time unless there is a call for such values that the brand

represents – a proper demand. A brand must be positioned in such a manner that it occupies a distinctive place and value in the customers' minds – it communicates the reasons to buy the brand in preference to others. (Lehtinen 2004, 95-97.) Positioning a brand involves identifying and determining both points of similarity and difference to ascertain the right brand identity and to create a proper brand image. Brand Positioning lays the basis for marketing strategy and describes the brand details, its uniqueness and similarities with competitive brands (Hela 2017). When a brand has been successfully positioned consumers can distinguish and articulate where the brand outperforms its competitors (Ylikoski 2000, 233).

A successful product is meaningful to customer. Using such product enables the customer to express his/her personality through the product – consumption creates value. A customer may even establish an authentic emotional bond with a brand which to a certain extent resembles an emotional relationship developed between human beings. When the emotional bond between customer and a brand develops exceptionally strong it is often referred to as brand romance. A customer affected by brand romance feels great pleasure when purchasing and using the brand, and he/she feels the brand as integral part of his/her life. Brand loving customers are ready to pay premium price for the brand which, from business perspective, is an ideal state for a company. Emotional bond engages customers with the brand and it makes them see the brand in positive light, even when disappointed by negative experiences. (Jalonen et al 2016, 67-69.)

Emotions beat rationale in decision making. Hence, a carefully built brand is amongst the most influential elements differentiating a company from its rivals. When a strong association is constructed over a brand it becomes known for those qualities and characteristics that it represents. Brand loving customers are likely to stay onboard even if they come across with negative experiences as long as the brand remains meaningful to the customers. Maintaining the brand image is continuous work but it pays off as long as the brand stays relevant in the market and to the customers. Therefore, in order for the brand to remain fresh it needs to be polished every now and then.

4 CUSTOMER EXPERIENCE MANAGEMENT

What Customer Experience Management (hereinafter referred to as CEM) strives to achieve is to create loyalty by engaging consumers through experiences. CEM is a means to build company's service offering around customers' needs and expectations, and beyond. Ultimately, CEM is an organizational strategy aiming for improved financial performance involving all internal stakeholders' commitment. The premise of CEM is to apply a strategic approach to manage customers' experiences systematically with the help of deep customer insight.

4.1 Schmitt's framework for Customer Experience Management

Majority of literature and sources found online concerning CEM seem to have somewhat consistent idea on how companies should address and manage customer experience. Some of the sources are limited to simple images whereas others have great deal of information. Hence, finding the right source material took some time. The author of this thesis decided to follow the CEM framework presented by Bernd Schmitt, Professor of Marketing at Columbia Business School. The author feels that Schmitt's well-justified thoughts enriched with real life examples provide an excellent starting point for any company endeavoring to improve their customers' experiences. Following paragraphs reflect the framework that Schmitt (2007) presents for CEM.

Schmitt suggests that CEM framework consists of five steps:



Figure 7. Five Steps of CEM Framework (Schmitt 2007)

4.1.1 Analyzing the experiential world of the customer

The first step in Schmitt's CEM framework concerns acquiring an insight into customers' world – taking a closer look into the elements contributing to customers' experiences. Thorough analysis over the constituents of

experience does not only enable companies to understand their customers better but to position their products and services accordingly. In Schmitt's framework the analysis consists of the following;

- **Identifying target customer** – different experiences for different customers. Companies need to define their target audience with accuracy to be able to understand the sociocultural drivers (wants, needs and expectations) behind their experiences. If companies are lacking focus they cannot analyze customers' experiences properly. Different customer segments have different experiences. It is unlikely that, for instance, repeaters and first timers have identical perceptions of the experience. The key here is to define the audience(s) as precisely as possible.
- **Dividing the customers' experiential world into four layers** – customers' perceptions are not one-off trades but experiences comprise four layers; sociocultural/contextual experience, usage/consumption experience, product category experience and brand experience.

Acknowledging that customers receive stimuli at all four layers enables companies relate to and understand their customers' experiences at each phase. The same applies whether the context is business to business or business to consumer. The brand experience defines the look and feel association. Product category experience, which is partly driven by the brand experience, may describe those unique features of a specific product or service. Usage/consumption experience – how a specific product or service sits perfectly in customer's life – is part of the sociocultural context of the target audience.

How these experiences are enforced and delivered to consumers is through the means of different media; internet, books, movies, events, magazines, packaging, advertisements etc. All of which trigger experiences within the target audience.

In order for companies to analyze the experiential world of the customers there needs to be a deep understanding of the sociocultural drivers behind the customers' behavior; needs, wants and lifestyles. Management must understand and be able to relate to lifestyle and/or business trends in regards to the usage situations of the product or service. The brand experience is ultimately developed out of an understanding of the broadest layer of sociocultural trends.

This insight can be gained by deploying appropriate data collection instruments; surveys, focus groups, observations or other creative tools- whichever suit the context. The research, however, should be conducted in natural environment, by using realistic stimuli and in timely manner to ensure responses are relevant and accurate.

Moreover, when researching experiences, customers should be encouraged to imagine different reality – to think outside the box.



Figure 8. Four Layers of Experiential World (Schmitt 2007)

- **Tracking the experience along touchpoints** – The objective of tracking the experience at customer touchpoints is to discover where and how the customers' decision-making process can be influenced positively. The aim is to develop an understanding on how each step of the decision-making process (need, search, information processing, choice, purchase and after sales) can be enriched to cultivate the experience. Each step of the process provides a touchpoint with the customer and thereby an experience to evaluate, moreover a possibility to differentiate.

Schmitt suggests that such understanding can be gained with a series of simple questions:

What? – refers to circumstances/conditions affecting the customer at each stage of the process. What is the customer doing when a need arises.

Where? – refers to physical or virtual location of the customer at each stage of the process. Where the customer actually is during each phase.

Who? – refers to person or body who is in charge of the decision-making at each stage of the process. Who calls the shots.

When? – refers to time or cycle affecting the decision-making process. When are the decision made; daily, weekly etc.

How? – refers to current experience provided. How the customers' experiences are currently addressed at each stage of the decision-making process.

A thorough understanding of the conditions affecting the customers' decision-making at each stage enables companies to address those phases where experiences can be enhanced.

- **Surveying the competitive landscape** – Wisdom is rather seldom limited to one company or industry. Businesses can certainly learn a great deal by surveying the competitive landscape. It is no doubt worth the effort to study what kind of experiences the competitors are offering to provide and what can be learnt from their success. Competition over experiences is an imminent threat to traditional companies but it can also turn to a great opportunity when planned carefully. When the competition goes beyond traditional strategies, such as price, quality etc., and customers are won over with experiences, companies must come up with means to challenge their rivals in an innovative way.

Studying direct competitors can give companies an insight on the experiences they provide to their customers and how they are striving to achieve competitive advantage within the market. What kind of results do their endeavors yield, and so forth. New entrants in the market need to differentiate themselves, and they are likely to have a strategy to penetrate the market. Whether the differentiation strategy is based on price, functionality or experiences it is worth to study. On the other hand, players outside the industry may have entirely different approach on experiences. These approaches contain valuable information and, moreover, they may apply to other industries as well. Surveying the landscape across industries is likely to generate the most innovative perspectives that inspire companies to rethink their means to deliver experiences.

4.1.2 Building the experiential platform

Experiential platform is the point where strategy and implementation connects. The experiential platform is planned based on the insight resulted from the in-depth analysis of customer's experiential world.

Experiential platform goes beyond mere positioning statement of a company – it presents a dynamic, multidimensional depiction of the desired experience which can be called as “experiential positioning”. The experiential platform is the part of CEM framework that management uses to communicate the positioning of a company, brand, or product. It conveys the message that the brand stands for.

Experiential platform also details the value that customer may expect from the product or service, “the experiential value promise”. The experiential value promise (EVP) describes the benefits of the customer; what he/she gets in exchange. It identifies the specific value which a customer may expect from a brand but in experiential terms – what kind of experience will the customer get. Planning an EVP should involve considering different types of experiences a customer perceives, such as: sensory experiences (sense), affective experiences (feel), cognitive experiences (think), physical experiences, behaviors and lifestyles (act) and social-identity experiences; reference group or culture (relate). The platform is communicated through the means of verbal and visual imagery associated with the company or the brand.

The platform culminates in an implementation theme which lays the groundwork for marketing and communication efforts as well as future innovation. Experiential positioning and EVP are then linked with the implementation theme (when, where, circumstances etc) and ultimately brought alive in the actual implementation phase. The experiential platform connects the dots of analysis and implementation, and the result is ultimately reflected in the strategy.

Management should aim to create holistic and relevant experiences that simultaneously address customers’ senses, feelings, cognition, behavior and sociocultural qualities. Relevant refers to time and context where the experiences are delivered. In order to maintain the platform relevant it may have to be revised or adjusted from time to time and one market to another.

4.1.3 Designing the brand experience

Brand experience brings together all the static elements that a customer encounters with a brand – the product, logos and signage, packaging, brochures, advertising etc. – they all feed the overall brand experience. It is obvious that the brand experience does not emerge from one single element or transaction but results from consistency. In order for businesses to succeed in their endeavors to manage the customer experience management there needs to be a seamless process that starts with customer insight, followed by experiential platform that includes customer input/output, and, finally, ends in a customer-experience driven implementation. All the elements of which the brand experience comprises are based on the experiential platform, which consists of experiential positioning, experiential value promise (EVP), and the overall implementation theme. They all contain vital knowledge concerning the desired customer experience towards which companies should strive to build upon their brand. Hence, the experiential platform is the starting point for creating a brand experience.

The brand experience comprises three cornerstones:



Figure 9. Brand experience design (Schmitt 2007)

Product experience - the product or service is the focal point of the customer experience. Therefore it is only natural that the experience describes the functional qualities included. However, as many products are expected to undertake certain functions they are not likely to provide any extra value to the customers. Thus, the other features that the product holds within is of a greater importance to customers. These other (experiential) features serve as a catalyst for brand experience – adding value to customers.

Experience is much more than ordinary qualities of a product. Instead, an experience may arise, for example, from such experiential features that provide customers' with certain possibilities. These features may never be needed but they spice up the product. Alternatively, the experiential features may eventually turn commonplace - who ever thought that mobile phones would need a camera? Nowadays every portable device provides the user with the opportunity to capture the moment – cameras have become commonplace, and consequently, consumers are now taking them for granted.

How a product works is another feature which can add value to a customer. If the product works in such a unique way that it differentiates from those of competitors it is more likely to arouse interest amongst consumers, and even more if the design exudes beauty. The aesthetics of a product is vital and, hence, the design, colors, shapes and so forth should be planned together with the functional and experiential features of the product – to reflect the experiential platform.

