FUTURE SERVICES AND FACILITIES OF ROVANIEMI AIRPORT

Case Finavia Corporation

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Bachelor's Thesis
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Opinnäytetyön tiivistelmä

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Rovaniemen matkailu on kovassa nousussa, mikä näkyy etenkin kasvavassa lentoliikenteessä. Vuonna 2017 Rovaniemen lentoasemalla vieraili 579 470 lentomatkustajaa ja määrän oletetaan jatkavan kasvua tulevina vuosina. Nykyisellään kapasiteetti lentoasemalla ei ole riittävä palvelemaan kasvavia matkustajamääriä, joten lentoasemalla toteutetaan mittava laajennus vuoden 2019 loppuun mennessä.

Opinnäytetyön tavoitteena oli tutkia kotimaisten sekä ulkomaisten matkustajien toiveita ja odotuksia koskien uudistettavan lentoaseman palveluita, jotka vastaisivat heidän tarpeitaan, mikä myös osaltaan vaikuttaisi positiivisesti Rovaniemen matkailun kehitykseen sekä kaupunkikuvaan. Työn tietoperusta rakentuu palvelumuotoilun sekä asiakaskokemuksen ympärille, lentomatkailun vaikutuksesta matkailualaan, tyypillisiin lentokenttiin ja palveluihin, aikaisempiin tutkimustuloksiin sekä statistiikkaan. Tutkimus toteutettiin laadullisena tutkimuksena, jossa menetelmänä käytettiin matkustajakyselyä, joka toteutettiin Rovaniemen lentoasemalla elokuussa 2018.

Tärkeimmät tutkimustulokset osoittivat tämänhetkisen palveluiden riittävyyden jakavan mielipiteitä, mutta matkustajien haluavan etenkin parempaa ravintolatarjontaa suomalaisella tai paikallisella twistillä, myymälätarjontaa, jonka tuotevalikoimaan kuuluu paikalliset tuotteet tai suomalaiset brändit sekä aluetta rentoutumiseen ja työskentelyyn. Lisäksi matkustajat toivoivat lisää automaattisia toimintoja lentokentälle matkustajaprosessin nopeuttamiseksi.

Opinnäytetyön tuloksia voi pääsääntöisesti hyödyntää lentoasemanpitäjä eli Finavia Oyj, mutta myös muut Lapin matkailualan yritykset voivat saada uutta näkökulmaa työn tietoperustasta.

Avainsanat Rovaniemi, palvelumuotoilu, asiakaskokemus, lentoasemat, matkailu, kehitys, megatrendit

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Abstract of Thesis

School of Tourism and Hospitality Management
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Author	Emmi Kainulainen	Year	2018
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Tourism in Rovaniemi is constantly developing and the number of tourist arrivals is rapidly increasing. Especially this affects the capacity of Rovaniemi Airport, as it cannot serve the increasing number of passengers. In 2017, there was 579 470 air passengers visiting the Rovaniemi Airport and the number is predicted to keep increasing during the upcoming years. Therefore, Finavia is expanding the airport during the years 2018-2019.

The aim of the thesis was to determine the needs, wants and expectations of domestic and international passengers considering the services and facilities of a new expanded Rovaniemi Airport, which also has a positive effect on developing tourism and the city image of Rovaniemi. The theoretical framework of the thesis consists of concepts of Service Design, Customer Experience and secondary data such as previous customer satisfaction survey conducted by Finavia as well as background information about topics such as connection between tourism and air travel, typical airports and services offered. The primary data of the research was gathered through qualitative research method in a form of a survey by conducting a passenger questionnaire at Rovaniemi Airport during August 2018.

The main results of the survey indicated passengers' wishes to have better options or more variety on food and beverage selection by providing Finnish or local culinary along with retail with a selection of Finnish brands and local handicrafts. Also, automatic functions were highly wanted to speed up the passenger process as well as area for relaxing and working.

The thesis results are useful mostly for the airport operator Finavia Corporation. Yet, other tourism businesses in Rovaniemi can have new insights from the theoretical framework of the thesis.

