Developing Methods for Measuring Customer Experience at Lähialuematkat Oy

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Bachelor's Thesis
Degree Programme in Multilingual Management Assistants
2018

Abstract

Date 26.3.2018

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Degree programme

Multilingual Management Assistants (MUBBA)

Report/thesis title	**Number of pages and appendix pages**
Developing Methods for Measuring Customer Experience at Lähialuematkat Oy	**34 + 1**

Today there is stiff competition among companies in attracting customers, which is, however, just the first step towards success. In order to remain competitive, a company must maintain their existing customer base by providing an exceptional customer experience, as they strive for the highest level of customer satisfaction, and this includes service.

Lähialuematkat Oy is a small organization specializing in visa support services, which organizes travels to Russia and neighbouring countries. Although they are the market leader in Finland, competition in the industry is intense. As a result, they have to ensure that they increase their customer retention rate, instead of continuously focusing on attracting new customers, which may have a negative effect on their revenue.

In this research-based thesis, I worked closely with the company to help them develop a customer satisfaction measurement method. The objective was to choose a method that is simple to use and practical, so that Lähialuematkat can accurately measure and evaluate customer satisfaction. They can subsequently act upon this new knowledge in order to increase their customer satisfaction.

Important concepts, such as customer satisfaction, customer experience and its management helped to gain deeper understanding of customer behaviour and expectations thus serve as the theoretical framework of the thesis.

Qualitative research was used for data collection throughout the thesis writing process. The empirical part is based on my own observations from the time of my internship at the company from January to May 2017 and on the semi-structured interview I conducted with company representatives in March 2018.

As there was no possibility to implement a customer satisfaction measurement method during the thesis writing process, as a result, I only present three different methods which I think the company could use in the future and could be implemented maybe as part of another thesis project.

Keywords
Customer experience management, customer experience measurement, customer satisfaction

Table of contents

1 Introduction

Due to the economic boom during the last few years and the economic stability that we have been experiencing, people are travelling more than ever. Additionally, several other factors have been also contributing to the change of people's travelling habits. Some of these are decreasing pricing of travelling by air, millennials are seeking experiences instead of purchasing items, or for example, emerging companies, such as Airbnb, are creating experiences and possibilities that had made the competition to be tighter, and consequently reduced prices.

These have been all contributing factors to the thriving of the global travel and tourism industry. According to the statistics, the industry was accounted for over 7.6 trillion US dollars and it is one of the largest industries contributing to economic growth. The global travel and tourism industry has been nourishing providers of accommodation, transportation, entertainment and attractions – these have been accounted to 2.3 trillion US dollars according to the 2016 records. (Statista)

Simultaneously, the online travel market has been gaining more market share, too. We all know from our personal experience that long gone the days when we would be visiting a travel agency that would handle all the necessary bookings and create a well-planned travel itinerary for us. Instead, we are all familiar with internet pages like Expedia, Momondo, Skyscanner, TripAdvisor, booking.com, Airbnb, just to name a few. Currently, online travel agencies (OTAs) are prospering and their market share was accounting for 564 billion US dollars in 2016 and it is expected to grow up to 820 billion US dollars by 2020. (Statista)

The economic situation and the popularity of OTAs are the perfect foundation for growth of Lähialuematkat Oy, a visa support service and travel agency. Their strong presence in the travel market within Finland, the continuous growth of the global travel and tourism industry and specifically the growth of digital travel sales, allow us to forecast a profitable future for the company. However, since there are plenty of competitors in Finland and new ones could emerge at any time, Lähialuematkat needs to ensure that while they are acquiring new customers, they focus also on customer retention.

This has served as the purpose of this current thesis. Lähialuematkat need to develop a competitive advantage in terms of customer experience to ensure an outstanding customer satisfaction that will ensure that the customers will keep returning and purchasing the services of Lähialuematkat.

1.1 Objectives and limitations

Maintaining good relationships with the customers and ensuring they have had a great customer experience and they were satisfied with the service that they received is more beneficial in terms of growth for Lähialuematkat Oy. Today, the cost of customer acquisitions is high, especially in extremely competitive markets, such as the travel industry. Therefore, losing already acquired customers and seeking after new ones is not sustainable on the long-term: it is extremely time-consuming and expensive, and since the market in Finland is limited, customer satisfaction can literally make or break a business.

To ensure that customer expectations are met, Lähialuematkat Oy decided that they want to implement means for measuring the customer experience that will help them to improve the customer satisfaction. The objective of the thesis is to find information about the different methods of monitoring customer experience which methods would be suitable for Lähialuematkat for future measurements.

As part of my thesis work, I have been conducting qualitative research to determine the best methods for Lähialuematkat to measure and improve customer experience.

By starting to monitor customer experience systematically they will get a better understanding of the customers' needs and their opinions about the company. Ultimately, the data can help Lähialuematkat to improve their services.

1.2 Research Questions

To best identify the outcomes that Lähialuematkat is looking for, I identified interview questions that aim to help the qualitative research that I am conducting as part of this present thesis.

To identify the right questions, I have constantly communicated with the commissioning company, as I was doing my internship there for half a year. Their goal was to determine the issues that may affect the customer's purchasing behaviour.

IQ1 – What are the mission, purpose, and vision of Lähialuematkat in terms of customer expectation?

IQ2 – How do they currently improve the customer retention?

