A Study of Implemented Service Concept Coaching in Retail Chain Stores in Estonia

Case: Vero Moda / Jack & Jones

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Abstract

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The objective of this study is to gain deeper knowledge of the Estonian consumer to develop the existing customer service coaching program to fully serve the Estonian market. This study focuses on the current state of customer service in Estonia, the needs for customer service development, analyses what market adaptations are needed, and how to build customer service to increase sales.

The theoretical framework of this study is based on customer experience and consumer behaviour. Customer journey map (CJM) is investigated by focusing on customer experience. Interactions involved around the different stages of customer experience in a CJM are presented. Definitions such as value proposition, customer satisfaction, customer expectations and Customer Culture Theory are also introduced and explained in this study. Estonian market is introduced and analysed.

The research method for this study is a qualitative case study research. The data is collected by conducting qualitative interviews and by analysing KPI's. Evaluation of the study is based on the results from the interviews and the KPI's.

The results of the study suggested that the current state of customer service needs development in Estonia. Need for the development rises from the high rate of personnel changes within the company that might be due to low salaries and negative attitude towards customer service work. The Estonian market has great potential and even though the service concept coaching itself is a functional concept, internal adaptations are needed to engage personnel to their workplace, and to the service concept.

In conclusion, this study helps to improve the customer service processes in the Estonian retail partner stores. Recommendations for the case company include introducing a bonus system for sales personnel, hiring a local contact person to follow-up and execute the continuity of the coaching, and signing a contract between the two companies to ensure focus will keep on the execution of the service concept coaching throughout the process. By focusing on customer service and the service concept, superior customer experiences are created. By improving customer experience, hit rate of purchasing transactions, return of customers and finally sales will increase.

Keywords
customer experience, consumer behaviour, customer service, coaching, retail

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1 Introduction

Due to the increase in e-commerce and online shopping, brick stores have been faced with constant battle to fight for customers. The easiness and simplicity of shopping is driving consumers to use the Internet to handle their everyday shopping. The importance of customer service and consumer experience is growing to hold on to the existing customers, to attract new ones and to secure repeat business in the brick stores. Differentiating your company from your competitors is the key to succeed in the changing retail business world.

This study seeks to analyse and develop the customer service processes of two franchising partner stores in the Estonian market. The focus of the study is to analyse the implemented coaching program and how successful it has been in the Estonian market. The program has been earlier implemented in the Finnish and Lithuanian markets and has resulted in good sales increases and increase in better service resulting to better customer experiences.

1.1 Case Company

The case company of this study is Bestseller Wholesale Finland Oy. Bestseller Wholesale Finland Oy is a subsidiary to Bestseller A/S, a Danish family-owned fashion company founded in 1975 that operates internationally in the wholesale and retail business. The main objective of the company is to sell and design clothes and accessories for men, women, teenagers, and children. Bestseller owns more than 20 individual brands that can be found in its retail chain stores and various multi-brand stores globally. Bestseller Wholesale Finland Oy operates in Finland, Russia and the Baltics.

All the Bestseller brands and products are available both online, and in about 2700 branded retail chain stores, and in more than 15 000 multi-brand and department stores worldwide. Bestseller markets include most of Europe, The Middle East, North America, Latin America, Australia and India. Bestseller Fashion Group China is an independent company that is responsible for designing collections for and managing more than 8000 retail stores in China. (Bestseller A/S 2017.)

For this study two Estonian retail stores were chosen; both located in Tallinn, one in Kristiine Shopping Centre and one in Rocca al Mare Shopping Centre. All together there are four stores in Estonia; two located in Tallinn, as mentioned above, one in Pärnu, and one in Tartu. To get as reliable and comparable results as possible from this study, only the two Tallinn-based stores were chosen to be part of the research. This is since Pärnu store was never part of the service concept coaching, and Tartu store will be closing down within the financial year of 2017/2018 due to unproductivity. All the Estonian retail stores are managed by the same Estonian retail partner company. Bestseller Wholesale Finland Oy is responsible for the wholesale sales to the Baltic markets, as well as coaching, training and support of the Baltic retail chain stores.

1.2 Needs and Objectives

The objective of the study is to gain deeper knowledge of the Estonian market, to understand the needs of an Estonian consumer, and to analyse and develop the existing customer service coaching program to fulfil the needs of the Estonian market and the Estonian retail partner. The current coaching program has already been used in the Finnish market within the Finnish retail partners and in Lithuania within the Lithuanian retail partner, and it has shown some good results in the areas of consumer satisfaction and increase in sales.

As a result, by improving the customer service and consumer experience in the Estonian stores, the study hopes to increase hit rate of purchasing transactions, to increase return of consumers, and to increase sales.

The main research question of this study is:

How to implement superior customer experience as a part of an existing franchising concept?

Other questions to be answered in the study are:

What is the current state of customer service in Estonia?
Why is customer service development needed in Estonian market?
What market adaptations are needed?
How is customer service build to increase sales?

1.3 Scope of the Study

This study focuses on the Estonian retail chain stores and investigates has the specific service concept coaching resulted in sales increases and better customer service in the

Estonian market. The research question of the study focuses on implementing superior customer experience into an existing franchising concept store. The current concept coaching has been in use in Finland and Lithuania before, and the results have been positive. Therefore, the main theories used in the study focus on customer experience and consumer behaviour. To understand the factors affecting customer expectations and satisfaction and how it is related to customer experience, will be analysed. To deepen understanding of possible market adaptations, customer culture is investigated in terms of consumer consumption.

In order to limit the scope of the thesis, the focus will be in the customer experience and customer behaviour rather than vastly analysing SWOT, PESTEL or similar market analyses. However, Estonian market will be briefly analysed and explained to understand the starting point for the situation in Estonia. Even though the research concentrates on a franchising chain store, there is no need to analyse franchising concept on its own because the focus of the study is understanding how superior customer experience will be implemented. The focus of this study merely touches customer service, customer experiences, and customer culture factors.

Theories of customer experience also connects to customer expectations, customer satisfaction and value proposition. However, these aspects are not thoroughly implemented into the scope of the study but are rather briefly mentioned and explained. Also, consumer consumption is briefly explained, in the form of European customer. The focus in the theoretical framework is on customer experience and customer culture, and these have been combined to explain the theoretical framework for this study.

1.4 Structure of the Study

This study consists of five main chapters, excluding references and appendices. Explanations how these chapters are organised and what is the content in each of the chapters, can be found below.

Chapter 1 introduces reader to the case company of the study, as well as explains the needs and objectives of the research. Additionally, the research questions and the other questions are presented in chapter one, together with the scope of the study.

Chapter 2 covers literature review of the study. The main theoretical subjects, customer experience and customer culture, are introduced in chapter 2. Also, the theoretical framework is explained, and the background to the study, as well as market analysis and Service Concept coaching are explained and investigated.

Chapter 3 explains the research methodology, philosophy, and methods that were chosen to support the empirical part of the research. In addition, data collection methods, data analysis, and the validity and reliability of the study are explained in chapter 3.

Chapter 4 presents findings from the interviews and key performance indicators (KPI's) and summarises those together to present the final results.

Chapter 5 lastly presents further development suggestions for the case company, as well as analyses the recommendations for future research. Finally, researcher's personal reflections on learning during the execution of this study are described in chapter 5.

2 Customer Experience and Consumer Behaviour

The literature review of this study has been divided into two parts; customer experience and customer culture. These theoretical points of views were chosen since they both support the main research question of the study, as well as deepen knowledge raised by the other questions presented in chapter 1.2. Chapter 2.1 digs deeper into several definitions around customer experience such as value proposition, customer expectations and customer satisfaction. Chapter 2.2 in relation to chapter 2.1 deepens understanding around consumer behaviour, and chapter 2.3 introduces Consumer Culture Theory. Estonian market is evaluated in chapter 2.4, and the European consumer explained in 2.5. Background to the coaching is explained in chapter 2.6., and chapter 2.7 will clarify the definition of Service Concept and the coaching program analysed in the study. Lastly the theoretical framework of the study is presented in chapter 2.8.

2.1 Customer Experience

Customer experience is the perception that a consumer has of a brand (Morgan 2017). It is a blend of company's physical performance and the emotions evoked, that are intuitively measured against the customer expectations throughout all contact steps (Shaw and Ivens 2002, 21). Those companies that can deliver exceptional customer experience, are the ones that set themselves apart from their competitors. "What do my customers want?" is the core question in the customer-experience business, and understanding that 'how' companies deliver for customers is beginning to be equally important as 'what' companies deliver. (McKinsey & Co 2016.) The traditional differentials such as price, features, quality and service are no longer differentiating companies from one another. Great customer experience will become the new sustainable differentiator, the new source of competitive advantage, and a huge treat to those companies that are not reacting to its arrival. (Shaw & Ivens 2002, 1.)

Companies are working to create standout experiences for their customers to grow their business. These experiences are shared and valued through different social networks. Customers' choices are continuously shaped and modified by the experience with different brands – some directly and some through the stories from other consumers. (Stratten and Kramer 2014, 17.) Even though customer experience may often seem ethereal or somehow 'magical', creating customer experience does not require magic. "Instead, customer experiences spring from concrete, controllable elements – the touchpoints." (Richardson 2010b.) Before analysing the customer journey, it is important to understand how many touchpoints a customer will have with a business (Roberts 2014).

Richardson (2010a) divides touchpoints into four categories:

1. Products – e.g. hardware, software, services
2. Interactions – two-way interactions e.g. in-store, on the phone, virtual such as web sites, blogs, or social network
3. Messages – one-way communications that include things as the brand, manuals, advertising, packaging
4. Settings – everywhere the product is being seen or used e.g. a retail store, TV product placement, events, and shows

The key for creating an excellent customer experience is to coordinate and integrate the touchpoints in a way they melt together seamlessly (Richardson 2010a). The different touchpoint experiences form a larger path, or an arc, that is called the customer journey (Dubberly and Evenson 2008). The process must be understood in two ways; longitudinally throughout the customer journey, and with each touchpoint type supporting the other in all the stages during the journey. By looking at figure 1 below, it is clear that integrating touchpoints in a customer journey requires multiple parts of the company and often also outside partners to work together to improve the existing customer experience. (Richardson 2010a.)

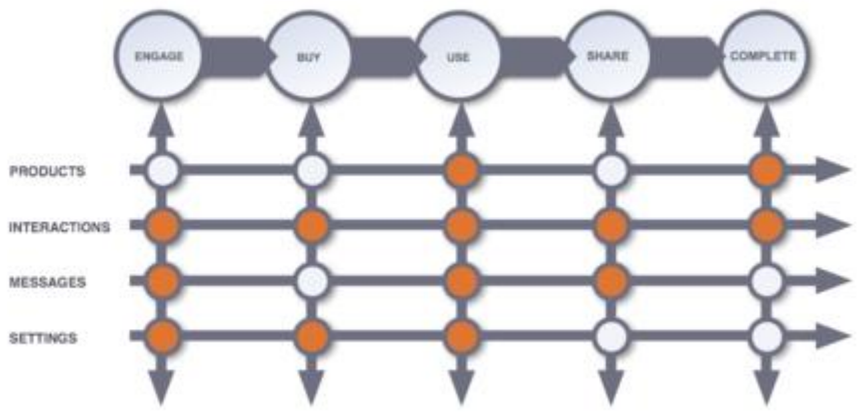

Figure 1. Example of touchpoints in a fictional customer journey (Richardson 2010a.)

However, focusing only on the individual touchpoints will easily make companies forget the bigger picture: “the customer’s end-to-end experience”. There are many things that happen before, during and after the experience of buying a product or receiving a service. These journeys are long, extend to several touchpoints and channels, and often last for several days, or even weeks. (Maechler, Neher & Park 2016.) To gain the optimal business outcomes, it is necessary to explore the fundamentals of customer interaction including the necessary steps to redesign the business into a more customer-centric manner. This however is not easy and takes patience to train the organisation and employees to see “through the customer’s eyes” to redesign functions in order to create value in a customer-centric way. (McKinsey & Co 2016.)

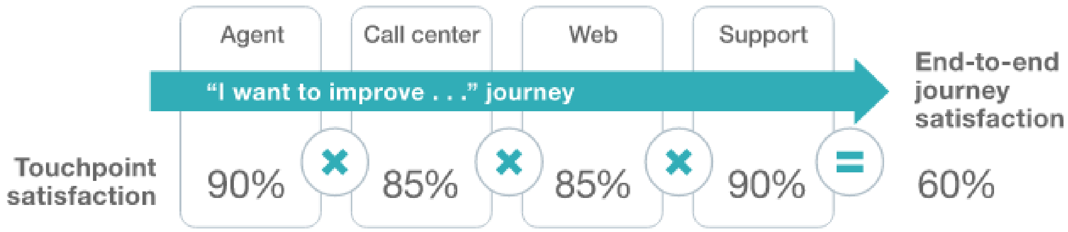

Figure 2. Example how single touchpoints may perform well, even though the overall customer experience is poor (McKinsey & Co 2016.)

To sum up, customer experience consists of consumers feelings and expectations of the brand, the people, the physical setting, and emotions the interaction has evoked while buying or using the product or service in question. Whether the experience is good or bad, can ultimately define the brands or company’s success in the future, and competitiveness within their own market. Identifying company’s touchpoints is essential. However, focusing on the different touchpoints on its own is not enough anymore, and the focus should be set towards more customer-centric manner by understanding the whole journey customer lives through, and trying to integrate the touchpoints together as seamlessly as possible.

To improve customer experience companies should move their thinking from “touchpoints to journeys” (McKinsey & Co 2016). In other words, by using a customer journey mapping (CJM), companies can understand and capture their customer’s needs, wants and expectations in each stage of their experience with the company. CJM can also be used as a tool for visualising how customers are interacting with the multiple channels and touchpoints at each of the stages in the customer life cycle, or in parts of it. (Pennington 2016, 83.) According to McKinsey & Co (2016), by focusing on building customer journeys, companies have achieved revenue gains of 5 to 10% and reduced costs by 15 or 25% within two to three years. Based on their analysis, companies should focus on three main functions: observe, shape, and perform.

"Observe: Understand the interaction through the customer's eyes"

Technology has allowed consumers to get the power to set the rules for purchasing goods and services. Consumers are looking for simple experiences, can easily compare the service or goods, and expect similar personalised experiences, fast delivery and convenience from all players in the industry. (McKinsey & Co 2016.)

- Identifying and understanding the customer's journey – focus on complete, end-to-end customer experience
- Understanding that the advantage of focusing on customer journeys is twofold – customer journeys are significantly more strongly linked with the outcomes of the business than the touchpoints.
- Quantifying what matters to your customers – analyse what factors are most critical for the company's customer segments, and focus on redesigning functions around those customer needs, whether it is product quality, service performance, or price.
- Defining a clear customer experience aspiration and common purpose – having a shared vision and aspiration that is both authentic, and also consistent with the company's brand-value proposition.

(McKinsey & Co 2016.)

"Shape: Redesign the business from the customer back"

Customer experience professionals begin by differentiating a purpose and focus on improving the most important customer journeys first. These can include returning a pair of jeans, updating contact information, or installing a tv. After that they start to improve all the steps that make up that journey. And to manage expectations, these professionals design supporting processes with the customer psychology in mind. They move any pain points in their interactions to set in a motion of continuous innovation to make more sound organisational transformations. (McKinsey & Co 2016.)

- Applying behavioural psychology to interactions – shaping customer perceptions by e.g. giving customer a feeling of control and choice.
- Reinventing customer journeys using digital technologies – companies must embrace new ways of working by focusing on digitising behind the most important customer journeys.

(McKinsey & Co 2016.)

“Perform: Align the organisation to deliver against tangible outcomes”

Companies must apply sophisticated ways to measure customer satisfaction, empower employees to deliver what the customers are expecting, and govern a customer-centric structure. This forms the foundation for a successful business. By securing the early economic wins will deliver value and drive for continuous innovation. (McKinsey & Co 2016.)

- Using customer journeys to empower the front line – motivating employees to deliver the customer and brand promise in each step of the processes, starting from the retail setting, taking customer service calls, and out in the field.
- Establishing metrics that capture customer feedback – measuring and using data from customer feedback to develop operations and function within the different company segments.
- Putting cross-functional governance in place – shifting to more customer-centric model requires proper governance and leadership.
- Logging early wins to demonstrate value creation – building a link to value creation, analysing past performance of satisfied and unsatisfied customers, and focusing on customer satisfaction issues that will have the highest pay-outs.