Look and feel of the product is another key aspect of a brand experience. Consumers do not buy only the features of a product but instead an entity

where logo, labels, package, etc. unite – all of which allow the brand to articulate its brand identity through carefully planned imagery and messages. Although logos, labels and packaging may appear small in size but properly planned they can convey the message of experiential platform and thereby enforce the brand value with a slight experiential twist.

The same look and feel extends to all distribution channels where customers frequent. Regardless of the place where customers do business the look and feel element of the brand follows consistently – from brand identity to visual identity – they all communicate the same message.

Companies should not be afraid to disclose their positioning concerning the look and feel element. It is an extremely important component of the brand experience and if the positioning is not brought out consumers it is very unlikely that the message they contain will ever be acknowledged.

Experiential communication represents a new way of thinking, a paradigm that springs up from the experiential platform. Traditional marketing where the product and its features are in the center of advertisements is losing its power in today's world. There is more to a product than its functionality. Experiential communication provides the brand with an experiential personality. It focuses on the customer's experience when using the product and thereby enables consumers to relate to the usage situation.

The experiential platform serves as a source of consistency whereby the experiential positioning can be used for designing the overall tone of the advertisements, the EVP specifies what the customer gets in an experiential sense and the overall implementation theme defines the role and execution for communications.

Unlike traditional marketing communications where unique selling proposition plays a central role, experiential communications focus on the experience rather than mere features of a product or service. For consumers and certain customer groups it is much easier to find the value when and be entertained if they can position themselves in the usage consumption – through appropriate experiential messages.

4.1.4 Structuring the customer interface

The second key implementation domain of the experiential platform is the customer interface. Customer interface refers to transactions between the customer and a company, more specifically, the dynamic exchange of information and/or service that occurs between the parties. This exchange may take place in person, over the phone, online, interactively or in any other way. The customer interface has a strong influential power which can either boost or derogate the customer experience built upon the brand

experience. Hence, the customer interface must be carefully structured to follow the overall implementation theme. Designing and managing the interface can be a challenging task, and for most companies it means several interfaces. The most common interfaces are:

1. **Face-to-face** – interaction that occurs in person; in store, sales personnel, service personnel and so on. Each interaction is tailored to individual customer where verbal and non-verbal communications are playing a crucial role.
2. **Personal-but-distant** – refers to personal interaction over different communication tools; telephone, writing etc. Each interaction is tailored in accordance with individual customers' needs. Similar to face-to-face customer interface although the interacting parties are not in the same space.
3. **Electronic** – customer interface includes interactions online; website (e-commerce), short messaging etc.

Each and every exchange and interaction is an opportunity for a company to connect with its customers. These encounters provide the company numerous possibilities to delight its customers, exceed their expectations and enrich their lives – not to mention the possibility to differentiate from its competitors. In order for the company to differentiate itself there must be a right mixture of people, technology and creativity in the design of the interfaces.

The customer interface should be linked to the experiential platform which is derived from an understanding of the customer's experiential world. It must also be integrated with the brand experience and continuous innovation, reinforcing the product image and brand communications.

The right interface is a balanced mixture of content and style where interactions occur in timely yet flexible manner. What may come forward as a challenge is creating consistency between the different interfaces. All the interfaces should deliver the same message in a consistent manner to maintain the brand experience throughout all the channels – this may appear a difficult task especially for highly differentiated brands or products. Therefore, interconnecting the interfaces needs to be designed with special care. Proper technology can reduce significant amounts of unnecessary costs arisen from maintaining the customer interface but it can also improve the interface experience. The right interface balances between right staffing and right technology which enables the customer to take the lead of the experience.

The customer interface goes beyond traditional CRM, and its design incorporates not only intangible elements of information exchange (voice,

verbal, attitude, behavior etc.) but ensures consistency over time and coherence at each touchpoint.

4.1.5 Engaging in continuous innovation

There is natural lifecycle for all products. And the cycle is limited. Once a product reaches its peak it is only a matter of time before it hits a steep downhill – the product starts losing its relevance and appeal on the market. The experience is no longer attractive. The same loss of appeal will occur to brand experience unless the brand is able to maintain attractive by delivering innovative solutions to their customers. In order for companies to keep their brands fresh and relevant they need to engage in continuous innovation.

Innovations are often associated with game changing inventions, something that changes consumers' lives forever. However, innovations are not only major discoveries enabling people to live longer or bring ease to their lives but instead they come in a variety of different forms. Ultimately innovations represent renewal, and they spring up from the ability to think differently, a mindset that is curious to go beyond the conventional and to explore the experiential terrain where new ideas are embraced. In the experiential world of consumer innovations appear in various forms, indeed.

In addition to major breakthroughs, those of which serve the greater good of the mankind, there are small innovations emerging all the time. These small innovations may be extended qualities or new features to existing products or even marketing efforts which bring the brand into new light. Yet, they all have the same goal of introducing new or enhanced experiences to customers, to keep the brand fresh, relevant and attractive to its target audience. Innovations serve both the consumer who finds further value associated with product or brand, and the company whose ability to renew in the eyes of the customer strengthens the brand experience. What is vital to understand is that innovations wear out over the course of time, and they may lose their meaningfulness or be replaced by other innovations. Thus, the innovation process should be ongoing – an inbuilt value within the company where the culture and processes encourage for continuum of experiential ideation. Whether in the field of product development, communications or marketing effort – the innovation should be derived from the customer insight, the experiential platform which provides companies with the understanding of customers' experiential world.

5 OUTSOURCING

Companies are continuously evaluating means through which they can reach operational and organizational efficiencies and concurrently strip out their costs. The puzzle that puts together both operational excellence and improved financial performance seems often mission impossible – and it sometimes is. When companies are struggling with these questions it is then when the management start taking closer looks into their internal processes and functions, whether it would be wiser to have some of the tasks performed by a subcontractor. Why waste energy and resources on something that can get done more efficiently and economically by a third party? If it is more feasible to have a partner to do it for the company there is probably no reason to keep it in-house.

Some of the activities that companies are engaged in are less prone to damage the companies' performance although performed by contracted partners. Those activities on which companies build up their success, however, are crucial to keep in-house – the core activities. Core competences are the driving force behind business performance. The concept refers to activities which an organization should retain for maintaining its competitive advantage (Skjøtt-Larsen et al 2007). It is obviously natural to hold on to those functions which lay the groundwork for success – where the company has unique capacity or capability. The activities that are less central to the core business and do not add competitive value to the company may become subject to an assessment whether it is more cost-effective to engage a third party to perform the task (Gibbs & Humphries 2009).

In aviation business this is a common scenario - airport and aviation business throughout the world is characterized by high degree of outsourcing. Many of the functions that make the passengers' journey possible are subcontracted to third parties – to companies that are specialized to provide given services. Outsourcing has become a competitive necessity (Skjøtt-Larsen et al 2007) which has been acknowledged by the operators within the industry. Airlines have realized that one organization cannot be efficient and competitive in every area.

There are numerous advantages that outsourcing can introduce to a company when managed properly. The benefits depend on which functions are to be outsourced and at which level outsourcing occurs. Brown & Wilson (2005) present some examples of advantages that can be achieved through outsourcing:

- Increase sales opportunities
- Improve corporate image and public relations.
- Prevent missed opportunities
- Reduce costs

- Enable business to focus on core competencies
- Reduce or eliminate customer complaints
- Increase customer loyalty
- Lower costs on projects and events
- Beat competition
- Make time and resources available

Outsourcing can be tactical when reasons are often connected to specific problems experienced by the company. In this scenario, outsourcing is seen as immediate means to mitigate or abolish the problem. Whether the problem is related to lack of competence within specific sector or desire to reduce unnecessary headcount but the idea is to solve the identified problem. Tactical outsourcing may be applied as a short-term remedy until the company is able to address the problem with proper internal means through strategic approach. (Brown & Wilson 2005)

Decision to outsource activities to a third party may also be strategic. Strategic in the sense that companies can, for instance, outsource certain functions in order to reallocate time and resources to focus more on the strategic side of the business. Strategic outsourcing relationships are built mainly to create long-term value where vendor-supplier relationship evolve to from transactional basis to true partnerships. This level of outsourcing is commonly more focused and, instead of working with a number of vendors, companies tend to work with a smaller number of best-in-class service providers. In strategic outsourcing the emphasis is on mutual benefit of the partnership, co-creation of value. (Brown & Wilson 2005)

Transformational outsourcing is more evolved level of outsourcing where reasons to involve partners in business processes are based on new values – for the purpose of redefining the business. Constant change is a burden that affects all organizations and forces them to seek new alternatives to maintain their competitive advantage. In their attempts to respond to emerging innovation and increased competition in the market, companies may look for new capabilities and synergies to outperform their rivals through outsourcing. External knowledge gained through outsourcing can introduce new insights and boost both innovation and change which enable companies to respond to the intensified competition within the market. (Brown & Wilson 2005)

Contracting partners to perform some of the activities release both management and capital resources for more efficient and strategic important use. It enables companies to pursue the opportunities within their core business while transferring some of the less critical functions to third parties. Outsourcing also enables companies to concentrate on the areas where they find advantages in terms of higher rates of return and efficiency. In addition to increased efficiency, outsourcing creates flexibility as suppliers can be changed in accordance with fluctuations

within the market and/or changes in supply conditions. (Skjøtt-Larsen et al 2007)

Regardless of the benefits outsourcing may introduce to a company it also has its weaknesses. Increased focus and efficiency in internal processes may easily lead to lack of supervision over the subcontractors causing inconsistencies within the product/service.

5.1 Outsourcing ground handling activities

Budget airlines are truly plowing the way for legacy carriers. They are taking outsourcing to extremity in order to focus on their core functions. Low cost carriers, such as EasyJet and Ryanair, are indeed pioneers in outsourcing. Only staff in easyJet's core functions, crew and the pilots, are on the payroll whilst all other functions are transferred to third parties. easyJet's COO, Warwick Brady (2014), states that the airline outsources everything they can as long as they can manage it. (Wild 2014.) The trend is likely to continue as nowadays many of the outsourced functions can be controlled and managed with the help of sophisticated telecommunications and advanced information technology (Gibbs & Humphries 2009; Skjøtt-Larsen et al 2007).