Key words Rovaniemi, service design, customer experience, airports, tourism, development, megatrends

CONTENTS

SYMBOLS AND ABBREVIATIONS

CUSS	Common-use Self-service
F&B	Food and Beverage
LCC	Low-cost carrier
OECD	Organization for Economic Co-operation and Development
UNWTO	World Tourism Organization

1 INTRODUCTION

Tourism and travelling are dependent on transportation activity. Therefore, transportation has been developed over time, because of providing accessibility to different destinations. (Cooper 2016, 339–340.) For years, airports have been the essential part of transportation for passengers to transfer by air and for airlines to take off and land. (Graham 2014, 1). According to Gheorghe, Sebea and Stoenescu (2016, 89–92), since airports enable access to destinations, they are usually highly important for the region they serve as they bring economic value by creating employment, capital investment and tax revenue. Besides, airports are usually the first impression of a traveller with the region and those are considered to be a cultural and symbolic gateway to a country, which has made airports attractions on their own. Today airports offer services and facilities such as retail shops, cafés, restaurants, hotels and experiences. Due to that, airports have become more dependent on non-aeronautical or commercial revenues which has led them to focus more on the passengers' needs, wants and expectations.

In 2018 Finavia launched 55 million euros investment programme at Lapland's airports, which allow further growth of Lapland's tourism industry. This means more capacity, safer traffic as the number of flights and passengers grow and it improves the customer experience and service level at the airports. (Finavia 2018d.)

Throughout, the thesis aims to answer the research question what services and facilities passengers wish to have for new expanding Rovaniemi Airport. The selected method was qualitative in nature and to get the best results, the research was conducted in a form of a survey. The thesis includes theoretical framework and secondary data, which was further used to create the framework for the empirical research. The objective of the thesis was to determine the passengers' needs, wants and expectations concerning the airport and to provide relevant information for the commissioner on the success of the new Rovaniemi Airport. The results are presented after methodology and some minor recommendations and improvement ideas are introduced in the conclusion. Also, it will discuss about the limitations, validity and credibility of the research.

The reason for conducting this thesis, was interest towards this relevant topic and author’s personal interest related to tourism, airports and aviation, as she has been previously working at Helsinki Airports in different departments and different companies. Therefore, selecting the topic seemed natural as she has gained some knowledge already from the familiar field. In addition, author completed her advanced training as a part of her studies at Oulu Airport where she was working for Finavia, whereupon she has been closely in touch with the commissioner while working on the thesis.

2 COMMISSIONER: FINAVIA CORPORATION

2.1 Introduction of Finavia Corporation

Finavia is the main airport operator in Finland, which enables both national and international flight connections through its 21 airports across Finland. It is owned by the state of Finland and it is public corporation. The main location is in Vantaa, Finland and the core business lies at the Helsinki Airport and airport network. Helsinki Airport has won many international awards and recognitions and it is the leading transfer airport between Europe and Asia. Main customers of Finavia are passengers, airline companies and service providers at the airports. The core responsibility of Finavia is maintaining the airports. This includes security control, providing services, signs, information at the terminals and maintaining the infrastructure. The operations are not supported via taxes since most of the revenue comes from operative services and goods sold to customers. (Finavia 2018g.)

At Finavia airports, there are 1500 companies in total with an important role running the airports smoothly. Those companies include airline companies, ground handling companies and many different service providers such as car rental-, currency exchange- and food and beverage (F&B) companies as well as different retail shops. However, aviation is strictly regulated, and many different international and national organizations lead the operations, for instance in Finland, Finnish Transport Safety Agency (Trafi) is the supervisory authority for Finnish aviation along with EU regulations and international rules. Public authorities such as the police, border guards and customs take care of the safety at the airport. (Finavia 2018a.)

2.2 Strategy of Finavia

Our task is to develop the competitiveness, mobility and internationalisation of Finnish Society by providing our customers with safe, high-quality and cost-effective air travel services (Finavia 2018m, 3).

Finavia's strategy is based on vision and mission as Finavia (2018m, 14) defines its vision "Globally connected, attractive Finland." The mission however, is underlined in the beginning. Finavia cares its customers, concentrating on passengers as their customer promise is “For smooth travelling” and they are striving for high customer satisfaction by offering safe and reliable services, unique customer experiences and positive and stress-free airport environment. The key strategic objectives are developing the services for passengers and improving the profitability of the airport network. They want to be one of best airport operators globally as well as profitable, respected and well-managed service company. (Finavia 2018l.)