IQ3 – What are the current strengths and weaknesses of Lähialuematkat?

Table 1. Overlay Matrix

Investigative Question	Theoretical Framework	Results Chapter
IQ1 – What are the mission, purpose, and vision of Lähialuematkat in terms of customer expectation?	Customer Experience Management Customer Acquisition Customer Satisfaction	Chapters 3.1, 3.2, 3.7
IQ2 – How do they currently improve the customer retention?	Managing customer experience Customer retention	Chapter 3.3
IQ3 – What are the current strengths and weaknesses of Lähialuematkat?	Defining customer experience	Chapter 3.4

1.3 Benefits of the thesis

Lähialuematkat needs to gain more market share and become more profitable, therefore spending their time, energy, and money on improving the customer experience and satisfaction and maintaining customer retention is important.

Instead of continuously focusing on investing in acquiring new customers, they hope for attracting back existing ones, as well as acquiring new ones through word-of-mouth that's a straightforward consequence of having a satisfied customer base.

The commissioning party hopes from this thesis that it will offer them recommendations for improving the ways they measure the customer satisfaction and they will be able to continue working on improving the customer experience perhaps as part of another thesis project.

1.4 Structure of the thesis

In the next subchapter I clarify the key theoretical concepts that has been discussed as part of this thesis, such as customer experience strategy, customer experience, customer experience management, customer satisfaction, customer acquisition, and customer retention.

In the following chapter, I am offering an overview of the theoretical concept behind the research to provide an understanding as why travel companies cannot neglect customer experience anymore and how this can have a significant result on their overall performance. In this chapter I present three different measurement methods I think would be suitable for the company.

In Chapter 4 I describe the research methods used in this thesis and in Chapter 5 I present the evaluation and conclusion of the thesis project.

The questions of the interview I conducted with two company representatives is attached as an appendix.

1.5 Key concepts

Customer experience: Customer experience can be explained as all the interactions that the customer has with a certain company and how they perceive the service that they have received.

Customer experience strategy: Customer experience strategy is a vital actionable plan for any company offering services to their customers. This strategy aims to improve the overall customer experience and it takes into account all the possible customer touchpoints. A successful customer experience strategy will have a positive impact on the profitability of the company as it improves the overall satisfaction. The customer experience strategy usually includes an analysis of the market and the competitors, quantitative and qualitative research with the customers, and developing purpose, mission, and vision for the company that has an overall impact on the brand. (FitzGerald, 2017)

Customer experience management: The successful implementation of the customer experience strategy requires attention and customer experience management. The company needs to be able to execute the strategy, oversee the project, and track the results. (Peppers & Rogers, 2017)

Customer satisfaction: Customer satisfaction is the measurement of the overall customer experience to be able to identify whether the customer has been satisfied with the service, product, or experience that they received. (Grigoroudis & Siskos, 2010)

Customer acquisition: Customer acquisition is a set of methods that companies use to acquire new customers. Acquiring customers has many different marketing methods from traditional advertising through using Google AdWords campaigns and remarketing to search engine optimization (SEO). Most commonly, customer acquisition is expensive and requires strategic planning and personnel with knowledge. (Smart Insights, 2013)

Customer retention: Customer retention is the practice of keeping the existing customer base and ensuring that they are returning and will purchase the company's services or products again, therefore reducing the churn of the customers and the cost of acquisition. (HubSpot)

2 Lähialuematkat Oy/Russian Tours Ltd Introduction

Lähialuematkat Oy is a Finnish company and was established in Helsinki in 1991 and now is one of the biggest visa service provider in the country. The CEO is Mr Peter Holst and there are about 25 employees working at the company. They have two offices in Helsinki: the head office is near the Olympia Terminal and their other office is at the Helsinki Railway Station. (Lähialuematkat Official Website, 2018).

Lähialuematkat divides into two departments: visa department and the travel tours department. At the travel tours department, the company offers ready tour packages as well as tailor-made trips to Russia and neighbouring regions.
The company's main profile is providing visas to any country in the world, and at the visa department they are handling only visa issues. They are processing about 30,000 visas in a year.

2.1 Visa ordering process

Customers can order a visa in different ways. They can either bring the necessary documents personally to one of the offices or send them by post. Besides the traditional way there is the possibility to order visa through their online service, called SoloVisa. This means that the customer fills in the order form online where then they can see exactly what documents they need to provide for that certain visa application and during the process they also get email notifications about the actual status of their visa application, e.g. when it was submitted to the embassy, when it was picked up from the embassy and then depending on the delivery method, when it is available for pick up or when it was posted. After ordering it online they can still choose if they deliver the required documents personally or by post.

The necessary documents for a visa application obviously vary depending on the destination country and the visa type. For example, in case a Finnish citizen wishes to travel to China as a tourist they have to provide their passport, application form with a passport-sized photo attached to it, return flight ticket and the confirmation of hotel booking for at least one night. The traveller doesn't have to provide hotel booking if they have an invitation from a Chinese citizen. In this case also a photocopy of the ID of the inviter has to be attached to the application. (SoloVisa, 2018)

Before the applications are being submitted to the embassies, the visa experts at the company check every application if the application form was filled out correctly and all the supporting documents are attached and meet the requirements. In case something is missing

or unclear, the responsible person contacts the customer. This is a very important phase of the process as if the visa expert doesn't notice application deficiencies it could mean delay in the process and as the worst consequence the visa wouldn't be ready in time for the customer's journey.
After the visa was picked up from the embassy, the visa expert checks that the time period, number of entries and that all the personal data is written correctly on it.
The customer can choose from different delivery methods of their visa: they can pick it up personally in one of the offices, get it delivered by post or by Matkahuolto. In urgent cases Lähialuematkat delivers the visa even to the airport.