Routing and frequencies differ from one station to another making the locations within airlines' networks inapt for direct comparison. The imbalance between locations within the network obviously impacts the decision making and also the depth of partnership. At high volume stations airlines might even consider engaging in those activities which in other circumstances would be outsourced to a partner. At certain locations economies of scale may introduce such significant business opportunities that airlines might decide to not to go forward with outsourcing but instead keep less central activities in-house (Wild 2014).

So many functions along the passenger journey are outsourced that it is very likely that a passenger passing through an airport does not come across with any airline staff before boarding the aircraft. The passenger may encounter various constructions of the airline's customer interface (ticketing, check-in, lounge, gate) where the personnel attending the passenger is, in fact, employed by third parties. Once the passenger has embarked the aircraft he/she may, without sparing a thought, observe how the aircraft is being serviced and loaded by the airline's contractual partner. The scope of outsourcing varies, and not only the constructions of customer interface are outsourced but also a major share of the operations occurring "behind the scene". (Pruzinky & Mihalcova 2015.)

The market where services are provided to airlines is substantial. The estimate of KPMG suggests it to be worth more than €200 billion globally and, yet without the involvement of IT (Pruzinky & Mihalcova 2015). The increasing level of outsourcing within the industry provides number of

opportunities for companies to harness, especially for those who excel in delivering innovations. Outsourcing certain activities may bring cost-efficient solutions to companies but more importantly formed partnerships may bring rise to disruptive innovations that can only result from unconventional alliances – innovations that shake the operators throughout the industry. Nowadays the trend seems to be that legacy carriers benchmark and follow the best practices implemented by low cost carriers and, therefore, it is unlikely that outsourcing will show any signs of decline in the near future.

Outsourcing involves a high risk. Considering the importance of – for instance – customer interface whose contributions may either stain the company image once and for all, or redefine the entire brand by consistently delivering positive world-class services. The risk is real, however, the key to succeed in outsourcing business is proper management practices. When operations are built around core activities and the rest is outsourced there must be clear policies and operational procedures to endorse the scarce but streamlined management practices to ensure established KPIs remain at a satisfactory level – as if the services were provided by the company itself.

5.2 Managing outsourcing

Although provided by third parties, outsourced services are like any other business processes of a company and, thus, require proper resources and dedication to manage these processes. Due to the complex nature of outsourcing, managing buyer-supplier relationship can be frustrating and challenging. Yet, it is a mandatory element that ensures services are provided in accordance with agreed scope, depth and quality.

For many companies one of the most difficult tasks of outsourcing is to define which processes should be transferred for partner(s) to undertake. Vendor management process starts from understanding the organization's internal needs which allows executives to determine the scope and depth of outsourcing activities. Comprehension of goals and current standing sets the basis for vendor selection process – choosing the right partner for right reasons. (Bucki 2017; Brown & Wilson 2005.)

Selecting the right vendor involves various phases but they all aim to ensure that the chosen partner commits for the job and delivers the expected. Properly conducted selection process where each phase communicates the organization's goals and reasons for outsourcing ignites the partnerships and engages the parties for long-term. The selection process serves as a springboard for the business relationship enabling the parties to assess whether they can both profit from the co-operation, or if they are even compatible in terms of values and expectations. Hence, setting the right criterion is an efficient way to shortlist some of the candidates even before an official RFP is sent out. (Brown & Wilson 2005.)

Service providers are controlled through a number of governance mechanisms that form part of the buyer-supplier relationship. The agreement between the parties is the key component of the relationship and lays the groundwork for control (Brown & Wilson 2005). The agreement is a comprehensive and unambiguous document which details the responsibilities of the contracted parties. Despite agreements being drafted precise and exhaustive to ensure all aspects of the co-operation are covered, they should also contain elements endorsing adaptability to potential changes that may have an impact in the future. Agreements are often crafted to meet current needs but the needs may change over time and the content of the agreement may not serve the purpose or be financially viable going forward. Hence, agreements should be drawn flexible enough to accommodate the inevitable changes that will occur both in technology and in the market during the agreement term. Thus, the agreement should be a tool to manage the co-operation not only in current circumstances but anticipate potential needs for change. It is obvious that the agreement is the key for successful co-operation as it covers everything from arbitration to support and costs to responsibilities. When an agreement is drafted properly it forms the foundation from which contractual parties will develop a durable and profitable business relationship. (Brown & Wilson 2005.)

Service level agreements (SLAs) are an essential part of contractual relationships. These legal documents are crafted to provide descriptions of minimum service standards expected from the supplier and to communicate the targets that vendors need to achieve. SLA is a working document, a tool which is used to monitor supplier's performance and which ultimately sets a benchmark to measure the success of the outsourcing process. Whether part of the main outsourcing agreement or as an addendum to the main contract, SLAs are legally binding documents that can be used for many purposes, such as risk management or for an exit plan, but mainly to ensure that established KPIs are met. An SLA should be understood as leverage, means to influence the supplier but also to communicate the expected outcome of the partnership. (Brown & Wilson 2005.)

The objectives of the outsourcing process should be quantifiable and, at least to some extent, defined prior to going forward with the outsourcing decision. Appropriate measurements are to ensure that the supplier is held accountable for any deviation in service delivery and thereby determine the success of the outsourcing effort. If measurements are not established when the agreement is put to practice, the customer will suffer loss of control as the contract cannot be managed effectively. Measuring performance is crucial for both parties to the agreement where clear targets enable both the customer and the vendor to evaluate whether service delivery meets set expectations. Thus, appropriate and realistic

metrics set to measure the success of the partnership work for the benefit of both parties. (Brown & Wilson 2005.)

In order for an outsourcing project to be successful, the partners should agree on periodical reviews where the performance reviewed and discussed. Keeping the agreed reviews formal and structured ensures that both parties understand the goals of the partnership and commit to same targets. They may also serve as proper forums to raise red flags for recurring service failures which forces the vendor to address these shortcomings with due dedication. (Brown & Wilson 2005.)

The reason for constant service failures may result from various reasons. Ideally the contract should cover all aspects of the co-operation to avoid any failures. Yet, in the midst of negotiation process the focus may get lost and some crucial issues such as training be left unaddressed. Training is obviously one of the key elements ensuring that assigned duties are carried out properly. To be sure that the vendor's personnel is qualified to undertake specific duties the buyer should verify competence of the personnel, which can be done most efficiently through training. (Brown & Wilson 2005.)

6 METHODOLOGICAL CHOICES

Qualitative research is a widely used term for various approaches and methods to study natural social life. It is designed to disclose a target audience's range of behavior and the perceptions that drive it with reference to chosen topic or phenomenon (Qualitative Research Consultants Association 2017). The information or data collected and analyzed is mainly non-quantitative in character, consisting of textual and/or visual materials that document human experiences in social action (Saldana 2014). It enables the researcher to gain a deep understanding of the quality, characteristics and meanings of the chosen topic or phenomenon (Jyväskylän yliopisto 2017) which ultimately results in descriptive outcome through careful interpretation of the collected data. Qualitative research uses in-depth studies of individuals and/or small groups of people to guide and support the construction of hypotheses.

Qualitative research and quantitative research form a natural methodological pair complementing each other. Qualitative research provides a deep understanding of the studied phenomenon, an insight from a smaller sample, whereas quantitative research describes the study object through statistical means, involving counting and measuring. Statistics can be either descriptive or inferential - descriptive statistics display averages ("means") whilst inferential statistics are those which enable the researcher to draw potentially meaningful and significant conclusions from the data collected (Gillham 2010). Quantitative research aims to provide explanations of the phenomenon by numeric variables, enabling the researcher to make generalizations based on the "hard" data collected from a large sample studied.

6.1 Research strategy

Quantitative research is very structured, and generally understood as stringent research approach which confirms an established theory. Qualitative research, however, provides information that can be used to create a theory. In qualitative research method the researcher relies on his/her observations on the sample rather than drawing conclusions using precise research instruments. The focus is on interaction between the researcher and the sample which enables the researcher to pursue points of interest and to disclose new information of the studied phenomenon. (Hirsjärvi et al 2007, 124-125, 155, 169.)

The chosen strategy for this research was a descriptive survey research where both qualitative and quantitative methods are applied to interpret how the case company contributes to the creation positive customer experiences. Qualitative research method enabled the researcher to draw hypotheses of which features/qualities lay the basis for good customer experience in the context of customer service within studied environment,

and also to determine the variables that potentially affect the results (Saris 2014). Quantitative research method, however, studied how the case company contributes to the experience, describing the perceptions of the sample.

Qualitative part of this research aimed to uncover those qualities that the case company's front line staff considered essential for the delivery of good customer experience in passenger processes, and to which the case company's customer service personnel can directly influence within the chosen contexts. It does not take stand but discusses the variables that may have an impact on the research outcome, such as demographics, time of the day and past experiences of the sample. The data collected by qualitative means was translated to attributes and further developed to a set of questions referring to such qualities. The questions derived from the data formed the basis for a research tool which enabled the researcher to carry out the quantitative part of this study, and ultimately answer to the research questions presented in Chapter 1.

6.2 Data collection and analysis

For the initial data collection method the researcher had chosen group discussion/workshop which was carried out together with five (5) participants representing the case company's customer service interface. The researcher carried out two group discussions, involving altogether ten (10) participant, five (5) in each. The purpose of the group discussion was to develop an understanding of the qualities/features contributing to good customer experience within the context of passenger process where the case company's frontline staff can influence the experience. The discussion addressed elements supporting the creation of good experience and also those imposing constraints – focus was on passengers and their respective needs/expectations in regards to the studied process. Information collected in the group discussion was later used to derive a set of questions used to measure passengers' experiences. The group discussions were recorded using an iPhone and transcribed for analysis after which the determined attributes were set.

Data collected by qualitative method was translated to a close-ended questionnaire with one open-end question. The questionnaire was then used as a tool to record passengers' experiences in the studied process and in natural environment to avoid bias. The chosen data collection method was personal interviews where the data was recorded by using Survey Monkey application and a tablet computer. All interviews were conducted by the researcher himself which enabled him to pursue passengers' views on how to develop the process to become more customer friendly. Altogether one hundred (100) randomly selected passengers were interviewed. The sample comprised fifty (50) passengers using self-service solutions and fifty (50) passengers who were personally attended, over the counter. All participants who were given conventional service were

interviewed during early morning hours (during the peak) whilst all participants using self-service were interviewed during afternoon/early evening (during the peak or slightly after). The interviews concerning conventional check-in were conducted on 05th, 07th and 09th of December 2017. Respective dates for self-service interviews were 03rd, 04th and 07th of December.