Finavia’s four main values (Figure 1) lead their daily operations on how they work in order to follow their strategic plans.

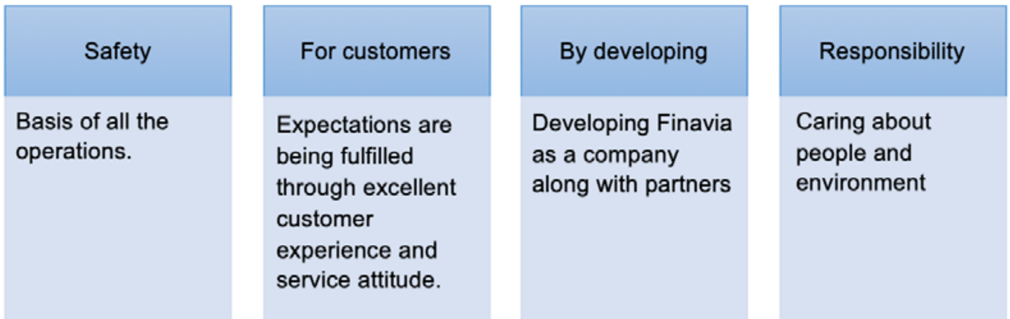

Figure 1. Finavia’s Values (Finavia 2018m, 14)

2.3 Rovaniemi Airport: Santa’s Official Airport

2.3.1 Current Situation of the Airport

Rovaniemi Airport is located around ten kilometres from the city centre. It was constructed in 1939 and rebuilt in 1948. Since then, the airport has gone through renovations and received recognitions as Finavia’s airport of the year in 2015 and nowadays airport is the third busiest in Finland after Helsinki and Oulu, since it has managed to increase the number of passengers almost yearly in ten years. (Finavia 2018c.) Figure 2 presents the change on passenger volumes at Rovaniemi Airport during the years 2007–2017. As it can be noticed, during 2007–2010 number of passengers was decreasing, yet from 2011 the number of passengers has started increasing again. Eventually change in ten years was +28,8% in total.

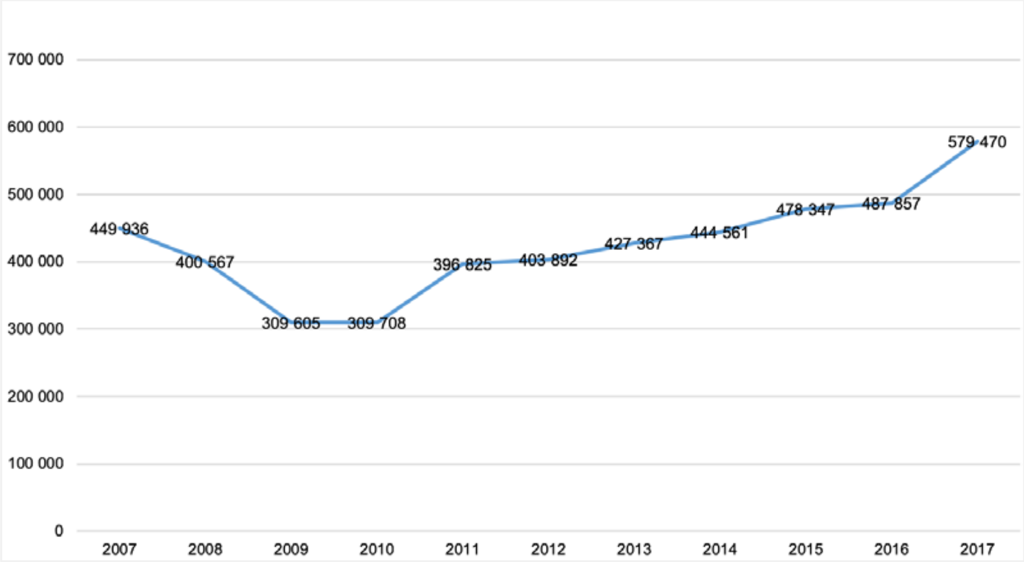

Figure 2. Number of Passengers During the Years 2007–2017 (Finavia 2018m, 82)

The airport manager of Rovaniemi Airport in 2018 is Johan Juujärvi. Ground handling services are taken care of by companies Airpro and RTG Ground Handling. F&B services are provided by Select Service Partners Finland Corporation. (Finavia 2018h.)