In the beginning of 2018 the company started live chat in SoloVisa where the customers can get immediate help from the visa experts.

2.2 Competitor Analysis

As the Finnish market is relatively small, the competition between companies in the tourism industry is fierce so it is beneficial to make a competitor analysis to be aware of the other companies' strengths and weaknesses.
If we are comparing the different visa providers in Finland, the main competitors of Lähialuematkat are Visumservice and Comet Consular. Obviously, there are also other visa providers in the market, but these two companies have the closest resemblance to the profile of Lähialuematkat.

Visumservice is an international company with a headquarter in Oslo and having subsidiary companies also in Finland, Sweden and Denmark. Apart from visas, they are providing translation, work permits and document legalizing services. They are the market leader visa provider in the Nordic market processing about 60 000 visas per year. (Visumservice official website 2018).

Comet Consular's headquarter is located in Stockholm and they are having offices also in Finland, Norway and Denmark. Just like Visumservice, they are also providing additional services, such as translations, document legalizations and managing immigration and relocation processes. (Comet Consular official website 2018).

Table 2. Examples for Russian and Chinese single-entry tourist visas with normal processing time without postal charges (SoloVisa 2018, Visumservice official website 2018, Comet Consular official website 2018)

	Lähialuematkat	Visumservice	Comet Consular
Russia	72€	136,64€	94€
China	95€	135,64€	119€
India	145€	173,64€	157€

As Table 2 shows, Lähialuematkat has the lowest prices out of the three companies, which is a big competitive advantage to them.

Table 3. Revenues of Lähialuematkat, Visumservice and Comet Consular from the last 4 years (Fonecta Finder 2018)

	Lähialuematkat	Visumservice	Comet Consular
Revenue 2017*	3000 (from visas)	-	360
Revenue 2016*	2000	1200	247
Revenue 2015*	1649	1066	240
Revenue 2014*	2023	530	291

*Thousand euros

Based on these numbers, we can say that Lähialuematkat is clearly the market leader in Finland.
Even though Visumservice is a bigger, international company, their market share in Finland stays well behind Lähialuematkat, especially with Russian visas which is the main profile of Lähialuematkat.

Visumservice came to the Finnish market as a Nordic company and has already had co-operation with travel agencies operating in the Nordic countries. Their revenue comes from visa processing services through these large travel agencies (for example Chinese visas). Visumservice doesn’t have strong B-to-B sales which is definitely a huge competitive advantage for Lähialuematkat and thus important regarding to customer experience. (Sood & Haavisto, Lähialuematkat Oy, 2018).

Even if Comet Consular’s revenue is rising from year to year, it is still quite small regarding to Lähialuematkat’s revenue. Their income comes more from their additional services rather than from visa sales, so their market share in visa sales is rather small in Finland. They have few big B-to-B clients who are ordering Chinese visas, but their Russian visa sales is almost nothing. (Sood & Haavisto, Lähialuematkat Oy, 2018).

2.3 SWOT Analysis of Lähialuematkat

STRENTGHTS	WEAKNESSES
- Over 26 years of experience - SoloVisa that is easy to use - Good customer service, good reputation - Lower prices than the biggest competitors - Office locations - Offering fast tracked visa services - Offering travel packages - Genuine Finnish company	- Other companies are offering similar services - More expensive than other similar services - Travel packages are expensive and are for only a certain area - Millennials are not interested in travel packages
OPPORTUNITIES	THREATS
- Focus more on B2B - Expanding to Finland through co-operating with travel companies - Developing experience trip packages that may interest also a younger target audience - Exploiting an older segment of people that want to travel and has the money to travel - New services are under planning (legalisation, Apostille)	- New entrants on the market - New digital services - More people would decide to handle their visa application on their own - Visa requirements would change for certain countries or events in the world can influence the company's revenue - New interns in every few months

3 Measuring customer satisfaction and experience

In this chapter I provide in-depth information on the different key concepts mentioned in Chapter 1.5.

3.1 Customer acquisition and its methods

Every company’s aim is to grow, and this cannot happen without customers. Customer acquisition is the process of systematically persuading new customers to buy the company’s products or services. According Harvard Business Review it costs from 5 to 25 times more to acquire a new customer than it does to retain a current one, so customer acquisition strategy has to be as effective as possible. Based on this, concentrating more on the already existing customers is much more cost-effective, but at the same time, the company should not forget about the importance of acquiring new clients as that is the way the company can grow.

We can say that any kind of marketing activity serves the purpose of attracting more customers. Obviously different methods provide different results and some methods can be more beneficial than others. As I mentioned before, customer acquisition is expensive, so the company has to make sure that their strategy is effective before starting the campaign. This means for example that at the beginning of the customer acquisition process the company has to identify the target audience and this way being able to provide relevant information through the right channel to make sure that the campaign is as effective as possible.