6.3 Workshop / group discussion

The research process was initiated together with the relevant stakeholders, both senior management representative and operations management representative, in order to ensure the objective of the research remained in line with the case company's expectations. The researcher and the respective management representatives agreed a meeting, held on the 8th of September 2017, where the researcher presented his plan for conducting the research, and which was approved by the management team. The dates for group discussions were confirmed to initiate data collection process.

The researcher hosted two workshop sessions in the case company's headquarters, the first session being held on 10th of October and the second on 11th of October, with a planned duration of two hours. Five (5) participants attended each session. The participants were given no prior information what the workshops were all about as the idea was to arouse spontaneous views, allowing the researcher to feed the discussion with random prompts and to pursue points of interest. Both of the workshops were recorded with a smart phone and transcribed by the researcher himself. At the beginning of each session, the researcher gave a short presentation regarding customer experience, its dimensions and the influence of customer service on overall customer experience. In order to ignite the discussion activity and thinking process of the participants, the researcher had included in his presentation two short videos depicting different kinds of customer service situations.

The first workshop provided valuable insights and preliminary topics which were later addressed and confirmed in the second group discussion. Based on the information gathered in the workshops the researcher was able to discover various dimensions affecting customer service, those that support good service delivery as well as those that hinder. The discussions also provided an understanding on the expectations that passengers have for the chosen processes which enabled the researcher to identify the qualities and attributes to be measured. Some of the findings concern company's internal planning processes and policies whereas others are within limited or beyond front line staff's influence.

6.4 Validity and reliability

The outcome of this thesis was achieved by using both qualitative and quantitative research methods. The researcher acknowledges that in terms of validity the results may be found somewhat questionable. This is due to the fact that the attributes, by which customer service was measured quantitatively in form of a survey research, were never validated by the passengers, and the questionnaire was solely based on the outcome of group discussions and, thereby potentially influenced by the researcher's interpretations. However, the participants' (passengers) inability to contribute more to the open-end question allows the researcher to argue that the research can be considered valid for the time(s) the research was conducted.

The researcher is of the opinion that the results can be considered reliable for the time and place when the research was conducted. The consistency of replies reflected coherency in both qualitative and quantitative research approaches. Yet, the researcher must point out that the views presented in the group discussions by the interviewees may have been somewhat biased. The researcher also acknowledges that his prior experience may have contributed to the interpretation of the results, to some extent.

7 CUSTOMER SERVICE – EMPLOYEES' VIEWS

This chapter contains a summary of the rich data and insight the researcher obtained in the workshops. The findings presented below embody the experiences of the front line staff and discuss the challenges the case company's customer service personnel encounter when performing their duties. Certain issues raised are far beyond the front line staff's influence while others might be within their immediate or limited influence. Hence, the researcher considered it natural to categorize the findings accordingly – external factors and internal factors. External factors depict the specific challenges related to products/services, infrastructure and clientele, which are all elements the personnel cannot affect. Internal factors however are those connected to the case company's procedures, individual employees and their capabilities. Finally the researcher presents the derived attributes of good customer service adapted for the chosen context, and from which the questionnaire is drawn.

7.1 Challenges of customer service - external factors

The participants of the group discussions were very articulate and detailed when describing the challenges that they encounter on a daily basis. Several individual examples were given to ensure that challenges in particular were noted by the researcher.

The researcher points out that the reflection point in the group discussion was heavily focused on self-service, the specific features and challenges that it imposes to customer service personnel. It is only natural since the case company's biggest customer is heavily self-service oriented. Regardless of the discussions' strong emphasis on self-service, the workshop addressed customer service in general.

7.1.1 Passengers part of the process

Self-service is an excellent way to boost operational efficiency. However, heavy focus on self-service solutions is often considered as a threat which raises uncertainty amongst the customers. Many times the passengers, especially elderly people, are very insecure with self-service solutions as they are afraid that they might make mistakes which are irreversible. Passengers find airport processes very confusing and stressful, especially those concerning check-in, security and boarding (Kazda & Caves 2015). These passengers do not feel comfortable with computers and systems but instead they prefer the "old-fashioned" face to face service where the problem is solved by the service personnel. These passengers believe they will not understand what they are supposed to do and, hence, they do not even dare to try. Basic assumption such passengers have is that they will

fail in the process. Hence, these passengers require customer service personnel to be immediately available in case problems occur.

When a customer is left alone with self-service systems there is a strong possibility that the passenger misses some of the vital information provided. When feeling insecure, passengers are often distracted and, thus, likely to bypass some of the information, potentially essential information which may affect their journey. Any misunderstanding or negligence by the passenger with potential consequences will lead to dissatisfaction which will be raised against the front line staff. Regardless of any disclaimers and information banners on the screen, the passengers assume very little responsibility for their actions. The same applies to purchases made through any sales channels over which the case company has no influence whatsoever – a great deal of information is given to the passenger, yet it is very seldom that the passenger actually familiarizes him/herself with the conditions. The amount of information can be overwhelming and sometimes provided in a language which is not the traveler's first choice (Kazda & Caves 2015). Passengers expect to be made aware of the information which is essential to them, and also to have it summarized for quick browsing.

Some passengers have special needs to address. Some have disabilities and others may be traveling with children or with pets. These passengers have very different needs and they perceive service through a different kind of lens. One experience may not fit for all (Taneja 2010). Self-service is not embraced - nor is it even possible in many cases - and convenience is the key. With special needs passengers face to face service is always better alternative as it provides the convenience and comfort the passengers expect. These passengers need assurance that their journey will remain as hassle free as possible – shepherding five children can be tricky while getting familiar with a system which the passenger has never seen before, not to mention the challenges a disabled person will face upon arrival to his/her destination without the required mobility aid. It is clear that these passengers need special attention. Identifying certain special needs is obviously easy but in some cases the service personnel find it hard to detect which passengers will require their personal attention. Such needs can only be discovered when interacting with the passenger.

Despite the strong drive towards self-service solutions within the industry, those passengers who prefer conventional means should have the option to choose. Special needs passengers obviously represent a minority and, when self-service solutions are preferred, the processes may or may not consider such needs in full.

7.1.2 Infrastructure and systems

In order for passenger processing to be smooth and seamless the operating environment must be supportive of the airlines' business models. The infrastructure must be reliable and robust as any failure causing a system outage may deteriorate passengers' experience. Despite the differences between products and services it is within one setting under which all services are provided. Constructions, wayfinding and computer hardware used for passenger processing are provided by the airport operator but the actual systems (software) are either provided by the airline or the third party operating on behalf the airline.

When an airline business model favours self-service solutions it is generally understood that the system must be simple enough even for a first-timer to use. Only successful completion of self-service processes will encourage the passengers for later usage in their future travels. The system should guide the passenger through the process and provide him/her with relevant information. What happens when the process fails, either as a result of equipment problem, system failure or by passenger's mistake, is that the passenger frustrates and loses his/her faith in the system. Repeatedly experienced the quick and convenient alternative for queueing loses its credibility which, thus, results in weakening usage rate. In such occasion the customer service personnel have very few remedies against the mistrust arisen from the passenger's bad experience(s).

It is quite different when systems fall during the course of over the counter service, though. The service personnel are there to explain the situation and its impact to the passenger, assuring that his/her business is taken care of, regardless of the technical challenges encountered. The passenger is never left alone but provided with the information he/she craves for. The passenger feels that his/her needs are addressed. When something goes wrong and the service delivery fails the situation can still be won over - customers who have experienced a service failure but are ultimately satisfied with the recovery effects will remain loyal towards the company (Krishna et al 2009; Ylikoski 2000, 195-196).

Delivering information and/or reaching a passenger with reasonable means may sometimes be compromised – either due to insufficient data at hand or inadequate systems in use. For instance, when a passenger must be called in at a crucial stage of boarding process, and there is no time to spend for finding the right contact information, the customer service personnel is forced to rely on the audio systems of the airport. The coverage of the audio system, however, is limited to immediate surroundings of the departure gate which makes it practically impossible for the passengers to hear the announcements unless are within the range. When a passenger misses his/her flight it is very often they feel that the customer service personnel did not make sufficient efforts to contact them – even if the passenger had been called by the name a number of times

before closing the gate. Unfortunately, many times passengers do not consider themselves obliged to comply with given timeframes but instead they tend to refrain from any responsibility. Sympathizing with the devastated passenger and providing him/her with further assistance do not entirely remove the disappointment but eases off the bad experience.

7.1.3 Inconsistency

As described in Chapter 3, customer satisfaction supports the creation of loyalty – a satisfied customer is more likely to use the same vendors which they have been satisfied with, and airlines are commonly known for different kinds of loyalty programs and frequent flyer schemes through which they aim to engage their customers. Members of frequent flyer programs are often very conscious of the product or service they are using and expect a certain standardization throughout the network.

Airlines are endeavouring to ensure their product is equal within the network through carefully planned instructions and manuals. However, there can be significant differences in the product between one location and another. Service delivery can be impacted by differences in local infrastructures, cultural issues and even KPIs by which performance is measured. Any of the foregoing, amongst other factors, naturally influence the service delivery and sets the bar for location specific service standards. When a customer is accustomed to a certain product or service, the customer obviously expects that the product remains equal whenever and wherever used. Yet, creating consistency between different interfaces, which should all deliver the same message, may come forward as a challenge (Schmitt 2007). Any deviation from those expectations that the customer has established for the product or service will affect the customer, and in case the customer encounters a negative deviation he/she will find a way to communicate his/her feelings – unfortunately the front line personnel will suffer the primary outburst after which the complaint will most likely reach the airline's feedback system. At this stage the emotional peak of the dissatisfied passenger has probably already eased off and the complaint is filed in more structured and sophisticated form.

Inconsistency within service standards can be a remarkable challenge. The aviation industry is highly dominated by standards and recommended practices (IATA) which are commonly acknowledged and applied, yet the focal point of such practices highlights safety related issues. The perception of safety and security, however, is strongly influenced by socio-cultural elements and, thus, location specific differences are inevitable. For example, at one location a pet transportation crate which clearly fails to meet recommended standards can be accepted whilst at another location the same container will consistently be rejected. It is not only safety and security related issues where the differences appear but similar examples can be found in various service standards – a bag which is clearly above

the allowance may be accepted at one station whereas other station(s) will charge for the excess weight.

The adoption rate of self-service solutions is also one of the factors affecting perception of consistency. Frequent travellers who are well-acquainted with self-service solutions expect to find the same amenities with speedy self-processing wherever they travel to. These passengers will be upset if they find themselves queueing for a service counter with a number of other passengers and realize that they will not make it to the lounge for snacks and beverages before boarding starts. Equally, those passengers who were initially personally attended by service staff may find it unpleasant that upon return they are directed to self-service - a scenario which can be especially shocking for those who are facing language barriers.