Rovaniemi may be far in the North, but it is easy to reach by air since the flight connections are good all year around. From Helsinki to Rovaniemi, the estimated flying time is 1–1,5 hours and the daily routes are operated by Finnair and Norwegian. Moreover, Rovaniemi Airport has international flight connections, for instance direct flights between London Gatwick and Rovaniemi as well as charter flights from several destinations during the winter season. These have been one of the main key drivers to increase and develop tourism of Rovaniemi (House of Lapland 2018; Visit Rovaniemi 2018.)

The terminal map of Rovaniemi Airport (Figure 3) presents the current situation on how the services and facilities are located in the terminal. The airport terminal has two floors in the departure hall. On the second floor operate Rovaniemi Café, conference services and small Santa Claus Post Office. The café serves all the airport customers such as employees and visitors at the airport which includes departing passengers, arriving passengers, meeters and greeters and anyone who visits the airport. On the first floor of the terminal is a waiting area for the passengers and basic airport operations such as info desk, check-in, security control as well as Gift Shop Rovaniemi, which sells souvenirs and accessories from Lapland. In the gate area of the terminal after security control, another Café Rovaniemi serves the customers. The café also has a small tax-free shop, which sells souvenirs and products such as spirits and sweets. Also, there is a small play area for children and everyone has accessibility to use wi-fi free of charge. (Finavia 2018i.)

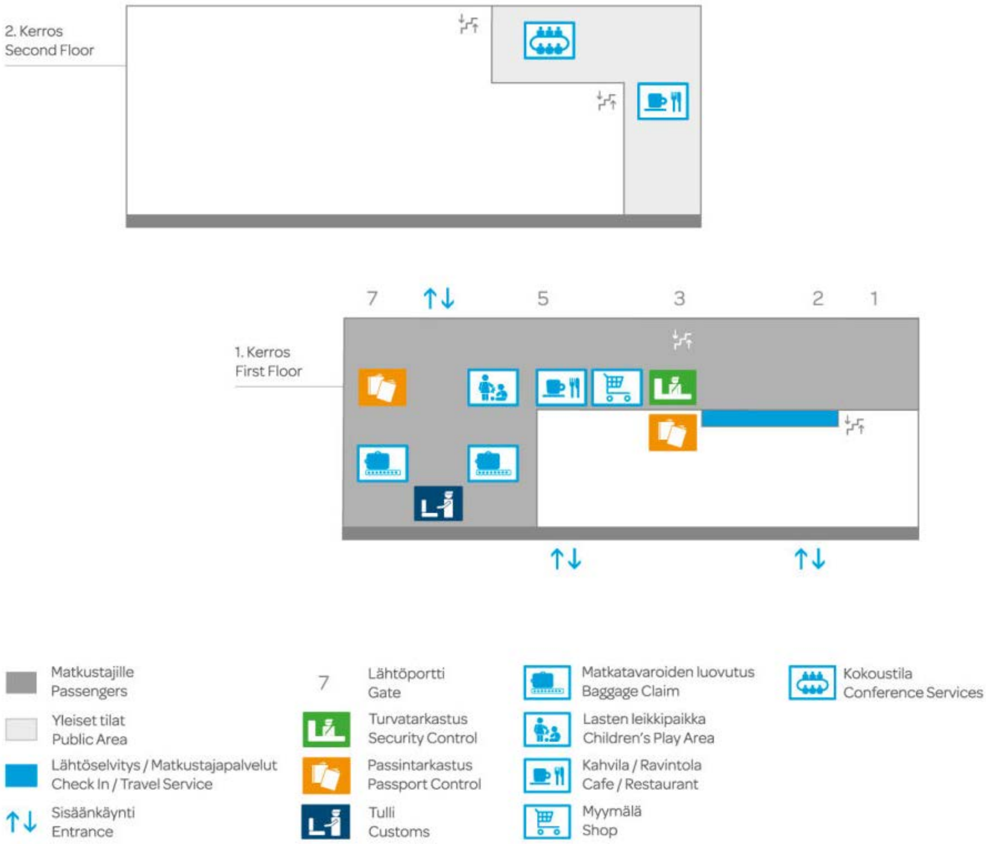

Figure 3. Rovaniemi Terminal Map 2018 (Finavia 2018j)