(McKinsey & Co 2016.)

Customer journey mapping (CJM) works as an excellent tool for understanding customers’ needs, wants, and expectations in each stage of the customer journey, at every touchpoint. Companies should focus on observing their customers to understand how to provide simple, personalised and end-to-end experiences for them. Companies should also shape their customers’ perceptions to make them feels as they are the ones making the choices or being in control of the company. Lastly, companies need to measure their customer satisfaction in order to deliver what the customers are expecting. Companies need to motivate their employees to perform more customer-centric way though out the whole customer journey.

According to Pennington (2016, 89-91, 96), CJM is basically composed of the customer life cycle, or as described below, experience cycle by Dubberly & Evenson or physical customer experience by Shaw & Ivens, that is divided into stages. The cycle is the ‘backbone’ of the journey, and at each of the stages customer is facing series of interactions, or in other words, touchpoints. To create a CJM, companies must first define the stages in their customer life cycle, in other words the backbone. After understanding all the steps in the backbone, companies must identify the interactions in each stage. The main idea is to take each stage of the journey, and walk it through from the customers perspective and experience. The aim for the CJM is to identify and analyse those interactions where the expectations do not meet the actual experience, and then focus on the opportunities for improvement.

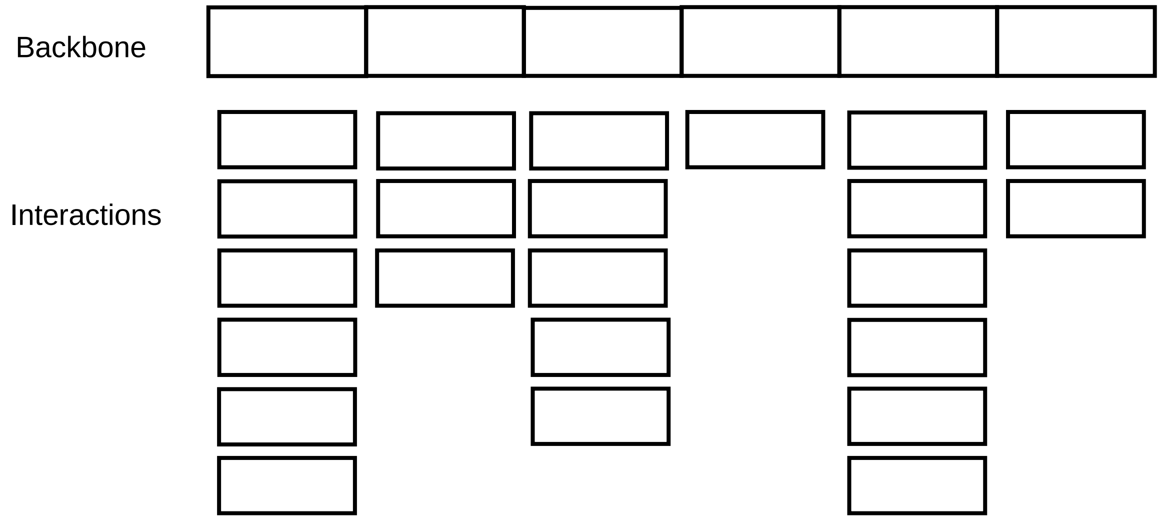

Figure 3. Grid format of customer journey map (Pennington 2016, 96).

The experience cycle model, figure 4. below, explain the different steps people go through when building a relationship with a product or service. These steps are:

- connecting (first impression)
- becoming oriented (understanding what’s possible)
- interacting with the product (direct experience)
- extending perception or skill and use (mastery)
- telling others (teaching or spreading activation)

(Dubberly and Evenson 2008.)

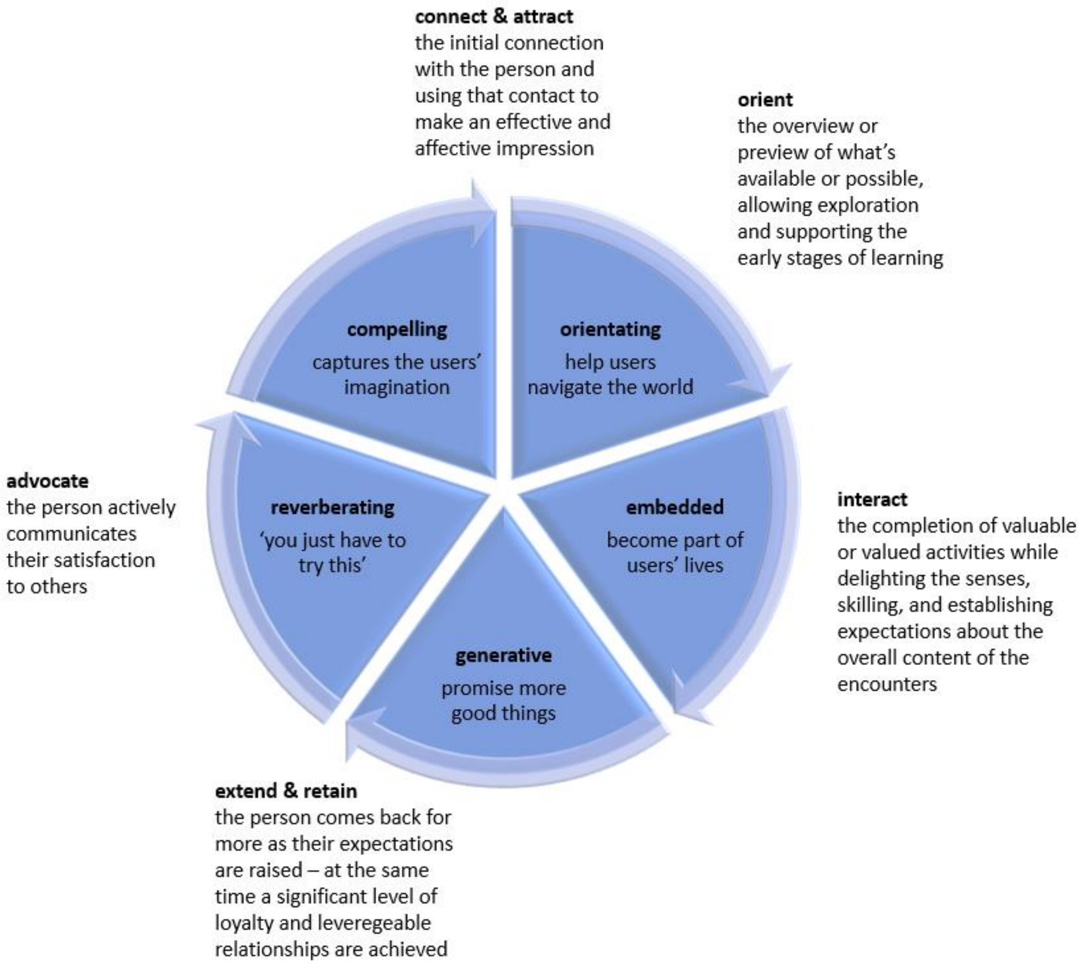

Figure 4. Experience Cycle Model (Dubberly and Evenson 2008).

The experience cycle shows the process how customers become advocates for the product or service by introducing those to others and ending the process with a beginning of a new cycle. This model suggests that shifting focus from a single touchpoint, such as 'a sale' to "nurturing a series of relationships in a continuous cycle that yields increasing returns". (Dubberly and Evenson 2008.)

Similarly, Shaw and Ivens (2002, 22) define the physical customer experience as a cycle. Customer experience starts before the decision of a purchase, it starts with the expectations of the product or service through advertising, PR, or word-of-mouth. The point of purchase is just one of the stages in the physical customer experience cycle. These stages are:

1. Expectations setting
2. Pre-purchase interactions
3. Purchase interactions
4. Product or service consumption

5. Post-experience review

(Shaw and Ivens 2002, 23.)

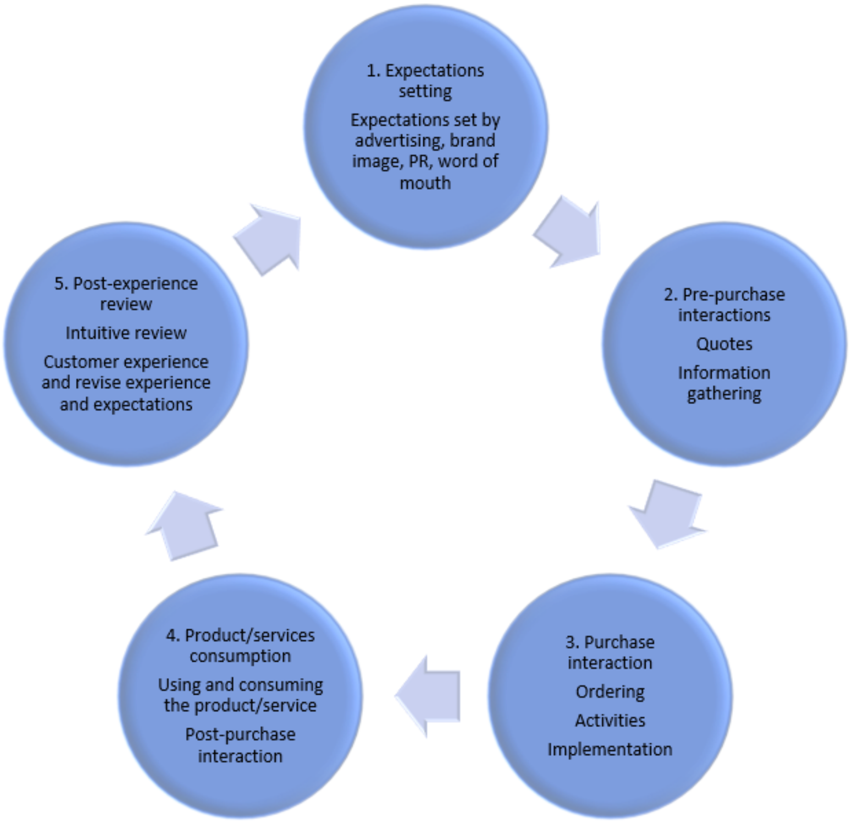

Figure 5. Stages of customer experience (Shaw and Ivens 2002, 23).

To sum briefly, CJM is build up by defining the customer life cycle, or in other words, the backbone, that is divided into stages. Customer life cycle, physical customer experience and experience cycle can be regarded similar to each other, and therefore these can be considered as the backbone for a CJM. Each stage is defined and includes various interactions, and these interactions are called the touchpoints. Also, each interaction must be defined by the company, to understand how their customers perceive each stage and interactions in the CJM. The aim is to identify those stages and interactions that does not meet with the expectations of the customers.

Shaw & Ivens (2002, 9-11) also introduce *The Seven Philosophies for Building Great Customer Experiences™.* According to these Seven Philosophies™ leaders, culture and people play significantly important role in building great customer experiences. The Seven Philosophies™ also emphasise how customer experience can be used to increase revenues and reduce costs, and clarify how customer experience should be a personification of the company's brand. The Seven Philosophies™ are:

1. Philosophy One: Great customer experiences as a source of long-term competitive advantage
2. Philosophy Two: Great customer experiences are created by consistently exceeding customer's physical and emotional expectations
3. Philosophy Three: Great customer experiences are differentiated by focusing on stimulating planned actions
4. Philosophy Four: Great customer experiences are enabled through inspirational leadership, an empowering culture and empathetic people who are happy and fulfilled
5. Philosophy Five: Great customer experiences are designed 'outside in' rather than 'inside out'
6. Philosophy Six: Great customer experiences are revenue generating and can significantly reduce costs
7. Philosophy Seven: Great customer experiences are an embodiment of the brand

(Shaw & Ivens 2002, 9-11.)

These seven philosophies become a virtuous cycle strengthening each step as it moves from one philosophy to the seventh, and then back to the beginning.

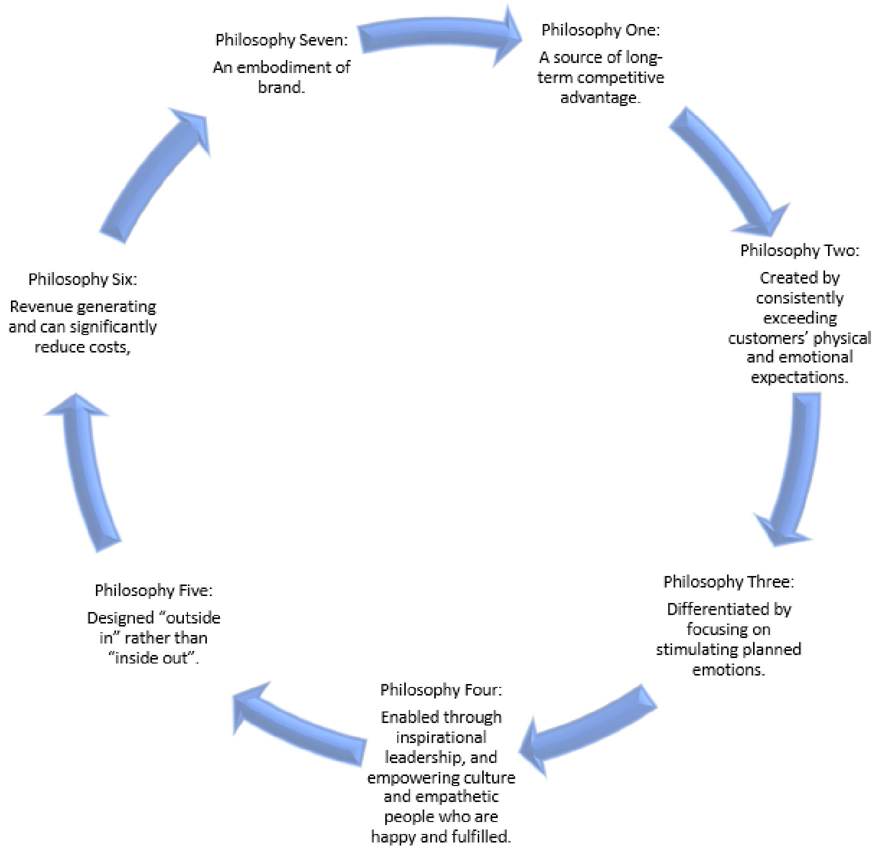

Figure 6. The Seven Philosophies for Building Great Customer Experiences™ virtuous circle (Shaw & Ivens 2002, 12).

Shaw and Ivens (2002, 149) add the Customer Experience Pyramid™ framework for development of great customer experiences. Each of the four sides of the pyramid represents the four major functions in a company: sales, marketing, service, and support. The four sides present everyone working in their own function but going forward towards the same customer experience at the top. (Shaw and Ivens 2002, 151.)

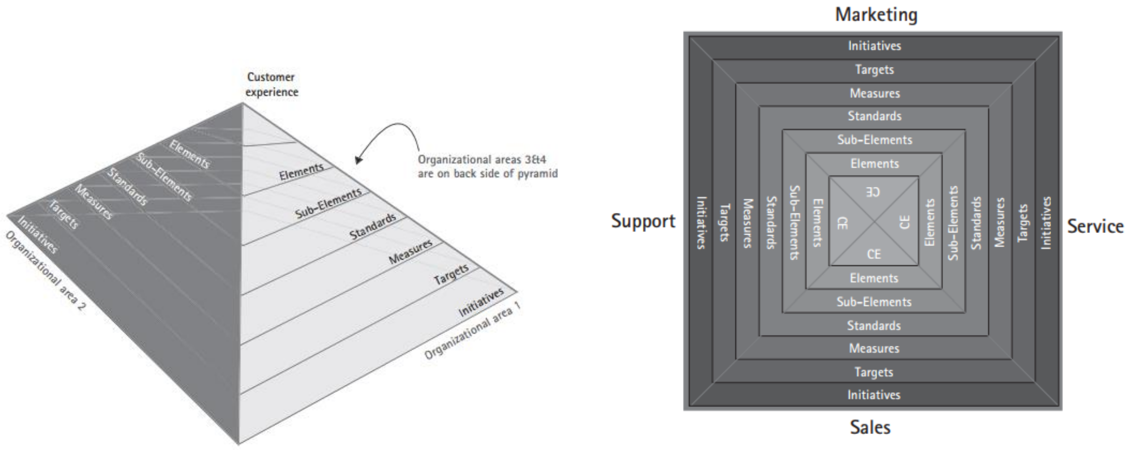

Figure 7. The Customer Experience Pyramid™ / normal view and plan view. (Shaw and Ivens 2002, 150-151.)