Satisfaction will result when passenger's expectations are either met or exceeded. Inconsistency and lack of standards will only confuse the passenger and result in dissatisfaction - and potentially contribute to increase in churn rate. Service personnel will take the first hit from a dissatisfied passenger after which the complaint will be escalated to the next level. When encountering an infuriated passenger who consider having been mistreated or neglected, the front line staff has very few tricks for service recovery. In any such occasion the communicational abilities of the staff are put to test.

Inconsistency within a product is a feature that affects the perception of customer service. When a passenger faces a situation where promises are not kept in accordance with the product description the passenger feels his/her rights are being violated, and certain nationalities are very conscious of their rights. Such occasions may be encountered, for instance, when a passenger is communicated that he/she is entitled to carry certain number of baggage inside the cabin but eventually the baggage is transferred to the hold.

The service personnel of the case company, and Finnish people in general, are highly driven by rules and regulations. They act as instructed and rules are hardly ever bent. Cutting corners is not part of the organizational culture, and the service personnel do not recognize any grey areas whatsoever – instead everything is “black and white”. From a standardization point of view abiding to rules and regulations is excellent, however, unless all service providers within the network follow the same principles it is the stricter party who will bear the cost of passengers' disappointment.

7.2 The challenges of customer Service - internal factors

Some of the forces hindering good customer service have their roots within the company. At organizational level these internal constraints are

generally seen connected to planning and execution which, in case of failure, bring rise to different kinds of knock on effects in the front line. The snowball picks up further speed when combined with unpredicted events which, to some extent, could have been avoided with more comprehensive planning.

7.2.1 Time and resources

Time and timing appear to be biggest constraints hindering good service delivery in the case company. Whether such events are caused by internal planning or any unforeseeable events causing peaks in demand and thereby limiting the time the front line staff can dedicate to individual passengers. When passengers are given conventional over the desk service the front line staff feel they are investing more time in individual passengers and, thus, giving them much better and more personal service. However, when an airline product consist of different processing models (self-service and conventional) the front line staff feel conflicted – especially when preferred option is self-service. The passengers who are personally attended will be given more time whilst those directed to self-service may be given less attention. In the presented dilemma comes forward the complex nature of services whereby producer and consumer must meet in order for the service to materialize (Ramachandra et al 2009).

Resources appear to be planned based on majority needs and without taking into consideration special needs passengers who require personal service and more time. When an airline opts for self-service solutions and resources are planned to satisfy the masses there is a risk that minorities are not attended with proper time and due dedication. An unexpectedly high number of unannounced minority passengers may then occupy the service personnel and suffocate the service flow – thereby causing fluctuations in demand. The plan that was seemingly perfect for mass production becomes disrupted which the customer service personnel perceives as shortage of staff due to the emergence of excessive waiting times. In such occasion the front line staff feels incapable of providing good and timely service.

Again, when an airline prefers self-service solutions and directing the passengers towards self-processing is the fundamental guideline, the passengers whose special needs cannot be visibly identified become a challenge. Those passengers are assumed to belong to the majority group who are able to perform the required processes on their own although, in fact, they need personal service. In such cases the passengers are directed to self-service only to realize that self-processing is not possible. This individual passenger may then feel that he/she is tossed back and forth and his/her needs are not addressed properly. The customer service agent dealing with the dissatisfied passenger will then have to weigh whether to leave his/her position to provide the passenger personal service or to

direct the passenger to queue for over the desk service, and continue attending the masses. As the special needs passengers represent only a minority of all passengers the resources are planned accordingly.

Pre-planned staff allocation is a must - not only does it provide security to the customer service personnel but it assures the management that required resources are in place. However, a fixed allocation plan may also work against itself by limiting flexibility and, hence, obstruct adapting to changing circumstances – such as disruptions. Another perspective to consider in regards to fixed schemes is that they may affect employee motivation – without proper tools and/or daily “floor management” an employee may find him/herself performing the same duties at the same location from early morning until late hours. Continuous repetition and lack of diversity during work shifts may give rise to unpleasant side effects such as lowering motivation and employee dissatisfaction which, in worst case scenario, contributes to elevated employee turnover. Inadequate or failed resource planning is a definite cost component to the company but when it impacts customer service through employee attitude it may have invaluable consequences.

7.2.2 Competence and product knowledge

In order to ensure that all personnel have the skillset required to perform assigned duties in a satisfactory manner there needs to be a training program in place. Such program will not only provide required competence but also serves as a significant motivator of the staff (Ruohotie and Honka 1999, 33-35). However, training as such is hardly enough to ensure that an individual employee is able to perform his/her duties independently but combined together with a proper orientation scheme the staff feels far more confident with their duties. One without the other will not remove the discomfort and insecurity of the staff but together they provide a solid basis for independent work.

Training in the case company has undergone a transformation process which is clearly perceived by the staff. Seemingly training was previously considered inadequate but is now seen having improved. Also orientation scheme was found to have improved. Despite the clear indication of positive development in training practices, it remains somewhat blurry how the training has, in fact, improved. The case company launched a specific customer service training (Palvelukoulutus) roughly a year ago but it did not arouse much discussion – neither against nor in favour. The customer service training was not well recalled which, thus, may compromise its relevance within its current form. The case company does not provide training for challenging customer service situations or exercise soft skills. In customer service mere hard skills are not enough, though, as delivering memorable experiences require softer approach (Lehtinen 2004, 224). According to front line staff customer service skills can be trained up to a certain extent but mastery will result from experience. The

staff acknowledges that prior experience in customer service is an asset when working with passengers.

Some airlines within the case company's clientele operate only on random basis while the biggest customer has tens of operation on a daily basis. This naturally creates a setting where employees become more familiar with one product than the others. The front line staff feels very confident with the knowledge base that they have established working with the product they have the most experience of but some products are only remotely known. It seems that the current resource planning process lacks employee rotation scheme which would ensure that each staff member maintains sufficient knowledge base for all products. The overall planning appears to be heavily influenced by the biggest customer's operations. Without steady repetition patterns it is easy to forget the specifics of a product. The front line staff is, however, provided with written summaries of product specifications to ensure proper knowledge base for each product but there was no unanimous opinion whether they are up to date or sufficient. It is clear that inadequate product knowledge will impact service delivery.

7.3 The Ingredients of good service

Most of us recognize good customer service – at least we know when our expectations have been met, or even exceeded. Our subjective experience determines how we perceive customer service and whether the service we have been given fulfills our needs. However, when it comes to defining what makes service experience good is no longer that easy.

The researcher believes firmly that the front line staff of the case company know the passengers the best, understand their needs and expectations in the given context. This paragraph discusses characteristics of good customer service and the needs to which these qualities aim to respond.

7.3.1 Personalization

Standardization of product and/or service lays the basis for satisfactory experience – personalization and human touch can take the experience beyond satisfactory.

Standard service delivery is hardly ever praised by any customers. Yes, it may suffice for certain level of satisfaction but a customer who does not feel valued is not likely to establish an emotional bond and experience moments of "wow". When a customer is treated as an individual and given the attention he/she requires to feel valued, offered unhurried, yet dedicated service addressing his/her unique needs – the chance of the service experience being engaging is a lot higher. A customer might be satisfied with a certain product or service; quality, features and price

without feeling no sensations, however emotions beat rationale when it comes to decision making (Nattress 2015). Passengers are no different. In fact, all airline loyalty programmes aim for this specific goal in order to hold on to their customers. Feeling of being unique does arise from membership cards or newsletters but from little gestures, dedication and appreciation making the passenger feel as if he/she was an investment to look after.

Passengers have their individual needs to be satisfied. Some of the passengers may have extensive previous travel experience (ie. travelled for business purposes) while others are just taking off for their first journey. It is obvious that first-timers and seasoned travellers see things from very different perspectives - their expectations differ just as much as their needs. These needs, however, may never be identified unless the customer service personnel interacts with the passenger. Passengers are individuals who wish to be treated as such.

7.3.2 Interaction

Even the best customer service personnel fail unless they are able to win the trust of the customers – making themselves available, offering support and showing empathy.

Sincere and courteous communication with the passenger is amongst the most important duties of customer service personnel. Offering assistance even if there is no obvious need gives the passenger a sense of personalization but, moreover, it makes the customer service personnel much easier to approach. Both consumer and producer contribute to the creation of service experience which results from the interaction between the two parties whose humane features affect the perception of service experience (Ylikoski 2000, 89). Once preliminary contact – a relationship – has been established the passenger does not feel uncomfortable about asking for support. It assures the passenger that he/she will be secured if needed.

It is clear that all customers crave for information and want to be heard – passengers alike. Being heard can be associated with giving and receiving feedback (either positive or negative) but sometimes it simply refers to nothing more than a question to be answered. Uncertainty and inexperience often cause passengers to have loads of questions, some of which they cannot find the answers themselves, and others they are unable to interpret. Despite the reason behind the question, or the question itself, all customers deserve answers. Sometimes the given answer may not correspond the passenger's interpretation or satisfy his/her expectations which, thus, challenges the customer service personnel to justify the reply. It is then when the customer service personnel's knowledge and competence are put to test. Without a doubt all endeavours to prove the customer wrong will only intensify his/her

feelings of disappointment and arouse a conflict. Hence, providing the answer with proper grounds, presenting it with empathy, is the only way forward. Ability to manage any and all questions sincerely and respectfully is a vital part of customer service – regardless of the potential side effects the reply may give rise to.

Passenger are often unable to structure the information they have been given. They tend to suffer from information overload which cannot manage properly. It is only natural since already at the purchase stage airlines feed the passengers with loads of information, potentially suggesting the passengers to familiarize themselves with document requirements of the destination and visiting the airport website for further information. They get confused for the amount of conditions and instructions they are supposed to learn. And once they have managed to find their way to the airport they are completely lost. This is where the customer service personnel step in to assist the passenger by pinpointing the crucial (relevant) parts of the information regarding his/her journey – to extract and translate the complex jargon to plain language. It is not always that the passengers struggle with the excess information they have but sometimes it is the information they are lacking. Nonetheless, the situation is quite the same – the need for relevant information, in a timely manner. Seasoned customer service personnel anticipate the needs of individual passengers and instruct them forward on their journeys – removing predictable factors of uncertainty by providing relevant information concerning the following steps.