When we talk about marketing activities these days, we can divide those into 3 segments: above the line, below the line and through the line.
Above the line (ATL) marketing means the mass media strategies: television, radio, billboards, print advertisements, etc. so it is meant to make a wider, untargeted audience aware of the product or service and to focus on brand building.
Below the line (BTL) marketing is a much more tailored, direct advertising which already focusing on targeted groups of potential customers. This strategy includes promotions, samplings, product demos, direct mail marketing, in-store marketing, etc.
Through the line (TTL) strategy is the most popular nowadays as it includes both the ATL and the BTL communications, so the companies can engage with customers at multiple points and can assure multiple messaging across different platforms at the same time. (Investopedia)

3.2 Customer retention

To put it simply: customer retention means how successfully the company keeps its already existing customers over time. Company growth doesn't only depend on selling more and more, but after the product or service is out in the market, it is important to dedicate resources also to customer retention instead of concentrating only on customer acquisition. As I mentioned earlier, acquiring new customers costs 5 to 25 times more than keeping the already existing ones. Increasing the customer retention rate by only 5% could mean a 25% to 95% increase in the revenue. Even though the importance of customer retention has been known for a long time, still most of the companies do not have a proper strategy for customer relationship management.

Customer retention number or rate is the percentage showing how much customers the company kept during the certain period of time in relation to how much they had at the start of the period, but not counting the new customers acquired. We talk about high retention when the customer returns regularly and purchases more of the same company's products or services instead of choosing another provider when they are again in need of the product or service. (Marketing Insider, 2017)

During customer retention, the company shouldn't pay attention only to single transactions but consider the lifetime value of the customer. Lifetime value means, for example, all the probable future purchases the customer would make or how they would bring the positive reputation of the company by the word-of-mouth. Even though satisfied customers are more likely to become loyal customers, but that is not always the case. They still can purchase from competitors in the future. (Leventhal, 2006)
The primary role of customer experience measurement is collecting data regarding what changes the customers' wish, and how an organisation reacts to this. It is a tool to get familiar with the expectations of the customers and, by utilising this information, to provide the kind of product/service that makes them satisfied. Based on this, customer experience measurement does not only contribute to customer retention but indirectly also increases the number of loyal customers. In today's intense competition this can mean a competitive advantage over the competitors on the market. Incorporating the results of the measurements and taking the customers' opinion into consideration can help to increase awareness towards the company and can lead to the growth of the customer base therefore increasing customer retention (Hofmeister et al, 2003).

3.3 Customer experience

"The customer's perceptions and related feelings caused by the one-off and cumulative effect of interactions with a supplier's employees, channels, systems or products." (Gartner)

"Customer experience is the internal and subjective response customers have to any direct or indirect contact with a company." (Meyer and Schwager, 2007.)

There are many definitions of customer experience as it is a complex concept and it can be interpreted in different ways. It is hard to define exactly also because it is personal and subjective. The emphasis is on the word 'experience' which is based strongly on a person's own feelings and subliminal interpretations thus it is impossible to control it entirely. Great customer experience is the key to retaining old customers and gaining new ones. Based on this, companies who can provide excellent customer experience can develop twice as fast as those who are providing only average customer experience. This faster development is the consequence of the increased purchasing willingness which will lead to higher turnover, shorter purchasing cycle, less complaints and more recommendations. (Löytänä & Kortesuo, 2011)

Customer experience can be examined only from the customers' point of view exactly because only they can phrase what steps and feelings they need on their way for purchasing a product or service and that what kind of expectations they must commit themselves towards the company. Based on this we can say that customer experience is all that experience what the (to-be) customers gain and all those impressions they will be exposed to during the process. This entire process starts when they get touched by the company's message and it ends when they don't use the product or the service anymore. (Willburn, 2007)

Companies have to keep in mind that during the purchase the customers are gaining impressions and experiences - either good or bad ones. This happens every time the customer and the company get in contact, during every touchpoint on the customer journey. Customer experience is nothing else than the result of the exploration and if the company succeeded, at the end of the exploration the customer will feel happiness, satisfaction and appreciation.
Businesses are aiming for superior customer experience because that is how they can differentiate from their competitors. While 20-30 years ago the customers were interested only in the product or service, during the last decade the experience itself became more important than offers or discounts.
To ensure good customer experience, companies need to succeed in many different areas. Among others they need to have a good strategy, a business plan, aligned business

model, brand building and the commitment of the company's leadership. Nowadays customer experience is one of the key aspects of success in many industries.

3.4 Customer experience management

Gartner defined customer experience management as "the practice of designing and reacting to customer interactions to meet or exceed customer expectations and, thus, increase customer satisfaction, loyalty and advocacy."

Customer experience management can give the companies the possibility to understand the customers more and this way provide more value to them. It is the follower of customer relationship management, but it has a much wider view on the relationship between the customers and the company. (Gartner)

According to Smith & Wheeler, there are three levels of customer experience based on the level of its management: random, predictable and branded. Random experience is changing based on time, place and most of all person. Predictable experience is planned and always includes specific elements and it is independent from time and place. Branded experience is also planned and independent from time and place, but it is distinguishable and brings value to the customer. (Smith and Wheeler, 2002)

Löytänä and Kortesuo states that the aim of customer experience management is to bring more value to the customers and this way increase the company's income. (Löytänä & Kortesuo, 2011). With a good customer experience management system, the company can engage customers. Loyal customers will purchase more, recommend the company to others which means less cost for customer acquisition.