2.3.2 Future Plans

In the beginning of May 2018 Finavia started an investment programme of 55 million euros, which will also be a huge investment in Lapland's tourism industry and develops the accessibility of Finland. According to the Chief Executive Officer (CEO) of Finavia Kimmo Mäki, the investments will increase to nearly 100 million euros during the upcoming years. The investments are done to increase the capacity of the Lapland airports and to improve the service offering, which will allow two million passengers a year to be served better. Furthermore, the investments will improve the customer experience and service level at all Lapland airports. Rovaniemi Airport will expand by over 75%, which means from current 6000 square meters to 10500 square meters. In addition, passenger services and facilities will be improved as the café area will be bigger, there will be a new passenger boarding bridge, which will make the boarding faster and more passenger facilities are included. The expansion of the Rovaniemi Airport will be finished by the Christmas season of 2019. (Finavia 2018d.)

The expansion is answering to the high demand. According to Finavia (2018b, 4, 16), Rovaniemi Airport received 579 470 passengers in year 2017 which makes it another record-breaking year with +18,8% change. Besides, as noted in Chapter 2.2 one of Finavia's priorities as part of their strategy is route development of air traffic to Lapland and the long-term plan is to increase the flights outside the winter season. Therefore, it can be admitted Finavia is currently one of the top investors in Lapland's tourism industry (Finavia 2018m, 11.)

2.3.3 Passenger Satisfaction Survey in 2017

In 2017, Finavia completed a passenger satisfaction survey at 15 regional airports, one of those Rovaniemi Airport. The overall results were based on nine different areas: parking, functionality of the airport, check-in, fluency at the security control, service attitude at the security control, café/restaurant services, comfort, toilet facilities, toilets' cleanness and cleanness at the terminal. In addition, café and restaurant service attitude and the product offering was evaluated. Rovaniemi Airport reached total 4,21 in overall results (scale 1–5), which slightly increased compared to year 2016 (4,20). As for the café and restaurant services, the airport resulted 3,89 due to the respondents' wish to have more selection and variation in the café. Overall, the results showed respondents wish to have improvement concerning the comfort and functionality of the airport. (Finavia 2017a, 2–3, 11, 13–14, 21–22.)

Most of the respondents were from Finland covering 46% form the answers. Responses from specific nationalities stayed rather low and the biggest group was French with 8%. All and all, international responses gathered 54% in total. Majority of the respondents were female with 56% and 44% male. Age among the respondents distributed evenly for age groups 35–44 and 45–54 with 23% for both (46% in total). Most of the them travelled for leisure purposes (63%) and for the first time from Rovaniemi Airport (62%). (Finavia 2017a, 25–26.)

The respondents identified themselves mostly as Experience Seeker (38%) who enjoy the ambience of the airport, want to have new experiences and pamper a little themselves. The second biggest group was Fast and Efficient (28%), who usually is a business traveller, wants service to be efficient and appreciates comfort and buys only for need. The third group was Security Seeker (20%) who travel more likely with family, appreciate signs and helpful staff and are not active shoppers. Smallest group of the respondents identified themselves as Routine Traveller (14%) who spend less time at the airport, appreciates short and fast queues and is a spontaneous buyer. (Finavia 2017b.)

3 GROWTH OF TOURISM LINKED TO AIR TRAVEL

3.1 Key Facts

Transportation is an essential part of tourism and mobility, as it plays a major role in how a destination develops over time especially in how it enables international tourism flows. Aviation as a mode of transportation has had the most pressure when it comes to transport infrastructure and its related services. (OECD 2018, 79–80.) Usually, passengers perceive airports to be special environments where to use their dwell time with commercial activities to reduce boredom and anxiety (Li and Chen, 2013 cited by Fasone, Kofler and Scuderi 2016, 36). The reasons behind the rapid growth in recent decades are higher income and growth of the middle class in developing countries as well as improved aerospace technology, market liberalisation such as charter and low-cost carriers (LCCs) and add of new routes, which has increased competition in airline industry. (OECD 2018, 80.) As World Tourism Organization (UNWTO) (2018, 3) points out, over half of the travellers' trips were done by air with 57% and the reason behind it most notably was leisure and holiday travels with 55% (Figure 4).