To build the Customer Experience Pyramid™, different elements of the pyramid must be separated to understand each of their functions:

- Customer experience – producing a physical and emotional customer experience statement that is communicated the same way as the company's vision, mission, and values.
- Elements – differentiating the individual physical and emotional elements where the focus should be.
- Sub-elements – the elements should be further divided into sub-elements to be managed better.
- Standards – define the standards that are to be achieved and that are driven by the value each customer places on them.
- Measures – both external and internal measures must be set based on the chosen sub-elements.
- Targets – setting the suitable targets that will drive and are consistent with the chosen properties of sub-elements.
- Initiatives – identify those initiatives that will help achieve the set targets or will improve the measurement for the property or element.

(Shaw and Ivens 2002, 152.)

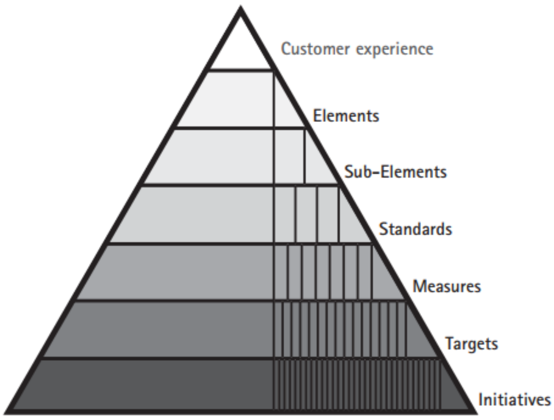

Figure 8. One side of The Customer Experience Pyramid™. (Shaw and Ivens 2002, 155)

Similarly, McKinsey & Co (2016) measure customer experience in the form of a pyramid. According to them, the ideal customer experience measurement puts customer journeys in the middle of the pyramid. This way journeys are connected to the other critical elements like business outcomes and operational improvements. “Leading practitioners start at the top, with a metric to measure the customer experience, and then cascade downward into key customer journeys and performance indicators, taking advantage of employee feedback to identify improvement opportunities.”

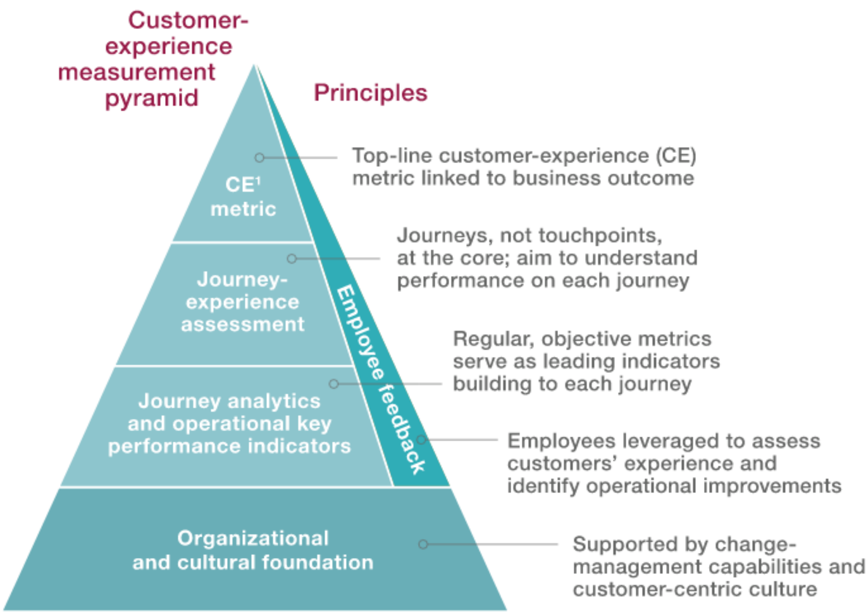

Figure 9. Customer Experience Measurement Pyramid (McKinsey & Co 2016).

According to Shaw, Dibeehi and Walden (2010, 68) social media is the new channel to market. Companies should understand that customers compare their social media experience with the normal customer experience, and find social media experience inadequate.

Those companies that are pushing boundaries and using social media experience in enhancing the customer experience, are the ones likely to succeed in creating memorable customer experiences. (Shaw et all. 2010, 89, 122.)

Shaw et all. (2010, 89-90) segments social media experience into three main segments:

- personal social media experiences – those people who use social media platforms to stay in contact with family and friends, for sharing photos and uploading videos of family vacations etc. Sites used are Facebook, Flickr and YouTube.
- customer social media experiences – those people who use social media to search advice and user experiences before purchasing a product or service. Sites used are: TripAdvisor, visiting company webpages, Amazon, or being a fan of a company of Facebook.
- business social media experiences – those people who use social media in a business setting. Used for example for keeping up with what is happening in the company's industry. Site used: blogs (reading and writing), Twitter and Linked In.

To conclude, there are several ways to improve and measure customer experience. As mentioned previously, companies are advised to understand the stages and interactions in their customer journeys, to ensure expectations are met by their customers. In addition, companies can improve customer experience by using the Seven Philosophies for Building Great Customer Experiences™ which believes building customer experiences will increase revenues and reduce costs, whereas Customer Experience Pyramid™ can be used to develop customer experiences and is considered from the four important functions of the company: sales, marketing, service, and support, all aiming for the same goal – good customer experience. Then again, Customer Experience Measurement Pyramid can be used to measure and build better customer experience by placing customer journeys in the middle of the pyramid where they are connected to the other important sections of the company.

2.1.1 Value Proposition

Value proposition is a positioning statement that explains what benefits a company provides and for who, and how the company does that in a unique way (Skok 2013). In other words, value proposition strategy requires a clear statement of the targeted customer segments and what is required to please them. “Satisfying customers is the source of sustainable value creation --- Clarity in this value proposition is the single most important dimension of strategy." (Barnes, Blake and Pinder 2009, 21.)

According to Barnes et al. (2009, 23), a good customer experience is closely associated with loyalty and reluctance to switch to another provider. Understanding that loyal customers are more profitable, since a satisfied customer sees the product or service important and perceives competitors as not the same or better. To achieve loyalty, companies must define what makes their customers committed to their particular brand, product or service. (Pennington 2016, 147-148.) Therefore, by building a value proposition and providing superior and profitable customer value, companies are investing in their own wealth. Value proposition development is an approach to build in value to the customer experience; it is the management of providing profitable customer value. (Barnes et al. 2009, 23.) To find a unique value proposition usually involves a new way of segmenting the market, where as a novel value proposition expands the market. Where value chain focuses on the internal operations, value proposition is the element of strategy that focuses outwards, towards the customers, to the demand side of the business. Fundamentally, the strategy is integrated since it is bringing the demand and supply sides of the business together. (HBS 2017.)

Value Proposition Builder™ explains six different factors that need to be analysed to build value proposition. First, companies need to analyse and identify the market segments, or specify customer/target individuals to whom there is a possibility to deliver value. Secondly, companies need to analyse and define the value experience that customers will get from the company currently. Both good, bad, and neutral experiences need to be analysed to really understand the 'wow' outcomes. Thirdly, companies must define the mix of offerings, and how these will bring value in the specified target markets. After that, companies need to assess benefits of their offerings, and how they will deliver clear customer value. Then, companies can analyse how their products or services provide alternatives or differentiation from that of competitors. And lastly, companies need to sum it up with the relevant, proven proof. (Barnes et al. 2009, 30.)

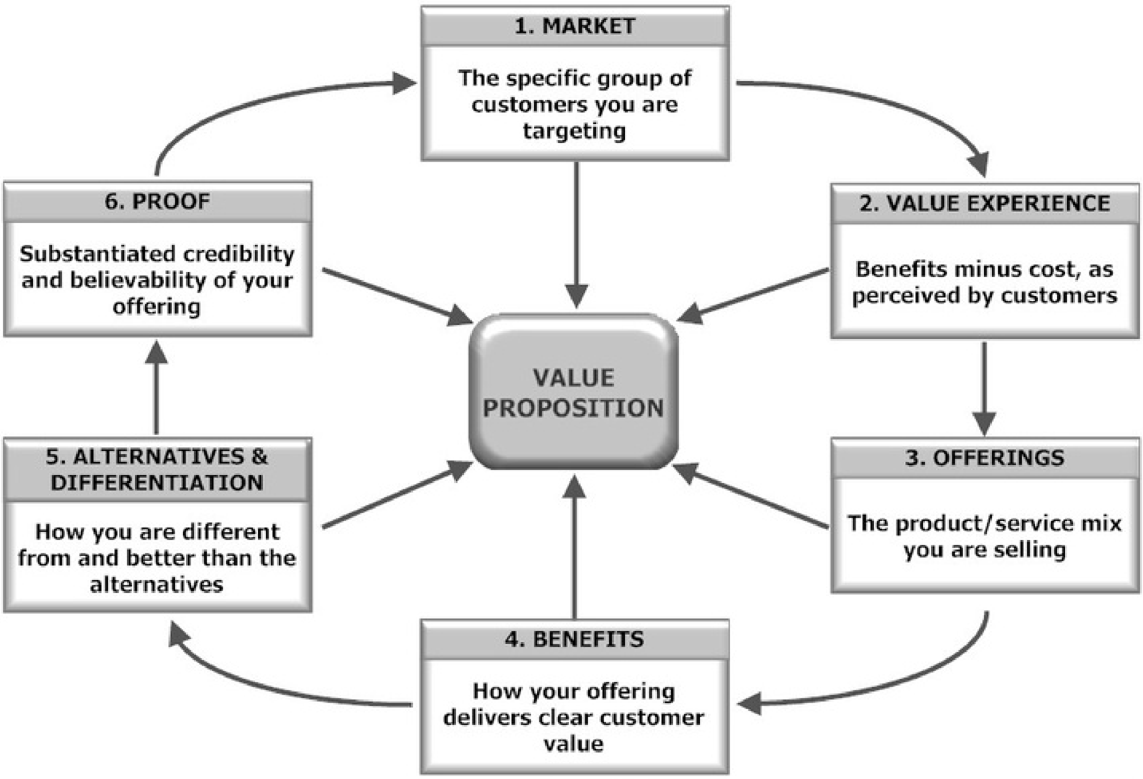

Figure 10. Value Proposition Builder™ (Barnes et al. 2009, 31).

2.1.2 Customer Expectations

Satisfaction is highly influenced by the consumer's expectations regarding the quality of a product or a service (Solomon, Bamossy, Askegaard and Hogg 2013, 91). Expectations can, however, also make the consumer decide what to buy – regardless of the product's quality or price. As an example, environmentally conscious companies can attract environmentally aware consumers by motivating their "green" values and expectations. When customers feel their motivations are in common with the company's or product's motivations, they will have a significant reason to choose that over others. (Stratten & Kramer 2014, 55.)

According to the expectancy disconfirmation model, consumers form beliefs about a product performance based on their previous experience with the product or with communication heard about the product that is implying a certain level of quality (Solomon et al. 2013, 91). Social media, for that matter, is one of the best ways for consumers to find out what is expected from a product or what the company's or product's motivations are (Stratten & Kramer 2014, 56).

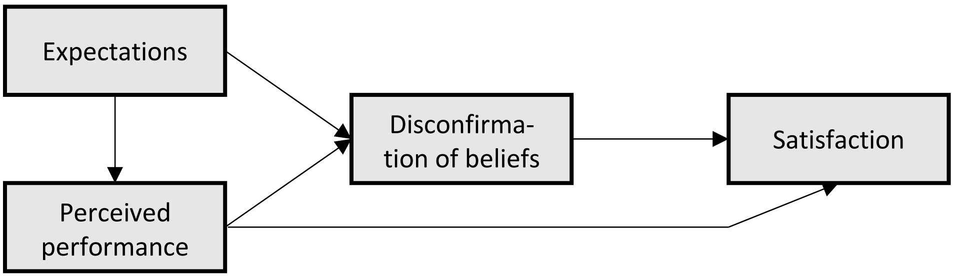

Figure 11. The expectation confirmation model (Wikipedia 2.3.2018).

For consumers, when something performs as was expected, people tend not to think about it more. But when it fails to live up to the expectations, it affects negatively. Additionally, if the performance happens to exceed expectations, people will be satisfied and pleased. (Solomon et al. 2013, 91)

2.1.3 Customer Satisfaction

Customer satisfaction defines how customers feel about a product or a service. If the product or service matches the customer's expectations, then the consumer is satisfied. If the expectations are exceeded, the consumer is highly satisfied. In the case where it falls short, the consumer becomes dissatisfied. This definition views the importance of, not only expectations of a consumer, but also the performance of a product or service itself. (Hill, Roche and Allen 2007, 31.) Those companies that score highly in the customer satisfaction, often have a big competitive advantage over their competitors in building long-term relationships with their customers. In other words, companies that understand the importance of the satisfaction process realise that the key to success is not only selling a one product once but rather obtaining a relationship with the consumer so that they will continue to buy their products or services also in the future. (Solomon et al. 2013, 63, 89.)

Another benefit of having a satisfied customer is profitability. The longer companies get to keep their customers, the more profitable they become. Customer retention is much more profitable than customer acquisition. This is due to the following factors:

- acquisition – the cost of acquisition starts within the first year with the company, just before and as consumers become customers.
- base profit – this is constant but usually does not begin to offset the acquisition costs before the second year or even later.
- revenue growth – satisfied customers tend to stay and buy other products of the company since their awareness of the product portfolio grows within time.

- cost savings – long-term customers cost less to service since they are more familiar with the organisations procedures and they know what to expect.
- referrals – highly satisfied customers are giving recommendations for their friends about a company they like. These referral customers are then considered as existing customers and usually act as better customers and therefore they eliminate the cost of acquisition.
- price premium – long-term customers are more willing to spend premium price due to the trust they have towards the product or service that is bringing value for them.

(Hill et al. 2007, 19.)

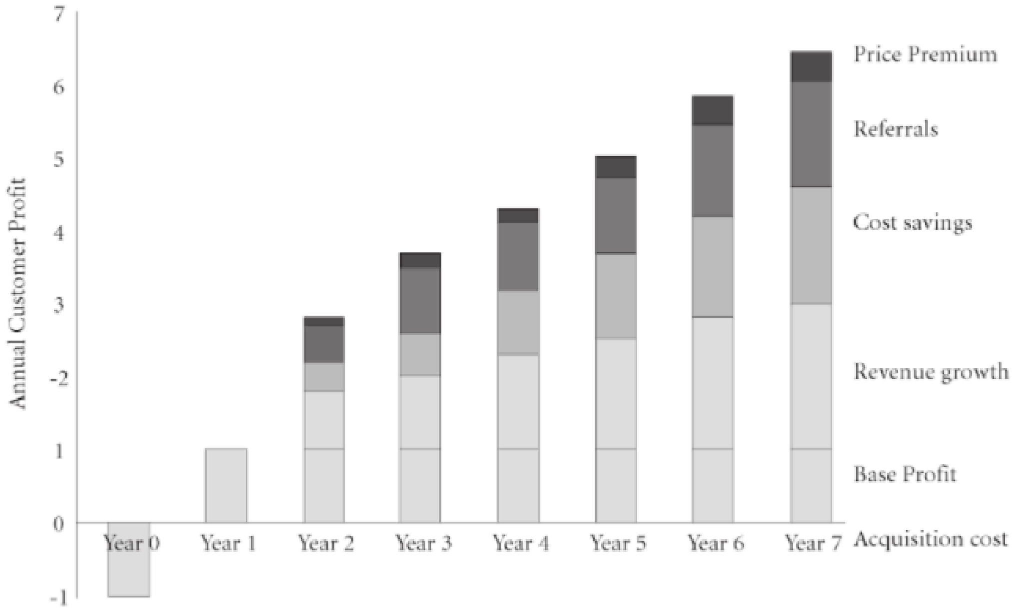

Figure 12. Increasing of customer value over time. (Hill et al. 2007, 20.)