7.3.3 Service process

Mass production is commonly dominated by process oriented thinking. The more efficient the better. With services it is quite the same, in fact – especially when it comes to low margin businesses where reaching out for economies of scale drive the production. The idea is that solid processes ensure timeliness and consistency, which from a customer point of view, are both something to rely on – expected performance where standard of comparison is based on prior experience with the same product (Raab et al, 2010). For a company well-established processes are the building blocks of planning and forecasting.

Service process may be a chain of actions behind the scenes where the customer has very little or no involvement whatsoever – which basically describes the conventional idea of service. Service traditionally refers to problems which need to be solved by third parties (barbers, masseuses, insurance companies etc.). However, the idea of service may sometimes get distorted when a customer is more involved in the process. It is difficult to imagine a patient having to diagnose his/her own condition when consulting a doctor – and paying for such service. The responsibility of any failure in such circumstances is more than any service provider would like to assume. Certain service processes, however, are of the nature that they

actually encourage service providers to evaluate whether involving customers in the processes would impact their cost base without increasing risks significantly. Instead, self-service is seen more as a customer friendly alternative with benefits – value (such as ATMs for money withdrawal).

Despite the fact whether a customer is involved or not, the service process should be perceived smooth and easy in order for the customer to feel secured. Any complexity in the service process may predispose the customer to uncertainty and, thus, discourage him/her using any such service going forward. In case the service process is not fine-tuned for all customers there is a significant risk of failure. The same applies to passenger processes – simple and streamlined processes encourage the passenger to use the same vendors/providers.

Support function is probably one of the most critical elements of any customer service. When a customer is facing a problem that he/she is unable to resolve without assistance the support becomes the customer's immediate lifeline. Attempts to troubleshoot without knowing where to start from will yield nothing but frustration and end up with a complaint. Customer support must be available and within reach in a timely manner. Moreover, the situation must be dealt with respect and without downplaying the customer – no matter how easily it could have been solved without the support.

Time is amongst the most crucial elements of any process. Although perception of time is subjective it is always something to consider when planning service processes – especially the maximum acceptable time for a customer to wait before being attended. The perception is likely to be impacted when a customer is under a time pressure – feeling of being in a hurry might make the customer feel as if he/she has been waiting for ages. Nevertheless, it is the experience that counts and timely service delivery is one of the key factors of satisfaction. In labor sensitive service business prolonged waiting time might suggest the failure being caused by insufficient manpower allocation or planning failure.

7.3.4 Competence and professionalism

Excellent communication and interaction skills can make up obvious failures and cover competence deficiencies to some extent. Yet, proper knowledge of the product/service ensure that customer service personnel can deliver the expected and perform their duties satisfactorily, which in return creates confidence and trust in customers (Loefler and Church, 2015). Not only does the knowledge ensure that the customer service personnel can live up to the expectations they have been set with but it also equips them with confidence to handle any situation they face. The confidence and ability to justify any procedures taken assure the passenger of being in good hands. From an employee point of view

training is considered as an investment made by the company in the employee and thereby contributing to employee satisfaction. An engaged, satisfied employee is likely to go beyond the standard service – deliver the “wow” (Lynn Hunsaker 2010).

In certain positions the attire empowers the person wearing it – for instance, a police officer will most likely be treated differently when off-duty and dressed casually than wearing his/her uniform while patrolling the streets. Uniforms convey a message within. Within aviation, and service business in general, uniforms and/or dress codes are commonplace when on duty. The appearance communicates respect and professionalism which otherwise might not be visible to the customers. They stand for consistency and credibility – one looks one product. Professional appearance is part of the customer service, just as “brick and mortar”, delivering the experience. Probably no one would buy an apartment from a salesman who looks like a homeless person – the lack of credibility makes customers suspicious and more prone to decline the offer made.

7.4 Hypothesis

Harnessing technology to pursue efficiency has been the trend in aviation for the past decades. This has led to the development of self-service solutions which enable reducing production costs by minimizing the number of customer service personnel in the given process. Self-service solutions are considered as alternative service models which create value to the customers but the underlying idea is to generate further revenue by minimizing unnecessary costs.

Human involvement or, more specifically said, customer service personnel’s contributions are crucial for the delivery of outstanding service experiences. Well-functioning processes can contribute to customer satisfaction to some extent but the author is compelled to argue that customers are won with personalized service where the customers’ involvement in the service process is as limited as possible. Despite the fact that self-service solutions are seen as extended service offering and thereby creating certain value to the customers, the author is convinced that in the given context where customers undergo an extensive range of emotions, conventional over the counter experience will outperform self-service solutions in customer experience.

The author is assured that self-service solutions impact the overall experience in a negative manner which, thus, may result in weakened customer engagement. The author believes firmly that there is a strong correlation between customer service personnel’s interaction with the customer and customers’ overall experience.

8 CUSTOMER SERVICE – PASSENGERS' EXPERIENCES

This chapter presents the results how passengers perceive customer service provided by the case company's front line staff in the studied context – check-in process at Helsinki Airport. The findings enable the case company to understand how well does the current service delivery respond to the attributes of good customer experience. Not only do the findings increase the management's understanding of the passengers' experiences but they enable establishing a clear baseline for future studies and continuous development.

In an industry where profit margins are between slim to non-existent holding on to loyal customers is imperative as efforts to acquire new ones can be costly. Customer experience management ultimately aims to increase the bottom line of a company by strengthening customer loyalty and engagement, both of which can be achieved by creating compelling experiences. The data obtained in the workshops assured the author that superior experiences in the given context can be created by intensified personal attention which thus questions the value that self-service offers to passengers. Therefore, the author decided to separate self-service and conventional service models to test the hypothesis according to which increased self-service will contribute to overall results negatively.

8.1 Personal attention

Nearly 80% of the passengers felt their personal needs were addressed sufficiently.

Majority of the respondents felt that the service they had been given was personal enough and addressed their specific needs. It became apparent that passengers using self-service were not quite sure what personal attention in this context meant as some of them felt they had been given no service whatsoever. This triggered the self-service passengers to think whether they themselves would have preferred more personal touch involved. The passengers who were attended in a conventional way – over the counter – experienced the customer service personnel having introduced more personal elements in the service which is understandable as they were given dedicated, individual service without other passengers disrupting.

A clear difference was detected between respondents who were using self-service and those who were attended personally over the counter. Nearly 90% of the passengers who passed through conventional check-in experienced sufficient personal attention whereas respective figure for self-service passengers remained slightly under 69%.

I was given sufficient personal attention							
Scope	Disagree	Somewhat Disagree	Somewhat agree	Agree	Cannot say	Resp.	Average
Overall	1,06 % 1	3,19 % 3	15,96 % 15	79,79 % 75	6	94	3,74
Conventional			10,20 % 5	89,80 % 44	1	49	3,90
Self-service	2,22 % 1	6,67 % 3	22,22 % 10	68,89 % 31	5	45	3,58

8.2 Interacting with customer service personnel

Overall 95,45% of the passengers felt they had been attended with courtesy and helpfulness throughout the check-in process.

Customer service personnel was generally perceived as helpful and courteous when interacting with the passengers. Dedicated service with close contact between passengers and customer service personnel appears to contribute positively to the perception of courtesy and helpfulness. Foregoing was supported by 97,96% of the passengers who were processed in a conventional way, and response rate reaching 98% confirms the perception.

Due to the nature of self-service process where passengers may not be in any contact with any customer service personnel 22% of the respondents (self-service) felt they could not take a stand whether customer service personnel was helpful and courteous. Regardless of somewhat scattered results, more than 92% of those who had either associated with the customer service personnel – or simply observed the staff performing their duties – considered the staff helpful and courteous.

Customer service personnel was helpful and courteous							
Scope	Disagree	Somewhat Disagree	Somewhat agree	Agree	Cannot say	Resp.	Average
Overall			4,55 % 4	95,45 % 84	12	88	3,95
Conventional			2,04 % 1	97,96 % 48	1	49	3,98
Self-service			7,69 % 3	92,31 % 36	11	39	3,92

Approximately 87% of the passengers considered having received pertinent advice.

In general passengers feel they are given pertinent advice concerning their journeys. The results show that close contact between the passenger and customer service personnel yields positive results. The researcher suspects

this to derive from the fact that during dedicated customer service encounters passengers are able to seek answers to open questions which is likely to influence the perception and thereby the experience.

The question whether passengers were given pertinent advice was clearly understood by passengers who were attended over the counter but those using self-service seemed to struggle what was pursued. Many of the passengers stated having received no information from the customer service personnel and, therefore, decided not to reply. Some of them, however, said that self-service kiosks provided all the information they needed for their journey.

Nearly 94% of the passengers who were attended over the counter felt they were equipped with sufficient information and made aware of the following steps of the journey.

I was given pertinent advice (sufficient information)							
Scope	Disagree	Somewhat Disagree	Somewhat agree	Agree	Cannot say	Resp.	Average
Overall		1,20 % 1	12,05 % 10	86,75 % 72	17	83	3,86
Conventional		2,08 % 1	4,17 % 2	93,75 % 45	2	48	3,92
Self-service			22,86 % 8	77,14 % 27	15	35	3,77

8.3 Check-in process

More than 90% of all the passengers perceived the service process smooth and easy.

Check-in process is generally understood easy - regardless of the check-in process.

Although self-service seemed to split opinions the overall score remains very high. The passengers who had no prior experience on self-service processes were visibly relieved once they had successfully completed the process. Despite the fact that many of the passengers felt uncomfortable approaching the self-service kiosks they were clearly amazed and delighted how simple the process turned out to be. The researcher believes that the passengers' replies were, to some extent, influenced by the sincere joy after successful completion of the process – as the stress levels went down.

The passengers who were attended over the counter felt that the service process itself was smooth and easy, yet many of them were struggling to interpret where they were supposed to go. Passenger guidance was a definite challenge raised by the respondents which the researcher's field

observations support. The signage was not clear enough to draw the passengers' attention and guide them properly – many of the passengers seemed to approach the service desk based on convenience, not as instructed by the signage.

Service process was smooth and easy							
Scope	Disagree	Somewhat Disagree	Somewhat agree	Agree	Cannot say	Resp.	Average
Overall		2,02 % 2	7,07 % 7	90,91 % 90	1	99	3,89
Conventional			8,16 % 4	91,84 % 45	1	49	3,92
Self-service		4,00 % 2	6,00 % 3	90,00 % 45	0	50	3,86

More than 93% of the passengers were of the opinion that customer service personnel was available in a timely manner.

Supply seemed to meet the demand. Overall results climbed up quite a bit due to superior scores given by the passengers who underwent the conventional check-in process. The result allows the researcher to interpret that the passengers perceived sufficient manpower being in place at the right time.