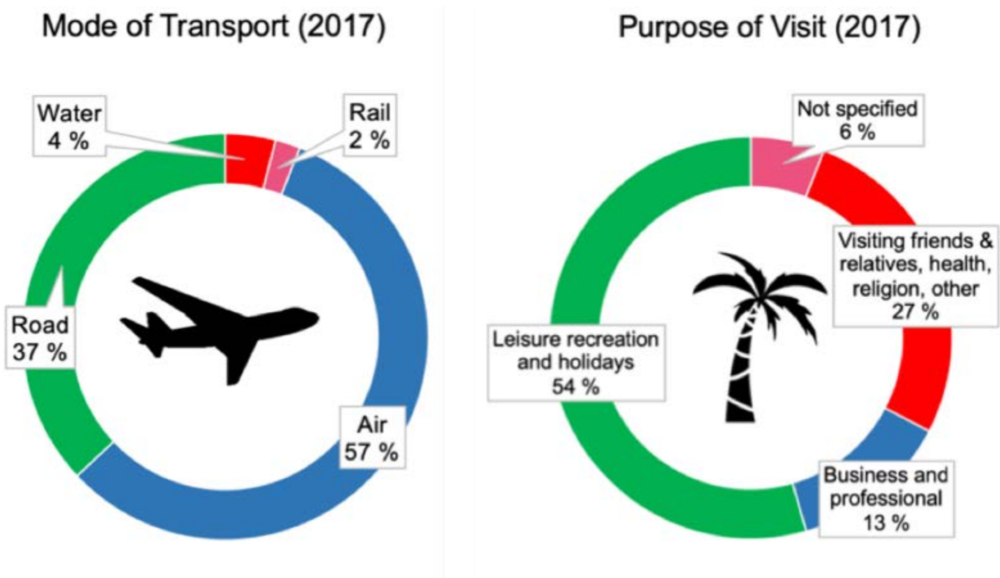

Figure 4. Mode and Purposes of Travel 2017 (UNWTO 2018, 3)

Thus, air passenger traffic is expected to double by 2035 as a result of large growth of the Asia-Pacific region. While tourism and air transportation continue the substantial growth, policymakers should implement strategic plans, policies and practises that enable sustainable tourism growth and maintain safety and security integrity. (OECD 2018, 81, 83.) Also, Finavia (2018e) noted the familiar factors which are behind the growth at Finnish airports. Firstly, Finnish global economic growth, which makes consumers more confident about their financial stability and as a sequence, affects air travel positively. Second aspect affecting is the growth of senior travellers due to modern medicine and wellbeing, which has made seniors and retired consumers more curious to explore the world. Thirdly, growing middle class especially in Asia-Pacific, enables them to travel more. Lastly, increased mobility of people, due to smoother and cheaper flights. These outlined factors are closely connected to the impacts and megatrends discussed in Chapter 3.2.

3.2 Megatrends

According to the OECD (2017, 3) tourism industry and related industries are sensitive to impacts by social, economic, political, environmental and technological drivers which cause challenges, threats and opportunities. Megatrends however, influence human activities and perceptions which have an important role in tourism development. Those usually develop slowly yet are large in scale and long-term in nature and eventually impacting globally. For the policymakers of a specific region, it is necessary to understand the megatrends and based on that, make long-term strategic-plans which address the possible challenges and opportunities which it may cause for the region's tourism. (OECD 2018, 63–64.)

Horwath HTL (2018, 2) has identified ten global megatrends which will have an impact on tourism development. Five of the trends have a major influence on demand in tourism, yet the remaining five are changing supply (Figure 5).