Successful customer experience management requires that it is included in the organization's strategy as this ensures that all employees understand what the aims of the company are related to customer experience.
Knowing the different buyer personas is necessary for an effective customer experience management. The more the company knows its customers, the more relevant customer experience they can provide for them and this way having a closer relationship with the customer which leads to loyalty and retention.

One of the main factors affecting the customers' behaviour and thus the buyer personas is undeniably the spread of internet and the rapid development of technology. The revolution of communicational technologies enables the flow of ideas and information as well as decentralising that from the companies. The content and the brand are not written anymore by the companies, but by the consumers and their communities. The customers became "writers" and modern technologies created two-way communication between the company and the consumers which means bigger interaction.

Customers are getting more and more informed and active. They analyse and evaluate the offers already before the purchase decision; based on the more and more available information they can choose which company they would like to contact. Customers are not anymore dependant on the communication with the company, but they have lot of possibilities to share information and give advices to others through social media. Nowadays consumer content has almost the same influence than paid advertisement which means a big challenge to the companies. (Fisher and Smith, 2011)

Based on the buyer personas, the next step is to create a customer journey map. It helps the company to see what the touchpoints between them and the customers are and also foresee how the customers will interact with the company and their product or service. As customer experience based on the customers' personal feelings it is important that the company aims for an emotional connection with them. According to the researches of McKinsey & Company an emotionally engaged customer is three times more likely purchases again and recommends the company to others. (McKinsey & Company, 2016) Acts like being genuine, listening to the customers, answering their questions on social media all show that the company cares about their customers. The last step of customer experience management is collecting feedback and also act upon the feedbacks – this again sends a positive message about how the company treats its customers.

3.5 Customer journey

HubSpot defined the customer journey as the "process buyers go through to become aware of, evaluate and purchase a new product or service". (HubSpot, 2016.)

So generally, we can say that it is the whole journey what the customer takes with the products or services of the company. During the customer journey the customer "travels" through different touchpoints. These are the points of interaction when the customer gets in contact with the company. This can be a phone call, a click on the website or a visit to the office, but also deliveries, giving answers to surveys or post-purchase services belong here. Even though these touchpoints are crucial regarding to the customer experience, the company shouldn't concentrate only on these, but rather on the whole journey. Researches show that the companies who pay more attention to the whole journey, can reach higher customer satisfaction. (Allwood, 2015)

It is important to keep in mind that the customer journey starts way before the first touch-point - for example if anything happens to the customer on their way to the company, it will influence the whole experience. This is called pre-experience and the company doesn't have control over it at all. They have partial control over the experience and the post-experience, though latter gets much less attention as it's hard to define where the customer experience really ends.

We can divide the customer journey into 5 phases (McKinsey&Company, 2009):

- Awareness
- Familiarity
- Consideration
- Purchase
- Advocacy

Table 4. The different phases of customer journey at Lähialuematkat

Phase	Phase Description	In case of Lähialuematkat
Awareness	The customer realizes their need for a product or service.	The customer wish to travel to a country where visa is required.
Familiarity	The customer does a research to find the best way to solve their need and considers the different options.	The customer does a research on the different ways they could obtain a visa.
Consideration	Based on the research results, the customer evaluates the different options. Evaluation criteria can be the brand, the price, the value.	The customer decides which option would be the best for they: if they obtain a visa by themselves visiting the embassy or they wish to use the help of an agency.
Purchase	This is the phase when the customer decides to make a purchase.	The customer chose Lähialuematkat over other options and gets in contact with the company.
Advocacy	If the customer is satisfied with the provided product or service, they will pur-	The customer will return to Lähialuematkat the next time they need a visa and will recommend it to others.

	chase again from the company and will recommend it to others.	

3.6 Customer satisfaction

Customer satisfaction is one of those terms in business that is hard to define, but the most widely accepted definition by Kotler and Keller says that it is “a person’s feeling of pleasure or disappointment which resulted from comparing a product’s perceived performance or outcome against his/her expectations”.
The customer’s expectations are mostly based on previous purchasing experiences, opinions of friends or colleagues, or on the information from marketing professionals. If the performance of the product meets or even exceeds the expectations, the customer feels satisfied. (Kotler & Keller, 2006)
Building long-term relationship with customers is crucial for companies and customer satisfaction is the key aspect in this. It is not enough to win over a customer once, but during the “relationship” the company has to keep up the satisfaction in order to get the customer engaged and loyal.

The competition between companies for customers is fiercer than ever and to provide the best possible customer service it is crucial to be familiar with the needs, expectations and opinions of the customers. Providing a service that makes the customer feel satisfied has several favourable impacts. It helps to maintain the competitive advantage, the satisfied customer detects less of the competitors’ offers, purchases more often and spreads the good reputation of the organisation. Increased customer satisfaction also has effects on the cost-effectiveness: positive word of mouth advertising can lead to gain new customers thus decreasing the costs of customer acquisition. (Hill et al, 2007)

The attention from product-oriented approach turned towards customer-oriented approach thanks to the increase of new processes and more developed technology. The basic aim of customer orientation is achieving or even exceed the expectations of the customer. Understanding the customer behaviour and using the knowledge gained in course of that has become the tool of obtaining a comparative advantage. High customer satisfaction has become the critical distinguishing factor in the highly competitive situation. This concept came to the front during the development of marketing research and since then it spread across the world. (Berthon et al, 1999)

3.7 Customer experience metrics

There are many ways for measuring customer experience. In this part of the thesis, I will present three of them which I think would be the most suitable for Lähialuematkat. During the research for the possible measuring methods the company could use, I paid attention to the needs and possibilities of the company, meaning for example that their biggest problem at the moment is the lack of resources. Because of this, the main criteria were to find methods which are easy to implement, collect customer feedback and then analyse the results.