Solomon et al. (2013, 91) demonstrates Kano-model as one approach to customer satisfaction. The Kano-model operates with three kinds of expectation: basis, performance, and enthusiasm expectations. Basis expectations include self-evident and obvious qualities that are expected from the product. If these expectations are not satisfied, they will never be lived up to the customer's expectations. Even if the expectations would be fulfilled, the product would still not be profiled since these qualities were taken for granted in the first place. For the performance expectations, satisfaction is related to how well the product lives up to the expectations of the customer. These quality requirements are usually specified and expressed by the customer. For the enthusiasm expectations, the word expectations should not be used at all. This is because the essential character for the enthusiasm is that it is not expected at all by the customer. Thus, any positive surprises can lead to very great feelings of satisfaction since the quality of the product was even better than was expected.

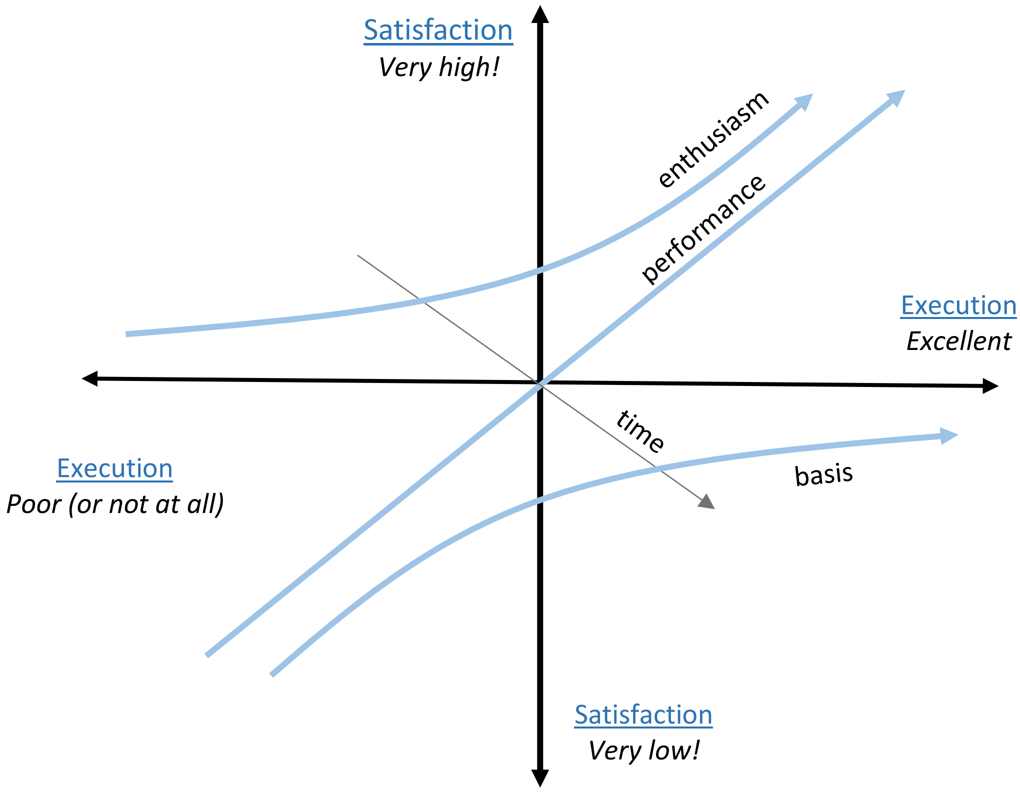

Figure 13. Kano-model (Kanomodel,com 2016).

Additionally, according to research results, product experience is important for customer satisfaction. “When people have no experience they are relatively easy to satisfy, but with growing experience they become harder to satisfy.” But when they reach a certain level of experience, it becomes easier to obtain satisfaction because customers have become ‘experts’ and that facilitates choice and creates more realistic expectations. (Solomon et al. 2013, 91-92.)

To sum up briefly, customer experience is strongly related to customer satisfaction, customer expectations, and value proposition, that are strongly influenced by each other. When the product or service fulfils customer’s expectations, the customer will be satisfied. A satisfied customer is highly probable to use or buy the same product or service again which creates value for the company. A returning customer is much cheaper for a company than acquiring new ones, therefore it is essential that companies understand the importance of fulfilling or exceeding customer expectations to generate satisfied and returning customers.

2.2 Consumer Behaviour

According to Ng and Lee (2015, 69) many studies have shown that culture shapes consumer behaviour and that affect shapes consumer behaviour. However, surprisingly few studies have taken into consideration that culture and affect jointly shape consumer behaviour. Affect refers to the “neurophysiological states that are experienced as emotions, moods, and other feelings, and that can be categorised along the dimensions of arousal and valence”. ‘Actual affect’ focuses on how consumers actually feel and ‘ideal affect’ focuses on how consumers “ideally want to feel”. ‘Consumer behaviour’ on the other hand refers to the “behaviour of the consumer or decision making in the marketplace of products and services”. (Ng et al. 2015, 69-70.) de Mooij (2011, 20) similarly explains consumer behavior as the study of processes involved when people select, purchase, or dispose of products, services, ideas, or experiences to satisfy their needs and desires. This definition of consumer behavior views the process of issues before, during, and after a purchase that influence the consumer (de Mooij 2011, 21).

The ‘anticipated actual affect’ refers to the stage prior to consumption. This focuses on the expectations about how consumers will feel during consumption. The ‘online actual affect’ happens during consumption, and that focuses on the possible feelings during consumption that may or may not be related to the product, service or the service provider. The feelings, that consumers may afterwards remember, are referred to ‘recalled actual affect’. This affect focuses on how consumers felt during consumption. (Ng et al. 2015, 72-73.) de Mooij, however, does no differentiate the different stages similarly to Ng et al., but rather focuses on the psychological and sociological distinction of human behavior. According to de Mooij, psychology studies human behavior at the individual level, whereas sociology studies human behavior at group level. Culture, on the other hand, operates at both levels. (de Mooij 2011, 20-21.)

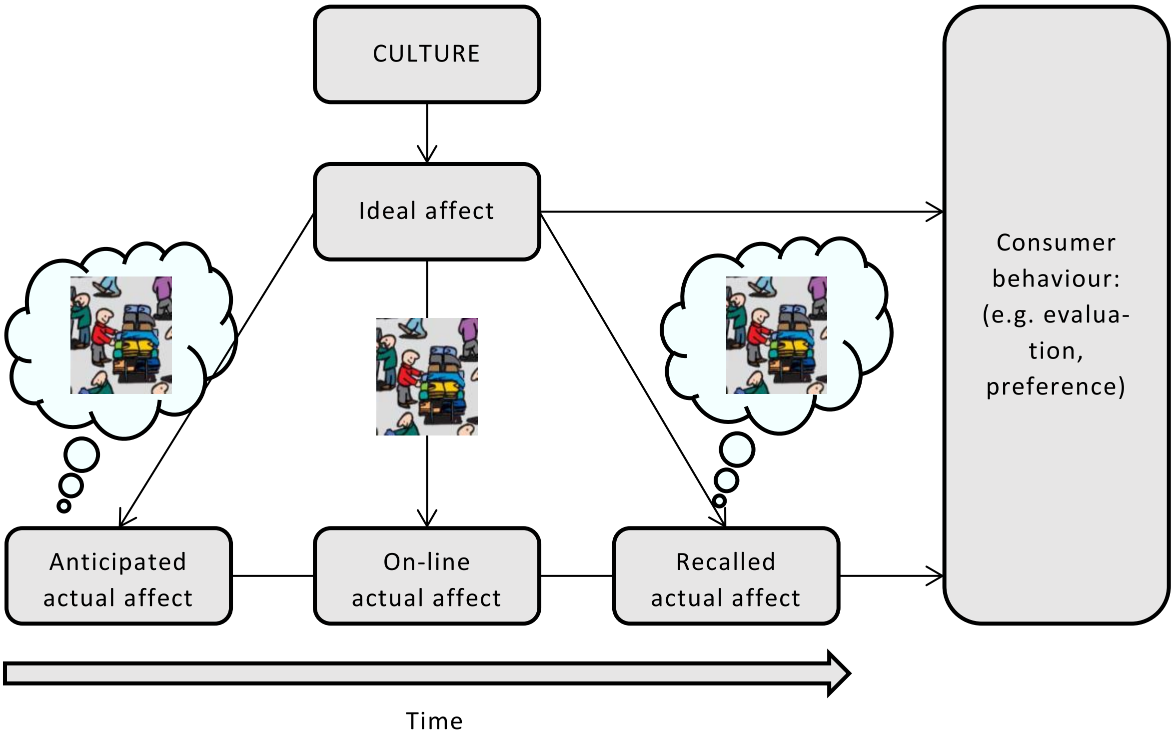

Figure 14. Adapted from Ng et al. (2015, 73) model of proposed links between culture, ideal affect, actual affect (anticipated, on-line, and recalled), and consumer behaviour.

Affect Evaluation Theory (AVT) (Ng et al. 2015, 77-78) is a theoretical framework that is trying to incorporate ideal affect into the existing models of actual affect. This is done by:

a) distinguishing between actual and ideal affect

b) identifying how culture and temperament shape actual and ideal affect

c) describing the behavioural consequences of ideal affect

"Ideal affect differs from actual affect"

By developing a measurement to measure ideal affect based on existing measures of actual affect, researchers have found significant data reporting people want to feel significantly different from what they were feeling. According to the findings, people from variety of cultural backgrounds wanted to feel more positively and less negatively than what they were feeling. (Ng et al. 2015, 78.)

“Culture shapes ideal affect more than actual affect; temperament shapes actual affect more than ideal affect”

According to researchers, cultural factors shape what people view as good, moral, and virtuous. Likewise, AVT suggests that cultural factors should also shape what affective states people view as good, moral, and virtuous, in other words their ideal affect. Based on results from different studies, cultural differences in ideal affect are seen partly due to cultural differences in interpersonal goals. Therefore, increasing the value of these goals will also alter consumer preferences. Even though cultural factors also shape what affective states people actually feel, years of theoretical research suggests that across different cultures, actual affect is fundamentally shaped by people’s temperament. (Ng et al. 2015, 78-81.)

“Ideal affect predicts mood-producing behaviour”

According to AVT, ideal affect predicts what people do to feel good or to stop feeling bad – whether this is being a conscious act or not. ”AVT is unique in its inclusion of more proactive behaviours such as preference-based decision making.” Since some activities are more effective in inducing specific affective states than others, times when people want to do something to feel better; they might participate in activities that most effectively bring out their ideal state. (Ng et al. 2015, 81-82.)

As AVT explains that both culture and temperament have an impact on the affect or “the feeling” in consumer behavior, equally states de Mooij (2011,21) that “personality and culture are inextricably bound together”. To study how people learn, happens at individual level. However, understanding what and how human beings learn, varies depending to the society they live in. “Instead of viewing culture as the environment of people’s behavior, nowadays anthropologists view culture as ‘interiorized”. Culture is more than a social or environmental influence, and to understand culture’s consequences for consumer behavior, “culture must be integrated in the various aspects of consumer behavior theory”.

Based on Ng et al. (2015, 83), large part of their research suggests that “ideal affect may predict preference-based choices above and beyond actual affect. However, AVT has number of other implications for research on consumer behaviour, “especially consumer behaviour in other cultural contexts”. Researchers are more and more starting to examine how affect shape different consumer behaviours. It is obvious that the feeling of good or bad matters for consumer behaviour. Therefore, it is important for researchers to take into consideration how culture shapes what is seen as a good and as a bad feeling. The global economy of today defines how crucial it is to understand how culture shapes these different processes. One way of understanding cultural differences in consumer behaviour is to understand the cultural differences in ideal affect, or to understand how people ideally want to feel. (Ng et al. 2015, 89.)

de Mooij on the other hand, focuses more on understanding the influence of culture on consumer behaviour. To do so, culture must be integrated into the various components of human behaviour. As de Mooij points out, culture is a complex concept. To understand that many items defined as consequences of culture are also included in the definitions of culture either as artefacts (e.g. food, costume) or as abstract elements (e.g. values and norms). It is important to make a distinction between these two to understand "that the consumer behaviour consequences of culture can be specified beyond other types of behaviour that are implicitly included in the definition of culture itself". "Cultural values should be included as an integrated part of the consumer and not as an environmental factor." (de Mooij 2011, 21.)

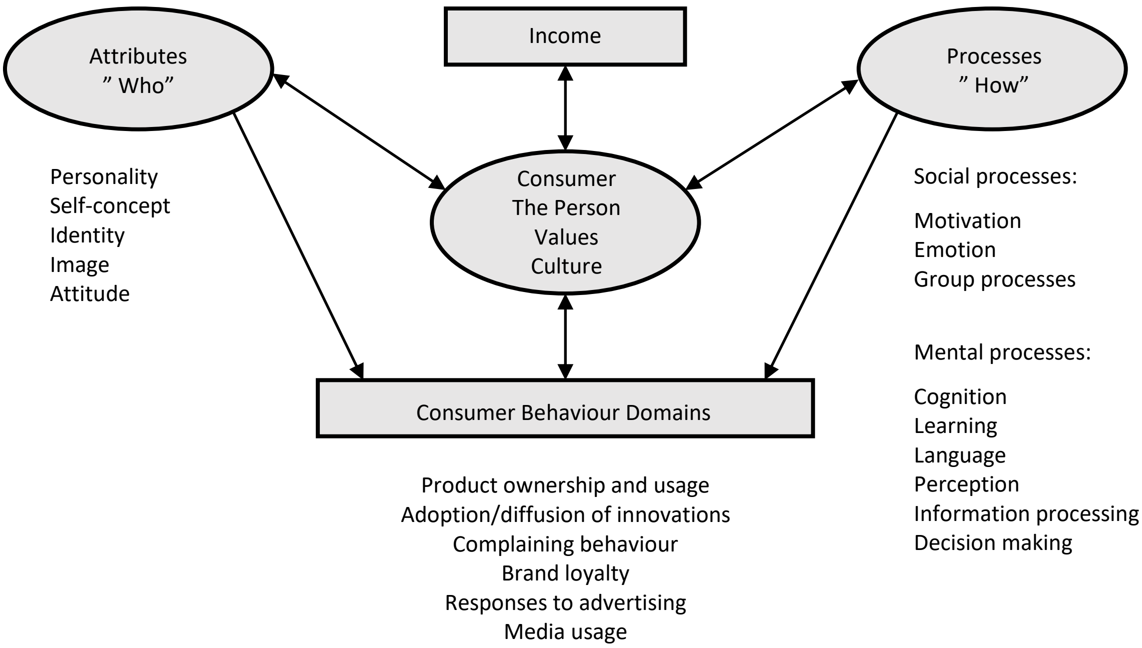

Figure 15. Model of Cross-Cultural Consumer Behaviour (de Mooij 2011, 22).

The framework of cross-cultural consumer behaviour in figure 1 above shows how the different cultural components of the person are presented as consumer attributes and processes, and the different cultural components of behaviour are presented in consumer behaviour domains. Wealth on the other hand is placed on its own as income since wealth is influenced by culture but it also influences culture. The figure above shows that income is interacting with the culture of the consumer. (de Mooij 2011, 22.)

2.3 Consumer Culture Theory

Consumer culture theory (CCT) studies consumption habits of consumers from the social and cultural point of view rather than from the economic or psychological one (Wikipedia 27.6.2017). CCT itself is not a unified and grand theory, “nor does it aspire to such nomothetic claims”. It rather shares the common theoretical orientation towards the study and links the research efforts respectively. CCT explains the combination of theoretical perspectives that focus on the relationships between consumer actions, the marketplace, and cultural meanings. (Arnould & Thompson 2005, 868-867.) In other words, CCT recognises that companies can make use of these multiple methods to better understand different trends in the marketplace, such as lifestyle complexities, multicultural marketing, and how different consumers use media as part of their lives (Solomon et al. 2013, 26). “CCT illuminates the contextual, symbolic, and experiential aspects of consumption as they unfold across the consumption cycle, from acquisition to consumption and disposition” (Joy & Li 2012, 143.)

Based on different researchers’ theoretical and methodological contributions, Arnould et al. have identified four research programs in CCT. In other words, “CCT has advanced consumer behaviour knowledge by illuminating sociocultural processes and structures related to (Arnould et al. 2005, 871):

1. consumer identity projects – The focus is on person-object relationships in all its different variations and complexities. Objects are central for the self-definition and become extensions for oneself. (Joy & Li 2012, 143.)