Those passengers who performed the check-in process themselves were slightly hesitant when evaluating their experience. Their perceptions may have been influenced by the fact that they probably did not need to refer to customer service personnel during the process at all. Yet, 85% of those passengers who did reply felt the staff was in place and available for their needs.

Customer service personnel was available in a timely manner							
Scope	Disagree	Somewhat Disagree	Somewhat agree	Agree	Cannot say	Resp.	Average
Overall			6,74 % 6	93,26 % 83	11	89	3,93
Conventional				100,00 % 48	2	48	4,00
Self-service			14,63 % 6	85,37 % 35	9	41	3,85

98% of the passengers considered queueing/waiting time acceptable.

The experience on queueing and waiting time was considered acceptable by vast majority of the respondents – regardless of check-in process.

The survey was conducted during early mornings (04:45-08:00) and afternoons (15:00-19:00). All respondents who underwent self-service process were interviewed in the afternoon, during or slightly after peak hours whereas all respondents who were personally attended over the counter were interviewed during the morning peak.

The experience on queueing/waiting time related to self-service was considered flawless. The researcher's field observations support the results as there was free passage with no delays in service availability – the passengers were able to process themselves without queueing at all. If the researcher had conducted the survey during the busiest morning peak the results would most likely have been somewhat lower.

96% of the passengers who were personally attended over the counter experienced the waiting time acceptable. Similarly the researcher's field observations support the good results in relation to conventional check-in process. The queueing process was quick and efficient, and without delays. The only thing causing minor bottlenecks was the poor signage guiding the passengers.

Queueing time and staff availability naturally support one another. Probably staff availability would have been perceived differently if the queueing time had failed to meet the passengers' expectations.

Queueing/waiting was acceptable (expected waiting time or shorter)							
Scope	Disagree	Somewhat Disagree	Somewhat agree	Agree	Cannot say	Resp.	Average
Overall			2,00 % 2	98,00 % 98		100	3,98
Conventional			4,00 % 2	96,00 % 48		50	3,96
Self-service				100,00 % 50		50	4,00

8.4 Competence and professionalism

Almost 99% of the passengers considered customer service personnel knowledgeable.

Evaluating customer service personnel's competence to perform their duties was expectedly difficult for a number of passengers who were using self-service – the reason being them having no contact with the staff. This can be seen in relatively low response rate which reached only 62% leaving more than 1/3 of the respondents unable to take a stand. Yet, nearly 97% of those who considered themselves capable of evaluating the skillfulness of the staff were of the opinion that the customer service personnel showed knowledge of the product/service.

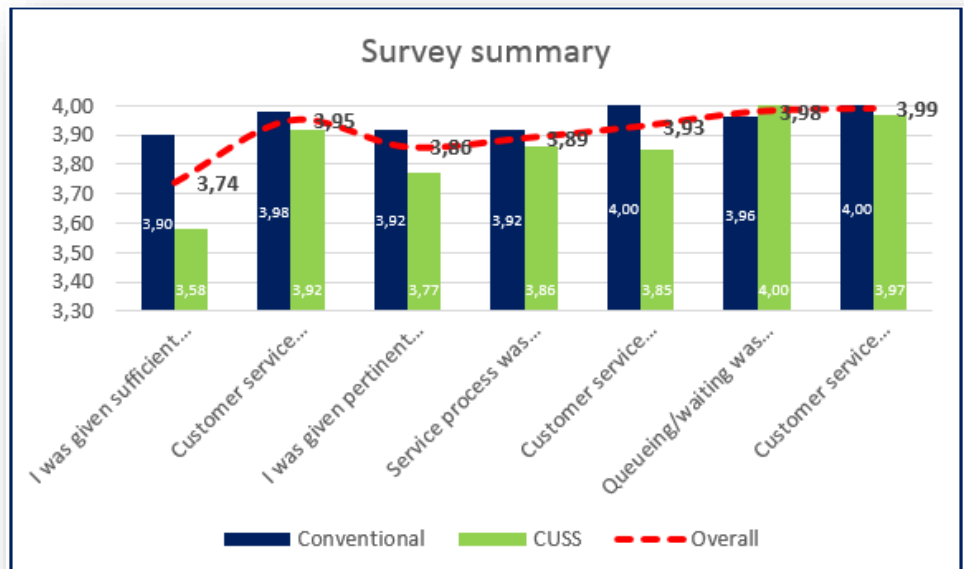
The passengers who were given dedicated over the counter service were unanimous. This was reflected in both response rate and the results obtained. Only 4% of the respondents considered themselves unable to comment on staff's competence while those who replied were firmly convinced that they were shown proper knowledge of the product/service.

Customer service personnel showed knowledge of the product/service							
Scope	Disagree	Somewhat Disagree	Somewhat agree	Agree	Cannot say	Resp.	Average
Overall			1,27 % 1	98,73 % 78	21	79	3,99
Conventional				100,00 % 48	2	48	4,00
Self-service			3,23 % 1	96,77 % 30	19	31	3,97

8.5 Summary of results and satisfaction

The passengers interviewed in the survey considered the case company's customer service excellent. Overall score of 3,91/4.00 indicates that the case company's front line staff together with solid processes support the creation of positive customer experiences which thereby contributes to customer loyalty.

Below graph illustrates the differing results between the two check-in models studied.



In addition to seven (7) statements/items measured, the survey included a satisfaction meter which the respondents were requested to reply based on their recent experience. With an overall satisfaction score of 9,07/10,00 it is justified to say that the case company delivers excellent customer service to its passengers.

The results support the researcher's hypothesis according to which customers are won with personalized service and that intensified personal attention is the key to creating superior experiences. The outcome of the research convinces the researcher of the strong correlation of customer service personnel's interaction with customer and the overall customer experience.

Overall, I am satisfied with the service I was given											
Scope	1	2	3	4	5	6	7	8	9	10	
Overall					2 %	1 %	3 %	21 %	28 %	45 %	100
					2	1	3	21	28	45	100
					10	6	21	168	252	450	9,07
Conventional							2 %	8 %	30 %	60 %	50
							1	4	15	30	50
							7	32	135	300	9,48
Self-service					4 %	2 %	4 %	34 %	26 %	30 %	50
					2	1	2	17	13	15	50
					10	6	14	136	117	150	8,66

9 SUGGESTIONS FOR FURTHER DEVELOPMENT

Based on the data acquired the researcher has identified certain areas of development which the case company together with its customer airlines and the airport operator could place efforts to in order to improve customer experience at the check-in. Following suggestions are based on the researcher's field observations, workshops and the open-end questions contained in the questionnaire in which the passengers were requested to provide their views on how to improve customer service in the given context. Further suggestions for development provided by the passengers interviewed are presented in Appendix 2.

9.1 Soft skills to create a contact

Customer service training (Palvelukoulutus) could be re-branded and focal points clarified. The research shows that close contact between customer service personnel and passengers strengthens the passengers' experiences and has a significant impact on how the service is perceived. Therefore, the researcher suggests that the customer service training (Palvelukoulutus) should be revised in full – instead of trainer's monologue it should be turned interactive, involving the participants in the campaign of creating superior experiences. Practising soft skills will give the customer service personnel the tools to create deeper connection with the passengers and thus, enable them to deliver engaging experiences. Greeting, listening and empathy should all be in the agenda to ensure the staff understands their role in delivering "wow".

9.2 Staffing and staff positioning

The overall setup in regards to self-service check-in should undergo a deep evaluation. According to the researcher's field observations the biggest barrier in regards to self-service is passengers' insecurity to perform check-in at the kiosks. The current operational setup appears to be built to protect baggage drops from passengers who have not yet checked themselves in at the kiosks. Manpower is planned to stand in front of the passenger guidance labyrinths (tensa barriers), preventing the passengers from "trespassing", while the real need for manpower is at the kiosks – reducing the uncertainty of the passengers. Self-baggage drop was clearly not a challenge to the passengers but the kiosks were seen as threat – hence, the researcher believes that passengers assurance and encouragement at the kiosks is critical for the delivery of improved experiences.

Prioritizing manpower to support the passengers at the kiosks would evidently require further staff on the floor, unless the bag drop process is made clear to the passengers with communications and illustrations. This

could be done by improving the signage including proper imagery and other illustrations – before the baggage drop and at the baggage drop. Based on the researcher's field observations it is justified to say that the process calls for fine tuning regarding both signage and positioning of manpower.

9.3 Portable devices

When passengers encounter problems or need assistance very often the customer service personnel will have to refer to airlines' and/or service provider's systems, portals or manuals for further information. This information, however, may not be within immediate reach of the staff members who are attending the passengers on the floor – they may have to rely on their colleagues and/or superiors with computers to obtain the required information. Yet, to have the information may involve a certain lead time and, while waiting, the passenger might be tossed back and forth from one location to another, which is not very convenient or pleasurable for the passenger. The researcher suggests the case company to study alternatives to deploy portable devices through which customer service personnel would be able to access all relevant sources of information (airlines' manuals, departure control system and internet for general purposes).

Harnessing portable technology would also support the case company's operation by abolishing one of the identified problems of outdated instructions at the check-in – to serve as a sort of an electronic cue card to refer to in most common questions. This way the internal instructions could be updated any time and be made available for the staff with a click of a button.

9.4 Ensuring product specific knowledge

The basic features of the studied process are rather similar regardless of airline whose services are being provided, yet there are certain product specific differences which the staff must be made aware of in order to provide quality service. Common practise in the case company has been sending out instructions to all people concerned, which is done via email. The problem with emails is that the staff may ignore them and have no clue of the product specifics when needed.

The case company should establish a system through which it ensures that the front line staff is familiarized with any new product in good time before going live. One option could be creating an airline specific training scheme, which should cover at least general presentation of the airline represented, product specific features and also agreed KPIs by which the service measured. Another option could be deployment of dedicated teams where every team member is a "product specialist". Yet, any

training in regards to specific airlines should be carried out with the airline in question.

One way of ensuring proper product specific knowledge would be harnessing technology, as presented in Chapter 9.3. Electronic cue cards would probably not suffice to engage the staff as deeply as dedicated teams but it would equip them with tools to attend the passengers without unnecessary lead time.

9.5 Passenger guidance / wayfinding

The research showed clearly that passengers are not quite sure where to go and what to do – many passengers passed signage/posters without paying further attention to the message they conveyed. Instead they were looking for the most convenient way to proceed to the departure gate. Regardless of the explicit signage/posters in front of the labyrinths the passengers seemed to be blinded and kept pursuing the most convenient option they perceived – no queues equals swift processing. Hence, many of the passengers seemed to be choosing wrong entry to the check-in. Some of the passengers were so distracted that they skipped the entire process by intending to go through the security control without checking in at all.