Most of the visa applications are arriving to Lähialuematkat by post and the ready visa is being sent to the customers by post – especially in cases of B-to-B clients. One of the most frustrating thing in this is that the company doesn't have much personal, face-to-face interaction with the clients as most of the communication happens by email, phone or post. This way it is hard to see if the customers are satisfied with the provided service, what are their experiences during the customer journey, so it would be essential to measure customer experience systematically.

It is a common saying that "you can't manage what you can't measure". (Ho, 1995)

Customer experience measurement is an excellent example of customer orientation, a customer relationship management approach of which existence already increases customer satisfaction. Conducting a study of the customers in this way sends a positive message: the company is interested in the customers' needs, pleasant or unpleasant experiences. This way it is also a marketing tool because customers feel that the company takes their opinion into consideration, appreciates them, which increases their level of satisfaction.

3.7.1 Previous measurements at the company

A few years ago, the company was using a third-party software, called Questback for a brief period of time for measuring customer experience. Questback was founded in Oslo in 2000 and now they are the world leader in feedback management. (Questback Official Website, 2018).
Based on the interview I conducted with two of the company representatives, the main reason they stopped using it was that it was too expensive for such a small company. Otherwise they were satisfied with all the features the software had, especially that how easy it was to see the collected data and prepare different statistics.

3.7.2 Net Promoter Score (NPS)

Net Promoter Score, as an alternative solution for measuring not only customer satisfaction but also loyalty, was developed by Frederick F. Reichheld and it first appeared in his article "One Number You Need to Grow" in the Harvard Business Review in 2003.

It is based on a simple question: "How likely are you to recommend this business to a friend or colleague?" Customers rate the company on a scale from 0 to 10 ranging from "Not at all" to "Extremely likely" based on their overall experience.

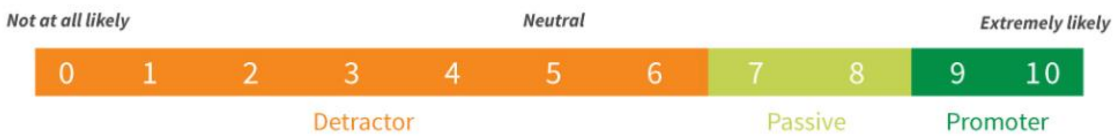

Figure 1. Net Promoter Score scale (Net Promoter Official Website, 2018)

The NPS score is calculated by subtracting the Detractors from the Promoters. If the company wishes to get a more depth answer, they can add an extra question "What is the reason for your rating?" (HBR, 2003)

Based on the answers, the customers are divided into three categories: promoters, passives and detractors. Promoters (9 or 10) are those loyal customers who keep buying from the company and will recommend it to their acquaintances. Passives (7 or 8) are who are still satisfied with the received service, but they are less enthusiastic as the promoters and there is a high chance that they will be attracted by competitors. Detractors (0 to 6) are the customers who are unhappy with the company, have a high churn and detraction rate and can damage the company's fame by negative word-of-mouth (Net Promoter, 2018)

The advantage of NPS is undoubtedly its simplicity: from the customers' point of view It is an easily understandable question and the scale is unambiguous and from the company's point of view the administration of the results is easy. (Net Promoter System)
The disadvantage of this method is that during the calculation the "passives" are discarded. From the possible improvements' point of view these people who answered with 7 or 8 could be the ones who would worth ask further why they got it nearly right and what was missing for them. (HDI, 2014)

3.7.3 Customer Satisfaction Score (CSAT)

Customer satisfaction score is one of the most widely used measuring method and the secret of its popularity lies in its simplicity and cost-effectiveness. For the company its implementation is simple and relatively cheap, it provides quantitative data which is simple to administrate and then analyse. For the customers it is a quick survey which is straightforward and easy to answer.

During this measurement the customer is asked usually 3-5 questions, for example “How would you rate your satisfaction with the service you received today?” and they can rate their experience on a 1 to 5 scale, where 1 means ‘Very unsatisfied’ and 5 means ‘Very satisfied’. The final score is the quantified answers expressed in percentage. (HubSpot)

To get the right answer the company has to ask the right questions and do not make that mistake that they construct the survey from the customers’ point of view instead of their own. During the analysis of the results companies tend to count the satisfied and very satisfied answers together and this way getting a better result. (HDI, 2014)

This measuring method can be used basically at any point of the customer experience where the company wishes to measure customer satisfaction, and the question can be rephrased. Its advantage compared to Net Promoter Score is that the company can ask various, customized questions.
As the questions strongly refer to the immediate experience, it is not suitable to provide in-depth insight about the customers’ overall experience and it is crucial to ask them as soon as possible after the experience in question. While Net Promoter Score measures long-term satisfaction, Customer Satisfaction Score concentrates on the short-term happiness of the customers and its disadvantage is that it doesn’t provide any prediction for future behaviour and loyalty. (TaskUs, 2018)