2. marketplace cultures – Consumers are primarily seen as the culture producers rather than only as culture bearers. The focus is to understand how collective or community identity is forged, and how consumers share common value through interaction with the marketplace. (Joy & Li 2012, 149-150.)

3. the socio-historical patterning of consumption – The focus is to review how institutional social structures such as gender, ethnicity, class, and community help structure consumption, and vice versa. (Joy & Li 2012, 152.)

4. mass-mediated marketplace ideologies and consumers' interpretive strategies – The focus is on the messages commercial media communicates regarding consumption. Consumers are viewed as agents who create meanings from representations of consumer identity and lifestyle ideas seen in advertising and mass media to consciously diverging from these ideological guidelines. (Joy & Li 2012, 153.)

In other words, consumer behaviour consists of those processes where people are actively involved. These are processes that happen before, during and after a purchase, and all influence the consumer. Culture together with emotions, moods and feelings effect consumer behaviour. These emotions, moods and feelings happen at different stages of the customer journey, and all have different effects on the consumer, depending on the consumer's expectations, feelings, and recollections. CCT, on the other hand, studies consumption habits from the social and cultural point of view. CCT is a mixture of multiple different theories that help in understanding the relations between consumer actions, marketplace and culture.

2.4 Market Evaluation

Estonia is in the Northern part of Europe, located in the Baltic region. Estonia is bordered by the Gulf of Finland in the North, by the Baltic Sea in the West, by Latvia in the South and by lake Peipus and Russia in the East. The capital of Estonia is Tallinn. (Enterprise Estonia 2017.) The population of Estonia is 1,32 million (1.1.2017) which makes Estonia the fourth smallest country in the EU (Statistics Estonia 2017). The population density of Estonia is 30.3 people per km^2 and the total area of the country is 45,336km^2. (Enterprise Estonia 2017.) Estonia joined the European Union in 2004 and the Eurozone in 2011 (European Union 2017).

The average gross wages and salaries between the years 2004 and 2016 can be found in the figure 1 below. The average gross monthly wage in 2016 was 1146 euros and in the second quarter 2017 1242 euros. The change % between these two periods was 7,7%. (Statistics Estonia 2017.) Based on Colliers, Sorainen and Ernst & Young (2017, 54) report, the private consumption spending increased annually by 4% in 2016 due to higher real wages and continuing low inflation supporting consumption. Also, retail sales continued its growth in 2016 in Estonia compared to with the corresponding period in the previous year. Private consumption is expected to keep on growing in 2017-2018 by ca. 2.7-3.1%, and the same trend seems to continue with the consumer prices. The forecast expects growth of 2.8-3% in the years 2017 and 2018 in consumer prices. (Colliers et al. 2017, 54.)

Figure 17. Average gross wages and salaries 2004-2016 in Estonia (Statistics Estonia 2017).

According to van Eynde (2015, 5), the Baltic area represents a small but interesting market area for fashion retailers due to its modern and high level of shopping malls. The beginning of 2010's, in Baltic economies' the growth was among the leaders in that region which boosted the volume and value increase in consumption. However, the recent years slowdown in economic growth due to several external factors has affected negatively on the growth in the fashion retail sector also. However, the long-term prospects in the Baltic area remain positive and optimistic (van Eynde 2015, 5), and many local and international brands remained further interested in expanding into Estonia in 2016 (Colliers et al. 2017, 62).

In Estonia, the city centre of Tallinn is considered very important since it stands as a touristic attraction place with fashionable consumers and a strong concentration of young people. In general, other parts of Estonia are not considered as important or potential as Tallinn because Tallinn city centre sales depends on the touristic flows and activity of population. All this influences the structure of local fashion retail market. (Ibid.)

Based on the figures and information presented above, it is evident that Estonia has been and remains to be an attractive market for fashion retail businesses. Compared to the other European countries, Estonia has more square meters of retail shops per capita, as the number of shopping centres continues to increase. However, this also means that Estonia has many players in the market that can also be considered as serious competition for Bestseller's retail chain stores. Even though the gross monthly wages continue to show a nice trend in rising, also the consumer prices are continuing their increase. So even when the wages are getting bigger, so are the consumer prices getting higher. Does this trend affect buying power of consumers in a positive way or will it in fact face an opposite reaction? This remains to be seen. All in all, Estonia remains to be a very price sensitive market.

2.5 The European Customer

Unique climates, cultural influences and resources are factors that shape and differentiate consumption patterns in the different areas of Europe, in different European countries or even in different regions within a country. "These differences at the macro, national and regional levels can exert a major impact on consumer's lifestyles, since many of our preferences on foods, entertainment and so on are dictated by local customs and the availability of some diversions rather than others." It is a fact that there are similarities in parts of Europe, and it is easy for companies that operate in Europe to consider these parts as regions with similarities rather than focusing on each market as its own. (Solomon et al. 2013, 620). This similar way Bestseller has divided Europe into four groups and considers them as sections: Northern Europe (Denmark, Finland, Norway, Sweden), Central Europe (Germany, the Netherlands, Austria, UK, Ireland), Southern Europe (Italy, Spain, France), and Eastern Europe (the Baltics and Russia).

However, companies must be careful not to overestimate the similarities of such macro-regions. There are common trends but also big differences in the local contexts. There might exist large differences between northern and southern Italy, not to mention between London and Dublin, in terms of consumptions patterns and lifestyles, and in marketing and marketing research practises. (Solomon et al. 2013, 620.) According to Solomon et al. (2013, 620) there yet is several trends that seem to be valid for the EU consumer. These include:

- tendency towards unevenly distributed income
- increasing amount of elderly
- deceasing size of households
- growing population of immigrants

- increasing concern towards environment and consumption of ‘green’ products
- increasing consumptions of services rather than durable goods

2.6 Background to the Coaching

“Brand success in the future belongs to those who master the shopping experience.” Mastering the shopping experience in each of the brand touchpoints, pre, during and post, is a must when wanting to be successful. Retailers need to reverse their thinking and start their understanding and strategic development from the post stage of the purchase, since that is the stage where true success of the brand really happens. In other words, building loyalty and repeat sales defines success of a brand. (Lincoln & Thomassen 2009, 48.)

Murray (2013, 117) however states that, most retailers focus on selling merchandise when they should be managing customers. Exceptional product management has shown number of success stories and that has been a good model for building a retail company. But when the focus is only on merchandise management, it becomes increasingly difficult to drive future growth by only focusing on the shopping environment and product selection.

Markkanen (4 November 2017) similarly explains, that in his view, those brick stores that understand the importance of service and emphasise on creating experiences rather than just focusing on sales, are the ones to succeed in the on-going battle between e-commerce and physical stores. In his opinion, those retailers that focus on developing the service concept towards active, one-on-one, emotional relationships, will most likely be the winners, when only focusing on brick stores and their future. The fact is that e-commerce and online shopping is here to stay, and by closing one’s eyes will not change that fact to any other.

According to Markkanen (4 November 2017), Bestseller follows and analyses its retail chains stores performance continually. The different key performance indicators (KPI’s) used to analyse and investigate the stores performance consist of sales in €’s, sales indexes compared to previous days, weeks, months and years, basket sizes (BS’s), and hit rates.

Markkanen (4 November 2017) explains that reasons for the focus of deepening the service concept coaching in Estonia, was due to the lower KPI’s compared to other Bestseller markets figures. Even though each market is different, and globally it is difficult to differentiate the local challenges, cases, and situations, the all in all lower figures compared to the average global figures was considered as the start for the service concept training launch in Estonia.

2.7 Service Concept Coaching

Mari Tikkari-Welling (5 December 2017) explains that the service concept coaching is a two-phased coaching. Between the two phases, there is always a training period of 2-4 weeks where everything learned will be implemented into action on the floor level at the retail stores.

According to Tikkari-Welling (5 December 2017) the first phase is always related to contact taking, which is continually the most challenging part of the coaching. The aim of the first phase is to increase the hit rates in the stores immediately. The second phase concentrates on continuing service including needs assessment, additional sales, set selling and fitting room assistance. This phase correlates directly to basket size. Sales consist of hit rates and basket sizes so the bigger the hit rate and the higher the basket sizes then better the sales are.

Tikkari-Welling (5 December 2017) notes that store managers are responsible for the training periods between the coaching phases. Sales comes from the floor, and that needs to be trained continuously to get better results. Store managers should be leading by example, so other employees would be able to follow and progress forward with their own training.

Tikkari-Welling (5 December 2017) explains that originally the service concept coaching had been implemented in Denmark, and in 2008 Bestseller Academy launched it into the Finnish market. Tikkari-Welling adapted the Danish version of the coaching to match the Finnish market and started as the head of Bestseller Academy in Finland. The adjustments Tikkari-Welling made to the concept was to add concrete tools to work to better customer service and tools for concrete hands-on training. The coaching took place in the Finnish market for altogether 6 years, and the results were outstanding. KPI’s such as sales figures, baskets sizes and hit rates showed a great increase as the result, and retail chain stores were making better profit than before.

According to Tikkari-Welling (5 December 2017) the coaching started in the Estonian stores in the fall of 2016 and has been implemented two times in each store. The first two stores to undergo the coaching were Kristiine and Rocca al Mare both located in Tallinn. These stores were chosen due to their central location. Expectations for the coaching were to increase sales, KPI's and change the stores into profitable businesses. Customer service has been non-existent in the Estonian market, and with the help of the new service concept coaching, the aim was to increase gross margin, gross profit and introduce a new way of doing profitable business to the market.

Tikkari-Welling (5 December 2017) emphasises that the challenge with the coaching in the Tallinn stores is the continuous change of personnel. How to get to the same phase and level of coaching, when the employee turnover is so big. Tikkari-Welling did not believe before that the situation with the employee turnover is so bad in Tallinn, but now she does. Everything lies in the hands of the store managers and the store managers are afraid to challenge their employees because they might leave when feeling pressured. According to Tikkari-Welling, the problem relates to the low salary issues – employees are easily changing workplaces since they go after a better pay.

2.8 Theoretical Framework

The theoretical framework of the study draws together the main theoretical themes introduced in chapter 2 to show how the literature review of the study supports the objective of the study, as well as the research questions introduced in chapter 1.2. Additionally, overlap matrix in appendix 4, illustrates which chapters of the theory and which of the interview questions (appendix 2) answer to the other research questions of this study.

The theoretical framework of the study combines the two main theoretical themes; customer experience and customer culture into one framework. Figure 16. below illustrate how the themes are linked together, and support and answer the research questions of the study.

Since the objective of the study is to gain deeper knowledge of the Estonian consumer to analyse and develop the existing customer service training program to serve the Estonian market, this study analyses how customer culture and customer experience affect the consumer behaviour in the Estonian market. The aim of the study is to increase sales by investing in consumer satisfaction and repeat sales by developing the training program to be most suitable for the Estonian market.

To answer the main research question, this study focuses on understanding and analysing the customer journey of an Estonian customer while buying a product from the retail partner store in Estonia. To further analyse and answer the other questions of the study, the focus will move towards the middle part of the customer experience journey. The focus will be on pre-purchase, purchase, consumption and post-experience of the customer experience journey, since these steps in the journey require physical contact in the shops, when not shopping online, and are part of the objective of the study.

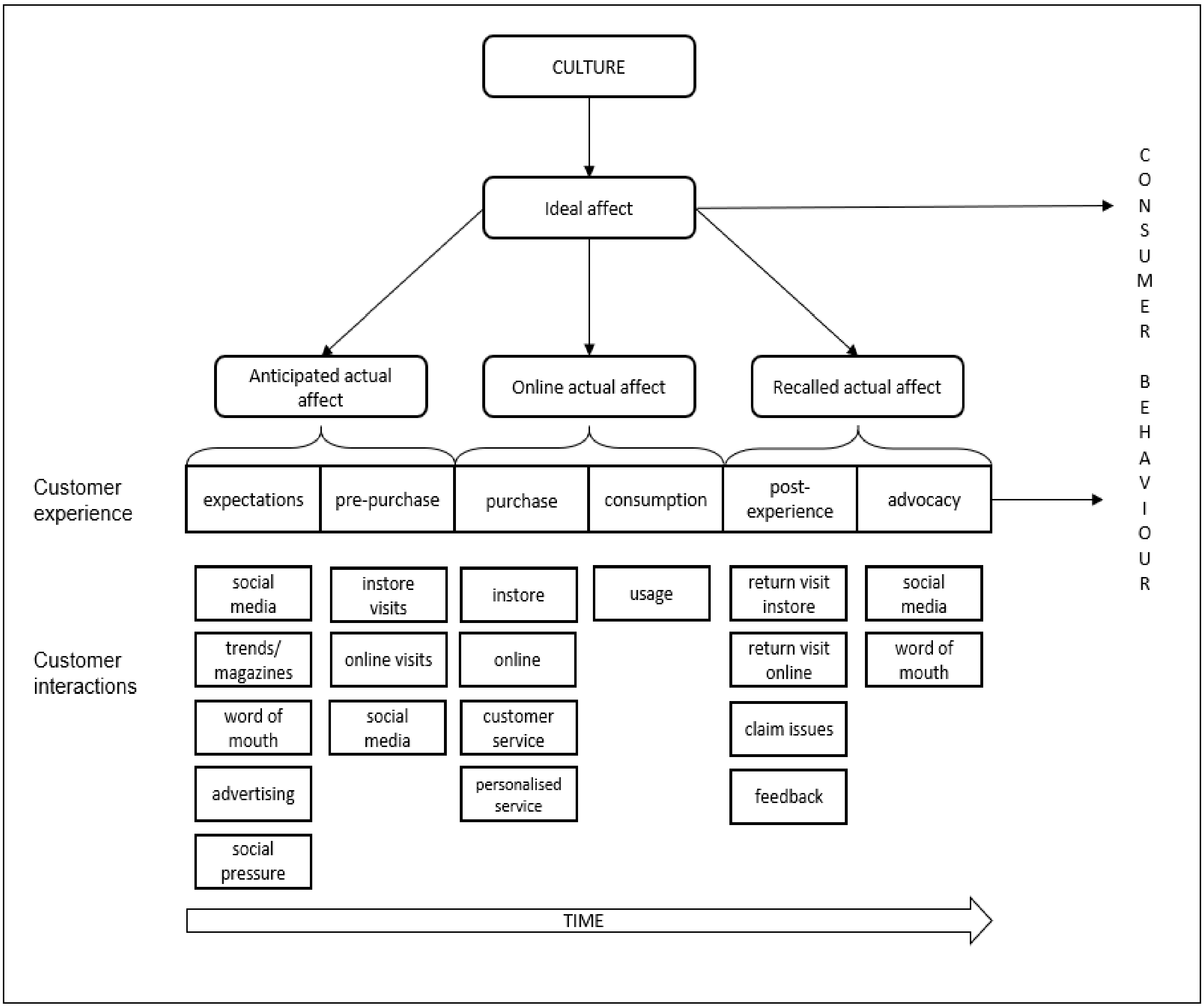

Figure 16. Theoretical framework based on literature review.

This theoretical framework has been built by combining Pennington's (2016, 96) customer journey map with a mixture of Dubberly & Evenson's (2008) experience cycle and Shaw & Ivens' (2002, 23) physical customer cycle. These have then been added to Ng et al. (2015, 73) model of links between culture, ideal affect, actual affect, and consumer behaviour. The framework shows how anticipated actual affect, online actual affect and recalled actual affect can be considered to be part of the backbone of a CJM. The backbone then again, is a combination of the experience and physical customer cycles, presenting the backbone of the customer journey as customer experience. The theoretical framework for this study presents how culture affects the customer journey, and customer experience, and within time that leads to consumer behaviour.

The theoretical framework presented above represents how culture affects the consumer's ideal affect, actual affect (anticipated, online, and recalled), and finally the consumer behaviour. Customer interactions in the CJM backbone in the theoretical framework represent those interactions that are most commonly encountered while shopping or planning of shopping in the case company's retail chain store.

First, expectations are built from trends seen in advertising, magazines or social media. Social pressure and recommendations are also affecting consumer expectations regarding the brand, product or the physical store and shopping experience. Prior to the purchase, consumer might visit the stores physically or online for additional information and variety of options. Social media again works as a reference prior the purchase. These interactions build up the anticipated actual affect.