Without a doubt passenger guidance needs improvement – whether in connection with self-service or conventional check-in. The researcher believes firmly that many passengers are overwhelmed at the airport and thus, unable to focus on the signage/posters. The researcher is of the opinion that the airport should consider using visual aids (imagery) or other illustrations to draw the passengers' attention which ensures that every passenger knows what to do and where to go. Industry jargon should never be used in any communications (service provider, airline or airport) but plain language to make sure messages are correctly understood.

9.6 Consistency

Ensuring consistency is one of the key elements of any product and/or service. The staff of the case company relies on customers' manuals and those of the case company, without ignoring any industry standards or recommended practices. Interpretation of any such instructions is black and white. Thus, it can be said that the case company contributes to the creation of consistent service delivery of its airline customers.

Despite the fact that the case company is committed to provide services in accordance with airlines' procedures and industry practices, the same does not seem to apply to other service providers within airlines' networks. In order for an airline product/service to be perceived consistent, there should be more stringent management ensuring

compliance throughout the operating network. When service delivery is managed from a distance and KPIs are the only reflection point there is a high possibility that a product can be very different depending on location where the service delivered.

The author suggests the airlines to study the location specific differences – audit and reports filed in airlines systems are great ways to acquire information yet, superior data can be found in customer feedback channels. The focus should be shifted from service providers to passenger who perceive these differences. From the case company's point of view, the answer could be team formation and airline specific training schemes.

9.7 **Manpower allocation**

The traffic structure of Helsinki Airport with high peaks and deep bottoms is clearly a challenge in terms of manpower allocation. However, in order to keep the staff satisfied and motivated there needs to be proper system in place to ensure intraday job rotation and sufficient breaks for all staff members. It is obvious that satisfied employees are far likely to deliver excellent services than those soured by lack of diversity, or beaten by fatigue. The researcher suggests the case company to study which ways manpower allocation could be improved, ensuring proper breaks for the staff during their shifts.

10 CONCLUSIONS

Overall, the case company's customer service personnel is delivering excellent service to passengers in the context of check-in process. Regardless of the slight difference between conventional check-in and self-service, the results indicate a high level of satisfaction towards the service provided to the passengers.

Despite the staff's hesitation regarding sufficiency of manpower and timeliness of service delivery, the results do not support the notion whereby service provision is shadowed by inadequate staffing. When a service provider is given the liberty of planning resources to deliver the agreed service activities it will probably take some time before the right balance is found. There is a strong possibility of over or under resourcing the service activities until there is proper understanding of the demand. Moreover, what is not enough and what is too much can be perceived in different ways – this subjective perception may vary depending on whose views apply.

It is clear that resource optimization is a prerequisite in people business – service personnel must be in adequate numbers and available at the right time. Failure in either will have negative results. In low margin service business there is no room for error and balancing with the right resources can be very challenging. In people business where timing of the services is crucial, even the slightest change in forecasted demand can temporarily deteriorate service provision and, hence, influence the perception of adequacy – what may have been perfectly planned will suddenly be compromised. The operational setup of the case company at Helsinki Airport is evidently very sensitive to any unforeseeable events. Any disruption may derail the service provision quickly and the impact is borne by the staff. This is due to the challenging traffic structure of the airport which does not concern only the case company but all operators.

At the same time, it must be acknowledged that product specific requirements play a significant role in planning service activities. Some airlines have strict service level agreements (SLAs) with clear metrics and principles for service provision whereas others have none – leaving it up to the service provider to decide how the agreed services are to be provided. The metrics by which service delivery is measured lays the basis for planning of service activities. When the planning is based on set KPIs it is rather easy to identify whether targets are met or if the service provider has failed in its performance. Sometimes, however, identifying shortcomings or service failures can be tricky. Yet, the researcher must stress again that any shortcomings in terms of staffing were not pointed out by the passengers.

The results of this research confirm that there is not much that the case company alone can do more to improve passengers' experiences in the context of check-in process. The results show, that in general, passengers are satisfied with the service and that the case delivers positive experiences. No significant shortcomings were identified by the passengers, only minor details. However, superior customer experience is in details which may not require world-class innovations but small changes.

The researcher is content with the outcome of the research and considers the research questions presented in Chapter 1. answered. Along with this study the case company has established a baseline for comparison in its efforts to develop customer experience in the given context. In addition, this research has brought forward valuable information from both the employees and the passengers which enables the case company to take actions to improve its services going forward.

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Appendix 1. Survey Results

I was given sufficient personal attention

Scope	Disagree	Somewhat Disagree	Somewhat agree	Agree	Cannot say	Resp.	Average
Overall	1,06 % 1	3,19 % 3	15,96 % 15	79,79 % 75	6	94	3,74
Conventional			10,20 % 5	89,80 % 44	1	49	3,90
Self-service	2,22 % 1	6,67 % 3	22,22 % 10	68,89 % 31	5	45	3,58

Customer service personnel was helpful and courteous

Scope	Disagree	Somewhat Disagree	Somewhat agree	Agree	Cannot say	Resp.	Average
Overall			4,55 % 4	95,45 % 84	12	88	3,95
Conventional			2,04 % 1	97,96 % 48	1	49	3,98
Self-service			7,69 % 3	92,31 % 36	11	39	3,92

I was given pertinent advice (sufficient information)

Scope	Disagree	Somewhat Disagree	Somewhat agree	Agree	Cannot say	Resp.	Average
Overall		1,20 % 1	12,05 % 10	86,75 % 72	17	83	3,86
Conventional		2,08 % 1	4,17 % 2	93,75 % 45	2	48	3,92
Self-service			22,86 % 8	77,14 % 27	15	35	3,77

Service process was smooth and easy

Scope	Disagree	Somewhat Disagree	Somewhat agree	Agree	Cannot say	Resp.	Average
Overall		2,02 % 2	7,07 % 7	90,91 % 90	1	99	3,89
Conventional			8,16 % 4	91,84 % 45	1	49	3,92
Self-service		4,00 % 2	6,00 % 3	90,00 % 45	0	50	3,86

Customer service personnel was available in a timely manner

Scope	Disagree	Somewhat Disagree	Somewhat agree	Agree	Cannot say	Resp.	Average
Overall			6,74 % 6	93,26 % 83	11	89	3,93
Conventional				100,00 % 48	2	48	4,00
Self-service			14,63 % 6	85,37 % 35	9	41	3,85

Queueing/waiting was acceptable (expected waiting time or shorter)

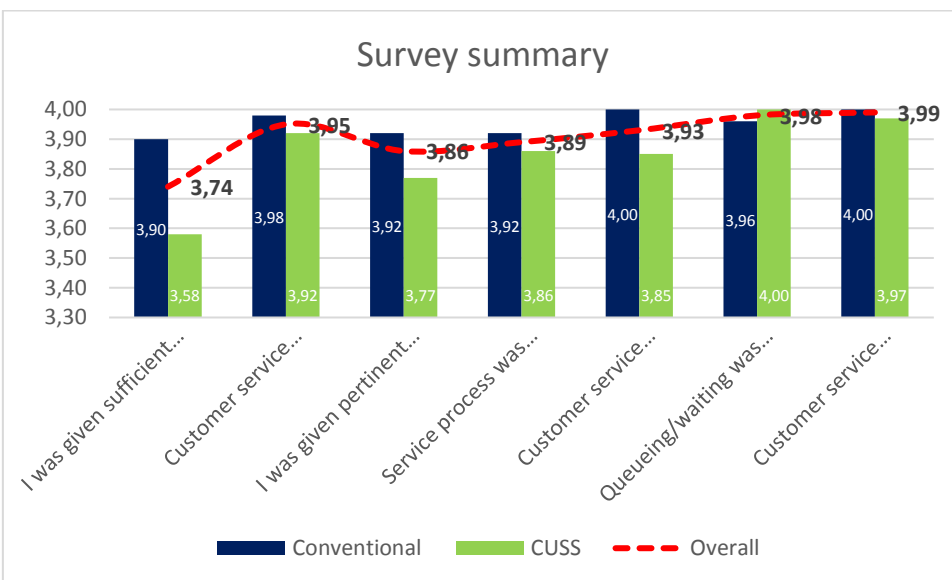
Scope	Disagree	Somewhat Disagree	Somewhat agree	Agree	Cannot say	Resp.	Average
Overall			2,00 % 2	98,00 % 98		100	3,98
Conventional			4,00 % 2	96,00 % 48		50	3,96
Self-service				100,00 % 50		50	4,00

Customer service personnel showed knowledge of the product/service

Scope	Disagree	Somewhat Disagree	Somewhat agree	Agree	Cannot say	Resp.	Average
Overall			1,27 % 1	98,73 % 78	21	79	3,99
Conventional				100,00 % 48	2	48	4,00
Self-service			3,23 % 1	96,77 % 30	19	31	3,97

Overall, I am satisfied with the service I was given

Scope	1	2	3	4	5	6	7	8	9	10	Resp.	Average
Overall					2 % 2	1 % 1	3 % 3	21 % 21	28 % 28	45 % 45	100	100
Conventional							2 % 1	8 % 4	30 % 15	60 % 30	50	50
Self-service					4 % 2	2 % 1	4 % 2	34 % 17	26 % 13	30 % 15	150	8,66



Appendix 2. Development Matrix

	Service provider	Airline	Airport
9.1 -	x		
9.2 -	x	x	x
9.3 -	x		
9.4 -	x	x	
9.5 -			x
9.6 -		x	
9.7 -	x		
9.8 -		x	
9.9 -		x	x
9.10 -		x	x
9.11 -		x	
9.12 -			x
9.13 -		x	x
9.14 -			x
9.15 -			x
9.16 -		x	
9.17 -	x		x
9.18 -			x

Passengers replies to open-end question – **HOW COULD WE IMPROVE OUR SERVICES?**

9.8 -	Prior information on self-service to be given to passengers
9.9 -	Baggage drop to communicate "process finalized".
9.10 -	Visual instructions self-service kiosks
9.11 -	Booking references with 0 and O to be changed.
9.12 -	Baggage drop devices to be equipped with "menu" in Finnish
9.13 -	Improved instructions on how to attach baggage tags (self-service kiosks)
9.14 -	Better guidance where to leave checked-in baggage
9.15 -	Better availability of baggage drop - more baggage drops.
9.16 -	Self-service kiosks timeout window is too narrow.
9.17 -	Passenger guidance - how to reach the right the check-in desk
9.18 -	Clearly marked pick-up points for passengers who need assistance