3.7.4 Customer Effort Score (CES)

This metrics is different from the previous measurement methods as though this is also a “single question survey”, but it asks the customer not about how satisfied they were with the received product or service, but about how much effort they put into getting to interact with the company.
There are two versions of this measurement methods: its first version asks the customers that “How much effort did you personally have to put forth to handle your request?” and the answers are rated on a 5-point scale where 1 means very low effort and 5 very high

effort. The main problems with this method were the inverted scale and that the word “effort” was hard to translate to some of the languages.
In the second version the “question” is “The organization made it easy for me to handle my issue” and the scale in this case goes from negative to positive and the word “effort” disappeared from the survey question. (Harvard Business Review, 2010)
Also, with the second version the numerical scale changed to a non-numerical scale ranged from “Strongly disagree” to “Strongly agree”.

Like I mentioned before, it is important that companies try to establish an emotional relationship with the customers, so it might be a clever idea to rephrase the question to make it more personal. In the case of Lähialuematkat variations could be “How easy was it to deal with our Lähialuematkat today?” or “How easy was it to get the necessary information for your visa application from Krista today?” and these customized questions can increase the response rates.

Harvard Business Review wrote about Customer Effort Score in their article “Stop Trying to Delight Your Customers” back in 2010. They stated in this article that companies should pay more attention to how easy it is for customers to deal with the company instead of trying to “wow” them. This comes from the idea that customers primarily want to solve their problems as quickly and easily as possible which is more important for them than for example receiving free product samples. (Harvard Business Review, 2010)

4 Research design and methods

In this chapter I will present the research design and data collection methods I was using during the process.

Before starting the research, it is important to choose the research method based on the research problem and the already planned research design.

The aim of this thesis' research was to find suitable methods for customer satisfaction measurement for Lähialuematkat so qualitative research was used for data collection and during the research both primary and secondary data was collected.

4.1 Qualitative research methods

There are two kinds of research methods: qualitative and quantitative methods.
I chose qualitative research for my thesis because it provides a deeper understanding of the theory behind the research questions.

The qualitative method doesn't provide numerical results, but it helps to understand the mentality and the expected reactions and actions of the target group. The essence of this method is qualitative characterisation, and it provides in-depth data and its validity is high. Its disadvantage is that its reliability is low, there is a very high chance of subjectivity and the number of the available subjects is low.
The data collection techniques during qualitative research are interviews, observation or using different documents. (Myers, 2009)

4.2 Primary and secondary data

Primary data are those which were collected by the researcher during the research process or data which were not published before. In this thesis primary data have been collected during a face-to-face semi-structured interview with two company representatives, Armi Sood and Maarit Haavisto, with whom I was also working together during the thesis writing process. The interview took place at the office of Lähialuematkat Oy (Vuorimiehenkatu 3, Helsinki) on 8. March 2018.
I sent the questions to the interviewees few days before our meeting, so they could prepare their answers as well as look up financial data they then shared with me.

Interviews are one of the most widely used data collecting methods in qualitative research. During a semi-structured interview, the interviewer might have few questions, but the interview rather progresses in an informal way, like a normal conversation, but keeping in mind the subject. Semi-structured interviews are also give the possibility for the participants to express new ideas, but its disadvantage is that the interviewees can give biased answers.

Secondary data refers to those kinds of databases that were created by someone else and have already been published before the research and it gives the opportunity to the researcher to use high quality data that they not necessarily would have been able to collect. The researcher has to be careful when using secondary data and they have to be sure that it is relevant, accurate and it is from a reliable source. (Smith, 2008).
For my thesis I collected the secondary data from books, publications and relevant internet sources.

5 Evaluation and conclusion

The main objective of this thesis was to find suitable methods for Lähialuematkat Oy for measuring customer satisfaction.

Providing excellent customer experience is vital to every business. The aim of the company is to grow, gain even bigger market share and increase revenue. They realized that for this they need to be fully aware what customers think of the level of the service they are providing which information they can get by starting measuring customer satisfaction again.

It has come to the researcher understanding that how important customer experience and customer satisfaction are for a business profitability and growth, as well as that there is an inevitable relation between customer satisfaction, customer retention and customer loyalty: it is highly likely that content customers will become loyal and purchase again from the company, therefore, increasing customer retention and reducing costs of customer acquisition. For this to happen the company must ensure a seamless customer journey through which the customer gain positive experiences thus feel content after the end of the journey.

As I stated in Chapter 1.2, I identified three investigative questions and below I present the answers based on my research on the theoretical background, my own observations and the answers of the interview I conducted with the company representatives.

IQ1 – What are the mission, purpose, and vision of Lähialuematkat in terms of customer expectation?

As I mentioned in Chapter 3.4, customer experience management helps the company to understand their customers more thus could provide more value to them which results in higher income. Also, to be able to successfully implement customer experience management, it need to be included in the organization's strategy which ensures also that all employees understand the importance of customer experience management and they are able to act upon it.

While talking to Ms Sood and Ms Haavisto, it became clear that the company knows they need a written customer experience strategy and this way increase employee engagement to ensure the best customer experience possible. As they said, "Our definite goal is, by creating positive memory trace, to get loyal customers coming back again and again and get them recommend us to others.”