Online actual affect consists of the actual purchase of a product. This requires an actual visit to the store. Customer service is the most important interaction in the purchase phase, as it defines how the customer is confronted, how well the customer's expectations are met, and how personalised experience will be offered by the store personnel. Consumption, or in other words, usage together with purchase builds up the online actual affect. Consumption will not be analysed deeper, since the object of the study is to understand the Estonian consumer and market in terms of customer service, and the need for development in the service concept coaching.

The last two stages in the CJM are post-experience and advocacy. These make up the recalled actual affect. Post-experience includes several interactions. If the bought product did not fill up the expectations of the consumer, they might do a revisit. How these negatively associated interactions, such as claims are handled, will define quite heavily, will customer come back again, and how they might represent the company later. A well-handled purchase might also "hook" the customer to come back for a revisit. After purchase, customers might also come back to give feedback, regarding the product or service. How these situations are handled, will define the future business opportunities for the stores. Advocacy is all about social media and word of mouth. The happier the customer, the more positively the store, the personnel, the brand and the product will be advocated by the consumer.

3 Research Methodology

Chapter 3 clarifies the research methodology of the study. Main methodological definitions will be explained, followed by the introduction to the chosen strategy method. Data collection and analysis will be opened, and lastly the validity and reliability of the study will be explained.

According to Saunders, Lewis and Thornhill (2016, 127) “Ontology refers to assumptions about the nature of reality”. The way research objects are studied and seen, are shaped by the ontological assumptions of the researcher. In business, these objects consist of organisations, management etc. The ontology of the researcher is therefore said to determine the way the business world and management is seen and therefore said to determine the choice of what to research for the research project.

Epistemology, on the other hand, concerns assumptions about knowledge, what is established acceptable, valid and legitimate knowledge, and how knowledge can be communicated to others. Epistemology is seen more obvious, rather than ontology that is considered rather abstract. (Ibid.)

The problem in the Estonian market is a huge decrease in sales. This has been a constant trend already during the last couple of years. One of the main reasons for this can be assumed to be the lack of customer service and a very poor experience provided to the consumers in the stores. If these problems could be solved, and the way to offer superior consumer experience be implemented, one could assume the sales figures would show a trend to be increased.

Saunders et al. (2016, 143) explain pragmatism as a research philosophy that states the fact “that concepts are only relevant where they support action”. A pragmatist research starts with a problem and aims to provide practical solutions to be used in the future practises. Pragmatists are looking for ways to solve problems in a practical way. In a pragmatist research, the most important factors are the research problem and the research question. This study follows the pragmatist research philosophy since the aim of the study is to find a practical solution to the research problem.

3.1 Case Study Strategy

Since the objective of this study is to analyse the Estonian market and the Estonian consumer, and to examine has the implemented service concept training been successful and is there any need for development in terms of market adaptation, the study will be a case study research. As Saunders et al. (2016, 184-185) explain, the purpose of case study research is to make a deep inquiry of a topic or a phenomenon that happens in its real-life setting. The case may refer to a person, a group, an organisation, an association, a change process, an event, or any other types of case subjects. This in-depth inquiry can be designed to understand and identify what is happening and why, and possibly to understand the effects of the situation and suggestions for future actions. For achieving these insights, “case study research draws on quantitative or qualitative research and frequently uses mixed methods approach, to understand fully the dynamics of the case”. (Saunders et al. 2016, 184-185.)

This case study will follow the qualitative research method. In addition to the qualitative interviews, several KPI’s provided by the case company will be used to analyse the results. The research approach will be deductive since the study will begins from theory; continue to data collection, and in the end form conclusions. The time horizon of the research will be longitudinal as the study investigates change and development process in an organisation.

3.2 Data Collection Methods

Data collection for the study started with deepening understanding of relevant theories related to customer experience and consumer behaviour. Several books, publications, Internet sources, and articles were studied to form the overall basis for the theoretical review which then formed the theoretical framework for the study.

Data collection method for the study is a qualitative interview. Since the interviewees are divided into three different segments (floor-level employees, managers, consumers), three different interview forms are prepared. Each of the interview forms are consisting of the same questions, however some include few extra questions to get either deeper understanding of the interviewee’s work history, nationality or opinion about competitor stores. Additionally, key performance indicators (KPI’s) will be analysed from before and after coaching to get evidence of the success of implemented service concept coaching and how it has affected the customer experience in the Estonian retail stores.

The interviews were held in Finnish for the Finnish speaking interviewees and in English for the Estonian speaking interviewees. However, the interview form was written only in English, and the interviewer translated the questions into Finnish for the Finnish speaking interviewees. Finnish speaking interviewees were interviewed in their mother tongue to avoid any misunderstandings and to get as deep answers as possible.

3.3 Data Analysis

Saunders et al. (2016, 604) states that a discourse analysis is a term that explains various approaches to analyses of the social effects of the usage of language. In other words, discourse analysis focuses on understanding the interviewees' reality by analysing the spoken words and sentences without trying to automatically relate them to any particular external situation (Yin 2016, 149). Since the aim of the study is to understand the situation in the Estonian market, and analyse the Estonian consumer, several people from Estonia and Finland will be interviewed about the current state of customer service in Estonia. Discourse analysis will be used in this case to understand the deeper meaning behind the spoken words in the interview answers. As Yin (2016, 119) notes, people may consist of unrelated groups, however sharing common interests, characteristics or geographical closeness. In this case discourse analysis emphasises on the interviewees use of language as to construct their social reality.

The focus of the research will be exploratory since the aim of the study is to clarify understanding of an issue. However, an explanatory focus could is also implemented into some parts of the study, for example when trying to gain deeper understanding of why the customer service development is needed in the Estonian market.

3.4 Validity and Reliability of the Study

Validity and reliability are important judgements measuring the quality of a research. "Validity refers to the appropriateness of the measures used, accuracy of the analysis of the results and generalisability of the findings." Whereas validity refers to the accuracy of the methods used and the results, reliability refers to the replication and consistency of the study. If the researcher can replicate a research from before, and present findings that support the earlier study, then the research would be considered reliable. (Saunders et al. 2016, 202.) Reliability for this study was ensured by having a clear process which followed the thesis plan. Systematic documentation and transparency throughout the process supported this.

Yin (2016, 89) adds strategies for preventing any threats to validity in qualitative research. For this case research these included:

- using multiple sources for evidence (interviews, KPI's, reports)
- using actual numbers when rating customer service, not only adjectives
- interviewing across different groups/segments to compare results
- having a contact person within the case company to obtain feedback during the process

4 Analysis

Altogether 9 interviews were conducted to gain deeper understanding of the Estonian market and the Estonian consumer, and to evaluate the results of the implemented service concept coaching. Interviewees consisted of both Estonian and Finnish nationals, retail store employees, managers, buyers, coaches as well as consumers. To get as reliable results as possible, interviewees were chosen from these different levels, nationalities and segments.

First the findings from case study interviews will be presented, following findings from the KPI's. The analysis of the findings will be presented according to the other questions of the study listed in chapter 1.

4.1 Findings from the Interviews

To understand the basis for customer experience and how different individuals see, feel and experience customer service, the interviewees were asked to describe how good customer experience is created, or what they consider as the building tools for good customer experience.

As the physical factors that create a good customer experience, interviewees mentioned an inspiring environment or ambiance that invites consumers to make purchases. Cleanliness of the shop, good scent in the air and clear layout where people feel comfortable, create a base for good experience. One of the interviewees mentioned a quote from Alf Dunbar, that explains clearly how companies should perceive the experience of today: "People buy people first, product second". That pretty much sums up the other factors mentioned in the interviews. A sales person who greets and meets customers in the store, and make them feel welcome, creates an experience people want to feel again. Sales personnel were emphasised to know the customer and the brand they represent, and to show an attitude towards their job that creates a feeling they love to do what they do, and they do it for their customers. Many of the answers highlighted that good customer experience is about exceeding the expectations consumers have about the product or service, the brand, and their own needs. Also, knowledge of details of the product or service they are selling, is considered to be a factor that defines whether the experience is good or bad.

Additionally, good customer service was said to consist of sales personnel who will make customers smile, notice them, and treat them as human beings rather than just walking wallets. They take contact, listen, are friendly and initiate open communication between the customer and personnel. Listening customers means offering them solutions that would have not crossed the consumers mind themselves, finding solutions for the consumers problems, and doing that professionally without just selling their own vision. Good customer service creates good self-confidence for the customer and is measured as the added value that justifies the price of the product.

Bad customer service on the contrary makes customers feel unwelcome. Ignoring sales personnel who only chat with their colleagues and present a bad and arrogant attitude towards their customers was explained to be very bad customer service. If a sales person is not willing to help and justifies that by not being responsible for the brand or section of the shop, was a strong negative factor for one of the consumers answering the interview. Many interviewees explained that when a sales person is not showing interest or joy towards their work, that creates bad customer service feeling. To sum up, bad customer service is service never gotten.

Understanding the current state of customer service in Estonia, interviewees were asked both to rate and describe how they see customer service in general in Estonia. Furthermore, interviewees were asked to rate customer service in the case company's stores, and in some cases to explain what differences or similarities there might be when case stores were compared to other Estonian retail stores and other Vero Moda / Jack & Jones retail stores in other countries, and other retail stores in other countries.

Couple of interviewees explained that customer service culture is fairly new in Estonia, and even though Estonia is part of the EU, it can culturally be considered to be part of the developing markets. Traditionally Estonia has not had customer service culture which most likely relates to the Soviet times and the attitude towards customer service in general. Most probably due to the Soviet heritage and history, interviewees explained that Estonians feel slightly shy or scared towards customer service – they might also be shy to offer customer service. Four interviewees noted that customer service jobs are not valued in Estonia. People have a negative attitude towards customer service work and those jobs are usually considered to be more as a temporary workplace than a work you see yourself grow and develop further. Also, salaries are very low compared to other markets. Estonians were said to make assumptions about the financial situation of their customers. Couple of interviewees mentioned that Estonian customer service could be more emotional, and that at the moment it seems to be quite modest, slow, unjoyful and primitive. Customer service is basically, if at all, seen as helping the customers rather than building relationships. Customers are the ones who need to take initiative, rather than the other way around. However, three interviewees mentioned that with the new, younger generations, the trend towards a more customer-oriented service is slowly starting to show in Estonia also. This is due to younger people travelling and studying abroad and being exposed to how customer service perceived in other countries. They are more open to it than the older generations. Still, some language barrier issues were noted, and how it affects the customer service with what language customers are confronted. There seems to be some issues whether the customer talks in Russian, English or Finnish. All in all, most interviewees noted that it seems that Estonians do not really understand the strength of customer service.

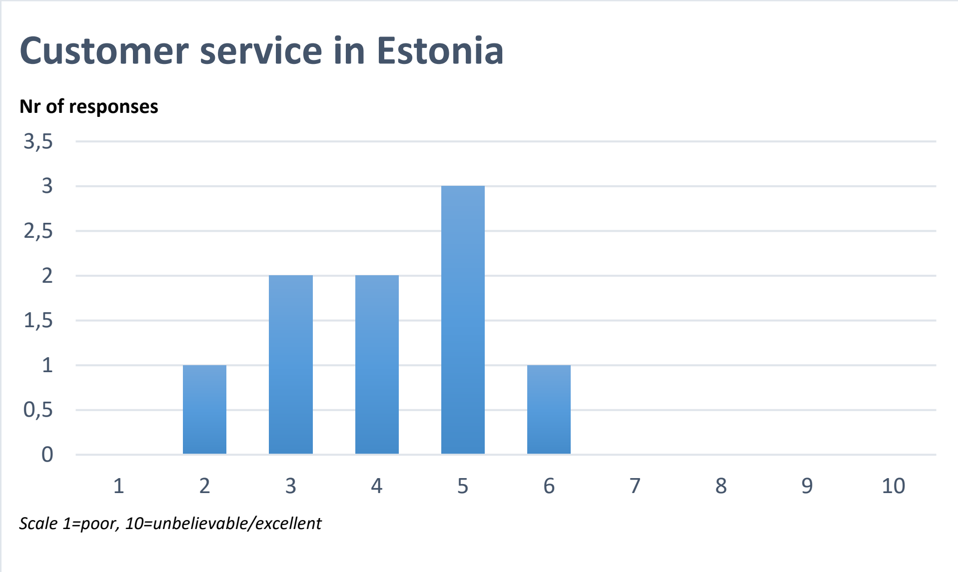

Chart 1. Customer service in Estonia.

Chart 1. above show how respondents rated customer service in Estonia. The rating scale is from 1 to 10, 1 representing poor service and 10 representing unbelievable or excellent service. The answers varied between grades 2 and 6, with most, 3 respondents, giving grade 5 to customer service. The overall average grade for customer service in Estonia was 4,1.

According to the interviews, customer service in the Vero Moda / Jack & Jones stores is happy and welcoming. All the customers are greeted and asked if they need assistance. However, the service seems to stop there. Most interviewees mentioned, there is more contact and service than in other Estonian stores, but it feels that the contact is taken for the sake of taking contact and then left at that. One interviewee wondered whether the sales personnel are used to being contacted by the consumers and therefore lack the initiative. Couple of the interviewees mentioned that probably the problem is that Finnish and Estonian people do not share the same standard for customer service. However, there has been shops and individuals who want to change the service in the stores and believe in the service concept. But then there are individuals who believe in the old way of selling, believing that the product will sell itself. Interviewees also emphasised that some of the store personnel have really developed since before greeting customers was impossible, and now it happens with every consumer who steps into the shop. So, at some level, some of the service concept teachings have been internalised. Even when the stores have exceeded the market level, the current market level is not a good measure, since the market potential is much bigger.

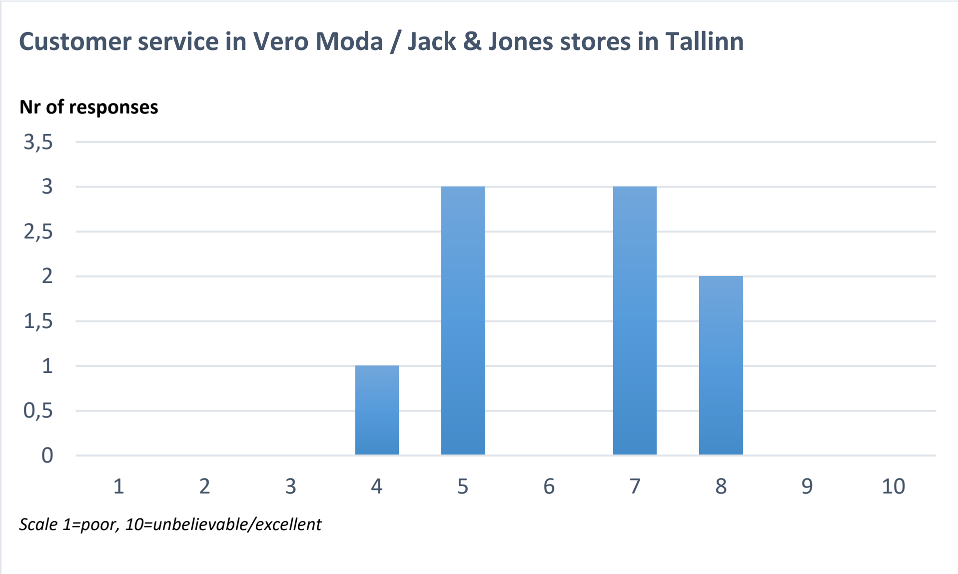

Chart 2. Customer service in Vero Moda / Jack & Jones stores in Tallinn

Chart 2. above show how respondents rated customer service in the Tallinn Vero Moda / Jack & Jones stores. The rating scale is from 1 to 10, 1 representing poor service and 10 representing unbelievable or excellent service. The answers varied between grades 4 and 8. Grades 5 and 7 were given most responses with 3 individuals giving their evaluation in each grade. The overall average grade for customer service in the Tallinn Vero Moda /Jack & Jones stores was 6,2.

By looking at the charts 1 and 2 above it is evident that customer service is better in the Vero Moda / Jack & Jones stores in Tallinn than generally in Estonia. Vero Moda / Jack & Jones stores received 2,1 better grade point average and that can be seen significantly better than the general grade. However, by looking at the scale in general, there is much more potential in increasing the grades for both Vero Moda / Jack & Jones stores in Tallinn, as well as in Estonia.