IQ2 – How do they currently improve the customer retention?

In Chapter 3.2 I wrote about that customer retention is just as important in a company’s life as customer acquisition. An organisation grows by customer acquisition, but retaining already existing customers means a steady income which is extremely important in case of a smaller company, like Lähialuematkat.

For my question about what they think about customer retention they said that it is highly important for them: “Retention is important because then the customer can become loyal and will recommend us to others. It is also the „cheap” way to get additional sales.” Customer retention is challenging for the company in the travel tours department as: „we are offering trips only to Russia and some neighbour areas, so we have only a few customers who are travelling to the same place more than once.” In this case it would be extremely useful to get feedback from the customers and get to know their wishes and expectations towards these trips. Based on these the company could offer more tailor-made trips which could convince earlier customers come back and purchase again.

IQ3 – What are the current strengths and weaknesses of Lähialuematkat?

As the Finnish travel market is small, it is crucial to make a SWOT-analysis of the company as it shows in which areas they might be behind the competitors therefore need to improve.
Before the interview I prepared the SWOT-analysis and then asked the interviewees opinion about it, how do they see it and if they added something to it: “Clear strength of Lähialuematkat is the strong competence of the visa experts with many years of experience. But here is also one of our biggest weakness: they don’t have enough sales skills which is also due to the fact that the company lacks a written strategy, goals and vision. Also, as a small company, we don’t have enough resources for staff training.
Strength is also that the company has been operating in the market for a long time and has a good reputation. We are the market leader in Russian visas.”

In this answer, the lack of written strategy pops up again as well as that even though the visa experts have wide knowledge about all kinds of visas, they don’t have the necessary sales skills, so they can not necessarily identify those customers who have the potential of becoming long-term customers. If the company could find resources to train employees, it could decrease the cost of customer acquisition.

During the interview Ms Sood shared a story with me which shows perfectly how a customer relationship can start with only one visa order and become a long-term relationship which could mean even 50 000€ income in a year: „As an example I would mention when a B-to-B customer's business trip to Russia was about to get bogged down because they realised it in the last minute that the visa was missing. They googled „visa to Russia" and found our website. We managed to get the visa for them in couple of hours which obviously „wowed" the customer.
This happens a lot when the first time the customer for example buys only an express visa to Russia which we get for them even in a couple of hours thus the customer is extremely satisfied with our service. But customer relationship develops only when its being maintained. Even though they were satisfied with our service, they could still change provider for other visa issues, but if we do it right, as a result we can get a loyal customer who additionally to the Russian business visa will order visas to China, Saud-Arabia, Algeria and India. In the example I mentioned, the customer relationship which started with a 316€ express visa can into a 50 000€ sales for us in a year."

As the competition is strong, it is essential for a company to always look for new opportunities, new services to offer, which could mean competitive advantage for them against their competitors. This, again, can reduce the cost of customer acquisition and customer retention. In case of Lähialuematkat the interviewees said that: „As opportunities I would mention some new services (e.g. document legalisation and Apostille certificates) that we might introduce soon. Also, during the last years thanks to globalization Finnish companies are sending their employees on business trips and not only to countries like China but for example to Algeria, Bolivia, Vietnam, Iran, Saud-Arabia - just to mention a few."

Obviously, there is always a risk when a company starts a new service with which they don't necessarily have much experience. This could be also a threat as it can have significant effects on customer experience and satisfaction so in this case it would be extremely useful to measure those metrics.

During our discussion the representatives of the company expressed their interest in using a third-party service again for measuring customer satisfaction, but at the same time, they would like to collect immediate feedback by themselves. Throughout our discussion one issue came up again and again: by being a small company they lack resources. Because of this, they would need to find a method which is simple to implement, execute and analyse the results, therefore could be added to one of the employees' daily work.

I kept this in mind when searching for different measurement methods and the ones I described in Chapter 3.8. are all bearing the advantage of simplicity.

As future actions, maybe as a part of another thesis project, the company needs to prepare a written customer experience strategy which would also engage employees more and find resources for staff training and implementing a customer experience measurement system.

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Appendix

Appendix 1. Interview questions

The interview took place on 8 March 2018 in the office of Lähialuematkat (Vuorimiehenkatu 3, Helsinki). The two interviewees were Armi Sood who is the Key Account Manager at SoloVisa and Lähialuematkat Oy and Maarit Haavisto who is the Sales and Marketing Director at Lähialuematkat Oy.

1. What is your mission or purpose in terms of customer experience? Do you yourself see if/where it should be improved?

2. What do you think about your customer retention? Or do you concentrate more on customer acquisition at the moment?

3. If you look at the SWOT analysis I did, what do you think about the strengths, the weaknesses, the opportunities and the threats of Lähialuematkat? Is there anything you would add?

4. As myself was working here as a Visa Department Assistant, it came to my mind that what do you think about the threats of having new interns in every few months? Based on my personal experience it is very important to gain the trust of the people at the embassies and I know it takes a while – with some of them it took even 2 months.

5. Years ago, you used a software, called Questback for measuring customer experience. Why did you stop using it? What are your positive and/or negative experiences?

6. Would you use that kind of software again or would you rather do it "by yourself" meaning for example by sending out surveys via email?