Based on the consumers interview answers, Vero Moda / Jack & Jones stores seem to have slightly better customer service than the other stores in Estonia. Interviewees explained it feels there are 3 categories for greeting in Estonia: always, sometimes, never. At the Vero Moda / Jack & Jones stores customers are always greeted, and at the other stores sometimes, or more often not at all. At the Vero Moda / Jack & Jones stores sales personnel take contact but unfortunately nothing more. If compared to other stores, where there was not contact at all, the interviewees felt customers get better service at the Vero Moda / Jack & Jones stores and again emphasised that younger generation is better at customer service than the old generation.

When Vero Moda / Jack & Jones Tallinn stores were compared to other same chain stores in other countries, Tallinn stores were the ones that need to step up more. As a reference, interviewees mentioned stores in Lithuania and Finland. According to the interviews, Lithuanian customer service is very good, active and enthusiastic, and Finnish is active and helpful. In the Finnish stores customers are encouraged for additional items, whereas in Tallinn the service stops at greeting. However, all interviewees emphasized that Estonian customer service has improved much within time and development in that area is visible for the consumer.

According to the findings, Zara and H&M in Finland does not offer better customer service than Vero Moda / Jack & Jones stores in Estonia. On the contrary, customers need to be very active if they want help in Zara’s or H&M’s stores whereas is the Estonian Vero Moda / Jack & Jones stores help is offered, and easily accessible. Findings suggested that the overall customer experience is better in the Estonian Vero Moda / Jack & Jones stores where the atmosphere is clean, welcoming and relaxing. Atmosphere in Zara in Finland felt hectic and the store layout reminded of a warehouse, which did not invite customers to spend money.

To understand if there exist any national differences how people feel customer service, and what emotions customer service raises in them, the findings have been divided between Estonian and Finnish nationals. This division will hopefully clearly show if there are differences how customer service is felt and does nationality or cultural background affect how willing people are to receive service concept in a retail store.

Finnish interviewees explained that customer service makes them feel good, gives them pleasure and makes them smile. When sales people make them feel welcome, offer styles or brands they would have never thought about themselves, customers are surprised in a positive way. Customers will probably spend more money and buy something extra when a sales person takes their needs and wants into consideration. They are also most likely to do a revisit, since they want to support the good service, and get the same wow-feeling again. On the contrary, if they are not feeling welcome, they want to leave the store immediately, not come back again and will most probably tell about the negative feeling to their friends and family, so that they will avoid the bad service and not bring their money into that kind of a place.

Estonian interviewees similarly explained that good customer service makes them happy. Happy environment makes customers happy. Positive attitude and welcoming environment makes customers want to return to the store. But if the sales environment is negative and unwelcoming, interviewees said they want to leave the store immediately. Estonian interviewees mentioned they want to leave the store with a good feeling, and seeing smile on sales persons face, gives them pleasure. All in all, good shopping experience was said to lift one's spirit.

To evaluate the current coaching, and how effective it has been, the study will deeper analyse the KPI's in the next chapter. However, to understand how interviewees see the effectiveness and functionality of the coaching and service concept all in all in Estonia, interviewees were asked to think if they thought the coaching was relevant for the Estonian stores. In addition, the interviewees were asked to explain what kind of adaptations they would recommend for the coaching, and if they thought the service concept is relevant for an Estonian consumer and if they see it relevant for an international consumer.

All the findings suggested that the coaching was extremely relevant for the Estonian retail stores. Just by looking at the KPI's (in the next chapter) before and after coaching, and the overall rating for customer service (average 6,2) it is evident that coaching was important for this market and the stores. However, how long-term has it been and how long-term it will be? If the personnel do not understand the importance of the coaching for their future, and the on-going process it is, they will never understand the bigger picture behind it and unfortunately in the long run might fail.

All in all, the concept of the coaching and the execution of the coaching was excellent. However, to make it even more effective, findings suggested a contact person would have been essential to guarantee a success in Estonia. Someone who locally could have been taking care of the continuity of the process, as well as, acting as a sparring "partner" for the employees, and a contact between the personnel and the management. A written contract for all the players from management to personnel to sign to agree the assigned trainings, practises and phases of the coaching would be completed. This would leave no room to change the plans or leave out important parts that are essential to develop and progress forward.

The findings from the interviews clearly suggests, that the service concept is relevant for both Estonian and international consumers. Giving or getting customer service is not a cultural thing, in a sense that it would be inappropriate. Religion is the only case, where it might cause problems, but here it does not apply since the study focuses on European counties / Western countries. People are universally same, however some Estonian interviewees noted that even though service concept is relevant for Estonian consumers, most of the Estonian customers do not want it. Couple of Estonian interviewees also noted that probably Estonian consumers are not expecting customer service, or they are just cold or scared about it. Still the findings suggested that it is easy to try to find barriers, but people are always people. For some individuals it might never work, but that is only a fraction of the whole population of consumers. Machines cannot create the feelings what people create by talking, being interested, smiling, and reading one another. It is the interaction between people – that machines and the internet cannot do. Service concept is relevant for the retail business.

4.2 Findings from the KPI's

The service concept coaching was implemented in two different occasions during Autumn 2016. The results from the KPI's are presented from that time and compared to the same period previous year. Due to confidentiality, KPI's presented in this study will not show any sales figures or other specific numbers. The results are solely presented in the form of indexes compared to previous year. This can, however, be expected to fully verify the validity of the results. Kristiine's indexes include both brands, Vero Moda and Jack & Jones, where as in Rocca al Mare the two different brands' figures are presented separately. Brand specific indexes are not possible to be calculated separately in Kristiine, however the indexes are comparable.

The first tables in this chapter represent indexes in terms of sales €'s, gross profit and basket quantity. These figures are presented from the coaching day, and compared to the same period previous year, year 2015.

KRISTIINE	27.10.2016		
	sales IV index	GP index	basket Qty index
all store	150	152	130

Table 1. Kristiine 27.10.2016 indexes.

ROCCA AL MARE	8.11.2016		
	sales IV index	GP index	basket Qty index
Jack & Jones	122	106	67
Vero Moda	125	134	92

Table 2. Rocca al Mare 8.11.2016 indexes.

By looking at the tables above, it is evident that the coaching has showed very positive results in both shops. Kristiine's figures are magnificent in all three categories. The shop has sold more in €'s, was more profitable and sold more pieces per customer. The same trend shows in Rocca al Mare. The first two categories show an amazing trend upwards, as the indexes are much above 100. However, basket quantity indexes are not as high as previous year. However, that indicator does not rise bigger worry since basket quantity measures pieces sold per customer. Basket size is more important indicator since that measures €'s sold per customer.

The next two tables represent indexes from the coaching week and are compared to the same period previous year, year 2015. As the previous tables, these also present indexes in terms of sales €'s, but also sales quantity index and gross margin index.

KRISTIINE	week 43 / 2016		
	sales IV index	sales Qty index	GM index
all store	67	85	97

Table 3. Kristiine week 43 / 2016 indexes.

ROCCA AL MARE	**week 45 / 2016**		
	sales IV index	sales Qty index	GM index
Jack & Jones	**82**	**105**	**102**
Vero Moda	**120**	**105**	**106**

Table 4. Rocca al Mare week 45 / 2016 indexes.

According to the KPI's above, it is evident that Kristiine did not show better results than previous year during the coaching week. Even though all indexes are below 100, gross margin index is very close to 100. This means that during the coaching week, the emphases in the stores has been more on selling current items, and not only the sale products. This can be seen a positive change, since selling items with normal price can be considered more difficult than those with a sale tag. However, the indexes with Rocca al Mare are showing great increase and are very positive compared to year 2015. Only Jack & Jones sales € index is below 100. All in all, Rocca al Mare sold more in €'s during the coaching week. Clearly, emphasis in the shop has been in selling more pieces, as well as focusing on selling items with normal price rather than focusing on selling sale products.

Based on the results found in the tables above, it can be seen that Kristiine did very well during the coaching day but most probably did not continue accordingly the rest of the coaching week. As the figures show, indexes were noticeably above 100 during the coaching day but the overall week results were disappointing. This means that Kristiine can do much better but at the moment the long-term focus seems to be lost. Rocca al Mare, on the other hand, shows great potential and better long-term potential as the overall week results followed the same pattern as the coaching day.

As was mentioned by Tikkari-Welling in chapter 2.7, the aim of the coaching is also to increase hit rates in the stores. Next, hit rates from both stores are presented below to see, how the coaching has affected them. Average hit rate percentages are calculated from year 2016, when the coaching was implemented in the stores and compared to 2017 average hit rate percentages.

KRISTIINE hit rate %	2016	2017	difference %
all store	**8,6 %**	**10,4 %**	**1,8 %**

Table 5. Kristiine 2016 / 2017 hit rates.

ROCCA AL MARE hit rate %	2016	2017	difference %
Jack & Jones	**8,2 %**	**9,3 %**	**1,1 %**
Vero Moda	**6,3 %**	**7,1 %**	**0,8 %**

Table 6. Rocca al Mare 2016 / 2017 hit rates.

Yet again the results clearly show, that the coaching has affected hit rates, in both stores, positively. There is seen a clear trend upwards from year 2016 when the coaching started to the year 2017. Evidently, the service concept coaching has affected the hit rates, which in other words means, that sales personnel in the stores have been better at contacting customers and being able to close the deals that end in sales.

4.3 Analysis of the Findings

The findings from the interviews and the KPI's will be analysed next. The analysis is based on the other question of the study and therefore the analysis is presented from 4 different viewpoints: current state of customer service, customer service development needs, market adaptations, and building customer service to increase sales. The aim for the study was to understand *How to implement superior customer experience as a part of an existing franchising concept?* Finding answers to the other questions will help find solution to the research question of this case study.

As the basis for the study, it was important to understand how people see and feel customer experience, and good and bad customer service. If the foundation for these key elements would have been different, it would have been clear to understand, that implementing a service concept as it is at the moment, would be impossible since people experience these principles differently from each other. However, the findings presented above suggest that people appreciate the same values regardless of their nationality, status or level when thinking about good customer experience or good and bad customer service.

What is the current state of customer service in Estonia?

According to the findings, the state of customer service is not very good in Estonia, nor in the case company's stores. In was evident, by analysing the findings that Estonia carries history and burden from the Soviet times. As was mentioned previously in the market analysis part of the study, Estonia is a fairly new country in terms of independency. And even tough Estonia is part of the EU, it is somehow considered more as a developing than a mature market. To get a better understanding of the history and heritage behind the Estonian and Soviet relationships, and the Soviet times customer service, it would be important to study deeper this relationship and its possible effects on Estonian customer service today.

Low salaries and attitude towards a customer service related workplace were noted as possible influence on the low customer service. When analysing deeper, it raises questions whether customer service jobs are undervalued due to the low salaries or is it more related to a service job itself. Again, to collect better understanding of the situation, it would be important to understand how other service related jobs such as waitering, beauticians etc. rank in relation to sales personnel.

However, the findings show that customer service is much better in the Vero Moda / Jack & Jones stores than in general in Estonia. When investigating deeper the consumer answers to the similarities and differences between case stores, and other chain retail stores in other countries, there is much to be developed. However, other retail chains such as Zara and H&M were noted to be much worse in customer service – regardless of the target country. Based on these answers, it is evident that with the service concept, Vero Moda / Jack & Jones stores are able to differentiate themselves positively from their renowned competitors.

Why is customer service development needed in Estonian market?

An interesting observation can be made when investigating deeper the respondents' answers regarding receiving customer service, and how that is perceived. To understand the possible national or cultural differences, Estonian and Finnish respondents' answers were separated to focus on any differences to the feelings receiving customer experience awakens in the interviewees.

Regardless of nationality, everyone loves getting customer service. It is said to make people smile, increase one's self-esteem, and overall positivity. Both nationalities noted that positive attitude and welcoming environment is calls customers for a revisit. However, when analysing answers to the questions concerning relevancy of service concept in the Estonian market, Estonian respondents stated that Estonian consumers are reluctant to customer service, and do not appreciate it. So Estonian respondents mentioned they like being served as a customer, and a welcoming environment makes them want to return to the store, but Estonian customers do not. The findings suggest that probably Estonian employees are only trying to find barriers, as was mentioned in the findings, and the Estonian consumer is actually ready for the service concept, in the same way as all the other nationalities.

When rating scores are analysed deeper, it confirms the assumption that there is a need for development in the Estonian customer service. If the average score for customer service is 4,1, and for the case stores only 6,2, it is very evident that stronger measures are needed. No business should accept this level scoring from a study measuring customer service.

What market adaptations are needed?

The case stores are located in Tallinn, and as was mentioned in the market analysis part of the study, Tallinn stands out as any important city since it attracts tourists, fashion consumers, and young people. This means that also the case stores are also enjoying many tourists or foreigners as their customers. As was noted in the interviews, foreigners are open for lively customer service, and in some cases even expect that. Therefore, it is extremely important for the case stores to continue with the service concept and introducing this to the local consumers as well.

Based on the findings, the current service concept coaching has been successful in terms of execution and a module. As was analysed above, Estonian consumer does not differ from any other nationality to that extent, that the coaching program would need to be adapted or adjusted to a new extent. However, some adaptations are needed but not due to market. To secure the overall success and continuous coaching program, case company would value greatly of hiring a manager or other player to secure the trainings are completed to the schedule, and follow-up that the coaching would be fully executed.

How is customer service build to increase sales?

By analysing the findings and referring to the theoretical framework of the study, the basis for great customer service can be said to be customer experience. By emphasising on the different stages and interactions in the customer CJM, companies can really differentiate themselves from the other players in the game. Focusing on giving unbelievable experience in the form of fulfilling the brand promise in an inviting location, by amazing personnel who will exceed customers' needs and wants by offering something extra, and finally sending the customer away with a wow-feeling – that defines great customer service.

It seems, that factors which affect customer experience, are very closely related to human interactions and how people make other people feel. As one of the respondents answered in the interview, service concept is not only relevant for an Estonian customer or for a foreigner, it is relevant for the retail business. As the theory part of the study suggested multiple times, customer-centric thinking will define the success of the business today. This similar way, service concept can be regarded as a customer-centric way of offering personalised shopping advice, that creates that little extra something. The fact is that online shopping and e-commerce are here to stay, and it will be impossible for the brick stores to compete with the amount of styles or size and colour variations they have to offer. However, customer service, face-to-face interaction, and creating feelings is something that the online cannot offer.

Summary of the analysis will be presented in the figure 17 below. The figure explains how the findings to other questions of the study help answer the main research question.

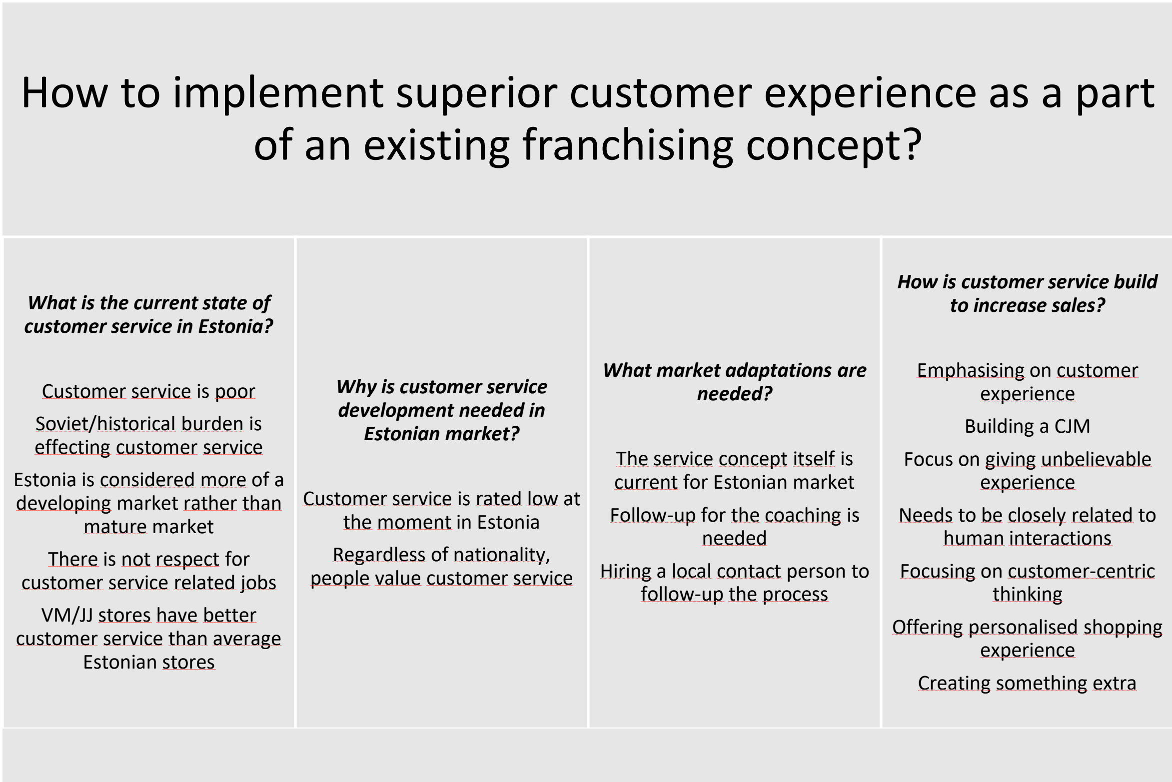

Figure 17. Summary of the findings.

4.4 Revised Theoretical Framework

The theoretical framework, that was introduced in chapter 2.8., explains how culture affects the customer journey, and customer experience, and within time that leads to consumer behaviour. Based on the interview answers and analysis of the findings, the original theoretical framework has been revised to conclude how service provider affects the customer experience, or in more detail, how culture, historical heritage and attitudes affect how customers are helped and served.

The revised theoretical framework below shows how service is also influenced by culture and other factors relating to culture such as attitudes and history. The service that is affected by culture, is referred to as service culture in the framework below. When analysing a brick retail store, the focus will be on the physical contact and therefore the steps in the customer journey that are affected by the service culture are pre-purchase, purchase, and post-experience.

According to the answers and analysis of the study, customer experience is strongly influenced by customer service. By focusing on analysing the state of customer service in Estonia, it is evident that culture, history, and attitudes are strongly affecting how customer service is being forwarded to the end consumer. Therefore, it can be concluded that not only consumer's culture affects the consumer behaviour in the end, but also service provider's culture has effect on the overall customer experience resulting in consumer behaviour.

In other words, culture, history, and attitudes of store personnel affect how they perceive customer service. Culture and these other factors define whether customer service is valued, needed or wanted. That all affects whether the service provider is willing to focus on giving superior customer service. If cultural factors do not support emphasis on customer service, the importance and impact of customer service is less likely to be embraced by the sales person. Therefore, culture influences consumer behaviour from two different directions – from the consumer's side and from the service provider's side.

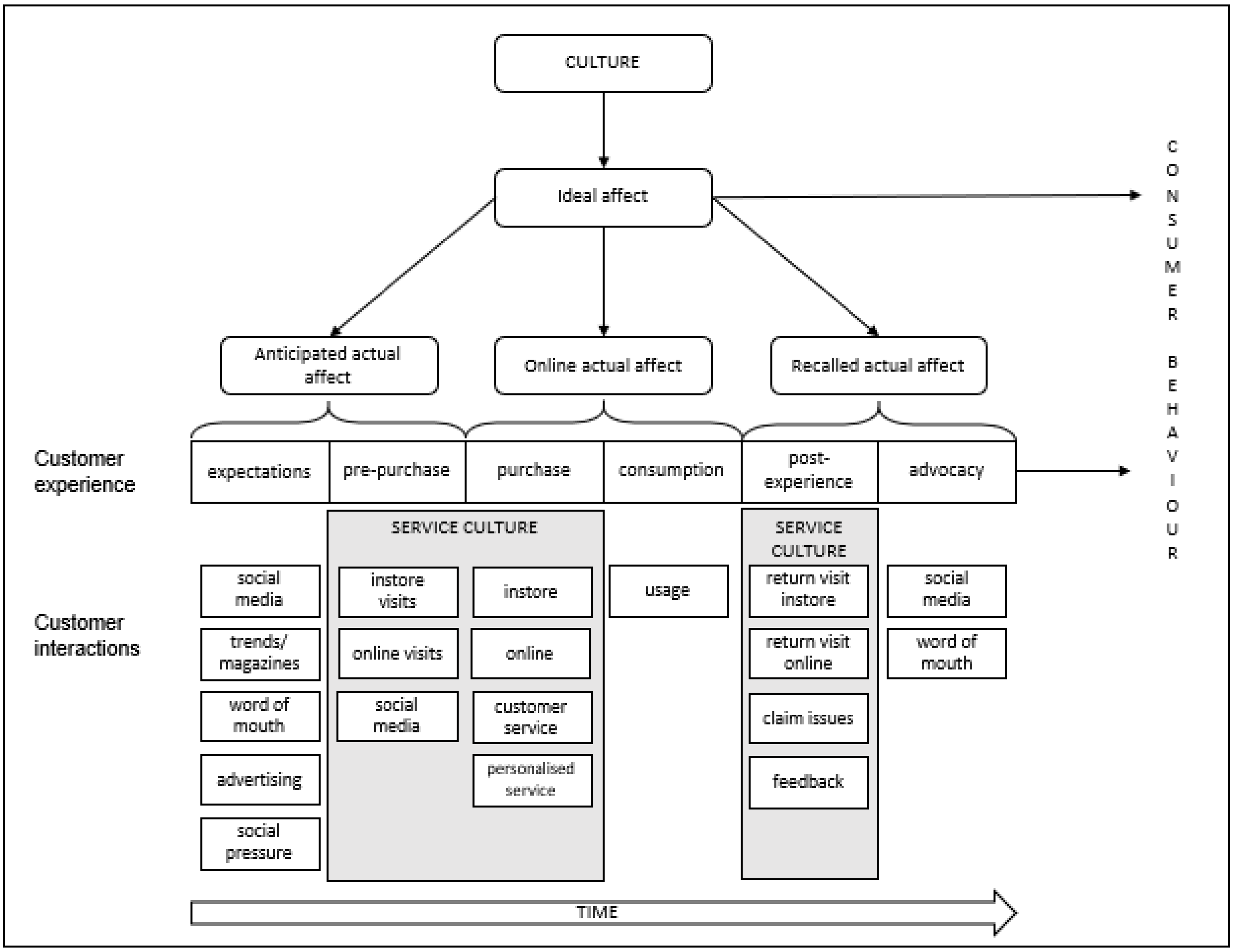

Figure 18. Revised theoretical framework.

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5 Conclusions

The last chapter of the study represents recommendations for development for the case company, as well as recommendations for further research. The researcher's reflections on learning and reflections on the research process in general, are presented in the end of the chapter.

5.1 Recommendations for Development

Based on the findings from the interviews, and analysis of the findings, this study has concluded several recommendations for development. These include actions that would improve successfulness of the current service concept coaching in terms of increasing sales figures, hit rates, and repeat consumer visits.

The most needed development suggestion that really stood out from the interview responses was the need for a local contact person. At the current situation, the lack of a contact person is evident when investigating the continuity of the trainings, following the set schedule, and activity of the store personnel in following the instructions set by the coach. Since the initial coach resides in Finland and is unable to visit the stores on a daily basis, the need for a local contact person is vital. The responsibility cannot rely solely on the shop managers, since their job is to manage the store and motivate personnel, not initiate training or other coaching functions. Shop managers are equally involved in the coaching as the other personnel. Therefore, their job is not to execute coaching.

Another major problem, that was evident from the findings, was the lack of motivation and engagement of store employees. As was mentioned in the market analysis chapter as well as in the interview findings, customer service jobs are not valued, neither are the salaries considered good in Estonia. Therefore, it would be crucial to introduce an incentive system for the personnel, to engage and motivate people, so that the personnel will invest in the company by staying and developing in their work. Here the study suggests two options:

a) A bonus system – monthly sales competition in each store

- one-time bonus based on sales figures and BS's
- followed in a monthly basis
- a certain % of the sales person's salary
- individual sales tracking – best performer wins

b) A bonus system – monthly sales competition between stores

- one-time bonus based on sales figures and BS's
- followed in a monthly basis
- a certain % of the sales person's salary
- sales tracking on store level – best store wins

The goal with the suggested incentives is to:

1) motivate employees for better results
2) motivate employees to engage to the workplace
3) motivate employees to develop themselves in their work
4) create healthy competition which encourages people for better results
5) create team spirit and doing together-attitude
6) to break barriers towards service concept coaching

Third development suggestion for this case is to make a written agreement between the Finnish coaching company and the Estonian case company. This agreement would need to be signed by the CEO, the assigned contact person and store managers, to secure a fully executed and followed through coaching – from start to finish. This agreement would emphasise that the coaching is being fully supported by the whole organisation and is considered as an important asset for the company's future. The contract would also include a penalty clause, in a case where the coaching was not followed through according to the plan. By writing an agreement, the management of the company would also promise to support and engage to the agreed coaching plan.

5.2 Recommendations for Further Research

The study answered comprehensively to the research question "How to implement superior customer experience as a part of an existing franchising concept?" and investigated the current service concept coaching to understand its effectiveness in the target market. Needs for market adaptations, and recommendations for development were also analysed and introduced to fully benefit from this case study research.

Since the study concentrated on the service concept coaching to understand the importance of customer service for sales increase, it would be beneficial for the company to further analyse the other stages in the customer experience cycle in the CJM. Now the focus was targeted to the middle part of the CJM, the physical store visits and how they are felt and perceived. To further understand how, for example, expectations and advocacy effect the sales, would be important to study.

As was mentioned in the previous chapter, it would also be interesting to study and analyse, does the Soviet heritage effect the current expectations of Estonians towards service concept and customer service in general. To get a more detailed and reliable answers, it would be interesting to investigate, how Russian consumers experience customer service in terms of service concept.

5.3 Reflections on Learning

The actual idea for this research study started with myself, and my own interest towards the changing retail business world. Growing e-commerce and online shopping interests me, and especially its effects on the retail brick stores. Why some retail chains seem to cope with the change, open new locations, while others are dying while trying. This was the starting point for my thesis research process.

Since my studies in the International Business Management program require an international aspect for the thesis, it was obvious I would try to find a good topic within my own workplace which is a global company operating in several countries worldwide. Luckily, the academy team had just started coaching program in Estonia, so I was welcome to join the team as a researcher.

The hundreds of books, publications, articles and interviews read and listened during the process of finding the theoretical framework and the basis for the study itself, has made me understand much more deeply, how customer experience is build, what effects it, and how cultural backgrounds and other external factors shape people’s feelings, wants and needs. Not only does the Internet and social media show trends, introduce new products or give recommendations of places where to shop or not for today’s consumers, it also works as an endless information centre for different articles, publications and blog posts about the current business issues.

I am very happy with the results of the study, and I believe the case company will get great value from the analysis and development suggestions presented in the thesis. I also see the huge potential Estonia has as a market, and I hope this thesis will help the case company develop its processes so that the full potential of the market could be accessed, and success guaranteed.

This thesis writing process has been an interesting, life- and mind-changing experience. First of all, it has been an important development process for myself, and I feel I have learned greatly about the topic itself, but also about myself. I understand how grateful I am to have been able to study as an adult while working full time. The support I have been getting from my family and my friends, is priceless. And without the support of my classmates, teachers and my colleagues, I do not think I would have been able to finish my studies at all. At times, my motivation was slightly lost, and sometimes managing with the other parts of life – such as family and work, writing was made a bit challenging. However, I am very happy that I started this process and I am super proud of myself now.

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Appendices

Appendix 1. Interview Questions – In-store Personnel

1. What is your position in the company?
2. How long have you worked for Vero Moda / Jack & Jones-store?
3. Have you previously worked in customer service related industry? If yes, how long and in what industry? If no, why?
4. In your opinion, what creates good customer experience/how is good customer experience created?
5. What do you consider as good customer service?
6. What do you consider as bad customer service?
7. How would you describe customer service in Estonia? In general (give examples, use adjectives and/or sentences)
8. How would you rate customer service in Estonia? (in a scale from 1 to 10, 1=poor 10=unbelievable/excellent)
9. How would you describe customer service in your store? In general (give examples, use adjectives and/or sentences)
10. How would you rate customer service in your store? (in a scale from 1 to 10, 1=poor 10=unbelievable/excellent)
11. What emotions/feelings does customer service raise in you? Explain how you feel when you are served as a customer
12. What emotions/feelings does customer service raise in you? Explain how you feel when you serve a customer
13. Did you feel the coaching was relevant to you? How?
14. Did you feel the coaching was relevant to your store and other employees? How?
15. Explain what you have gained from the service concept training (give examples, use adjectives and/or sentences)
16. How have you continued with what you learned during the coaching?
17. If you could do something differently, with the training, what would it be?

18. Explain in your own words how your customers have accepted the new service concept
19. Do you feel the new service concept is relevant for an Estonian customer? How? Why?
20. Do you feel the new service concept is relevant for an international customer (e.g. tourist or a foreigner living in Estonia)? How? Why?

Appendix 2. Interview Questions – Other Personnel

1. What is your position in the company?
2. In your opinion, what creates good customer experience/how is good customer experience created?
3. What do you consider as good customer service?
4. What do you consider as bad customer service?
5. How would you describe customer service in Estonia? In general (give examples, use adjectives and/or sentences)
6. How would you rate customer service in Estonia? (in a scale from 1 to 10, 1=poor 10=unbelievable/excellent)
7. How would you describe customer service in our Estonian stores? In general (give examples, use adjectives and/or sentences)
8. How would you rate customer service in our Estonian stores? (in a scale from 1 to 10, 1=poor 10=unbelievable/excellent)
9. What emotions/feelings does customer service raise in you? Explain how you feel when you are served as a customer
10. Did you feel the coaching was relevant to the Estonian stores and employees? How? Why?
11. If you could do something differently, with the coaching, what would it be?
12. Do you feel the new service concept is relevant for an Estonian customer? How? Why?
13. Do you feel the new service concept is relevant for an international customer (e.g. tourist or a foreigner living in Estonia)? How? Why?

Appendix 3. Interview Questions – Consumers

1. What is your nationality?
2. In your opinion, what creates good customer experience/how is good customer experience created?
3. What do you consider as good customer service?
4. What do you consider as bad customer service?
5. How would you describe customer service in Estonia? In general (give examples, use adjectives and/or sentences)
6. How would you rate customer service in Estonia? (in a scale from 1 to 10, 1=poor 10=unbelievable/excellent)
7. How would you describe customer service in Vero Moda / Jack & Jones-stores? In general (give examples, use adjectives and/or sentences)
8. How would you rate customer service in Vero Moda / Jack & Jones-stores? (in a scale from 1 to 10, 1=poor 10=unbelievable/excellent)
9. What emotions/feelings does customer service raise in you? Explain how you feel when you are served as a customer
10. Do you notice any differences or similarities with the customer service between Vero Moda / Jack & Jones-stores and other clothing stores in Estonia? How? Why?
11. Do you notice any differences or similarities with the customer service between Vero Moda / Jack & Jones-stores in Estonia and Vero Moda / Jack & Jones-stores in other countries? How? Why?
12. Do you notice any differences or similarities with the customer service between Vero Moda / Jack & Jones-stores in Estonia and other clothing stores in other countries? How? Why?
13. Do you feel customer service is relevant for an Estonian customer? How? Why?
14. Do you feel customer service is relevant for an international customer (e.g. tourist or a foreigner living in Estonia)? How? Why?

Appendix 4. Overlap Matrix

Other research questions	Literature Review (chapter)	Interview Question (in-store personnel)	Results (chapter)
What is the current state of customer service in Estonia?	2.4, 2.6, 2.7	7, 8, 9, 10	4.1, 4.3
Why is customer service development needed in Estonian market?	2.1.1, 2.1.2, 2.1.3, 2.4, 2.6, 2.7	11, 12, 13, 14	4.1, 4.2, 4.3
What market adaptations are needed?	2.3, 2.4, 2.5	15, 16, 17, 18, 19, 20	4.1, 4.3
How is customer service build to increase sales?	2.1, 2.2, 2.7	4, 5, 6	4.1, 4.3