Demand	1. Silver hair tourists	2. Generation Y & Z	3. Growing middle class	4. Emerging destinations	5. Political issues and terrorism
Supply	6. Technological (r)evolution	7. Digital channels	8. Loyalty v.X.0.	9. Health & healthy lifestyle	10. Sustainability

Figure 5. Ten Global Megatrends (Horwath HTL 2018, 2)

Silver hair tourists describes the aging population which is an emerging tourist segment with specific needs and desires. Generation Y however describes Millennials and generation Z describes iGen generation, known for technology driven age groups with needs for communication, consumption and experience. As noted earlier, growing middle class shows up in megatrends as well which describes the important role in tourism sector. As proven, transportation allows new destinations emerging, yet political tension and terrorism are unpredictable threats of any tourism destination. Consequently, safety issues become more important to every tourism destination. (Horwath HTL 2018, 2–3.)

From the supply chain, technological revolution is already dominating the industry, especially SoMo (Social + Mobile). Being constantly online has become more important and Millennials and iGen are making sure the speed does not get any slower. Loyalty has changed into different form, as there are no longer sign-up forms to collect points and physical loyalty cards has changed forms in digital environment. Health and healthy lifestyle affect on tourists' decision making more than before because of lifestyles, better knowledge, trends and technological revolution. Sustainability and sustainable development have become relevant topic as emerging tourism has made several stakeholders more aware of long-term sustainable development by ensuring economic, social and environmental balance. (Horwath HTL 2018, 2–3.)

Without further note, these mentioned impacts and megatrends besides tourism, also has an effect on related industries such airlines and airports. As International Air Transport Association (IATA) notes (2016, 5) airline industry has gone through number of changes during the 30 years, such as increased market share of LCCs and different natural phenomenon. Yet, it is predicted the upcoming 30 years will be even more turbulent as a result of megatrends (OECD 2018, 64.)

3.3 Developing Tourism in Rovaniemi

Rovaniemi is the capital of Finnish Lapland, situated on the Arctic Circle and hometown of most famous Santa Claus (City of Rovaniemi 2018). Tourism has been part of Rovaniemi since 1920 and has grown significantly since then, even during the economic decline in Europe. The busiest season is still winter season from November to April when around 50–60% of the total visitors are travelling to Rovaniemi. Especially Santa Claus and Christmas bring many tourists to Rovaniemi during the Christmas season when majority of the tourists arrive via direct charter flights (Visit Finland 2018). Yet, one essential part of Lapland's Tourism Strategy is to make tourism all-year-round, since it has a positive effect on the region economically directly and indirectly by bringing new insights from new businesses, creating jobs, new services and allow better infrastructure and accessibility to Lapland. So far, demand keeps increasing and direct flight connections allow the increasing tourism as the tourism business is strongly invested in. (Visit Rovaniemi 2017a, 7; Regional Council of Lapland 2017, 6–10.)

Nowadays, Lapland is considered to be the top tourism destination in Finland since tourism has been growing rapidly and fastest compared to other parts of Finland. To make tourism all-year-round, it means more cooperation, funding, and especially development in three different areas: product development, marketing and air transportation. These actions can be done by extending the seasons by creating the image of an internationally attractive summer destination, efficient marketing for the right targets by utilizing right channels, investment in sustainable development and development of the air transportation by offering more routes and direct international flight connections in order to achieve the wanted goal. (Regional Council of Lapland 2017, 10.)

Tourism in Rovaniemi is a remarkable income as during the year 2017, in whole Finland it was registered 214 00000 overnight stays (+5,3%) Rovaniemi to be number two among Finnish tourism areas with the 631 000 overnight stays (+13,9%) after Helsinki. (Visit Rovaniemi 2017, 4.) According to Visit Rovaniemi statistics (2017b, 1–2) from 631 000 registered overnight stays, 216 000 of them were done by domestic visitors and 415 000 by international visitors (Figure 6). The highest number of the international visitors was Chinese with 42 000 overnight stays (+60,2%) between January and December making it one of the fastest growing market. However, when taking a closer look of the statistics, there is a lot of potential in various other nationalities which are rising stars in Rovaniemi tourism markets. For instance, another fastest growing markets were Singapore (+32,9%), India (+71,5%) and Taiwan (+34,9%), even though the number of the overnight stays from these nationalities stayed still rather low. After

Chinese, most of the international visitors came from European countries such as Britain, France, Spain, Germany as well as from Israel. All the market segments were growing between 2,2%–67,1%. Only Finnish and Norwegian overnight stays decreased a few percentages during the whole year.

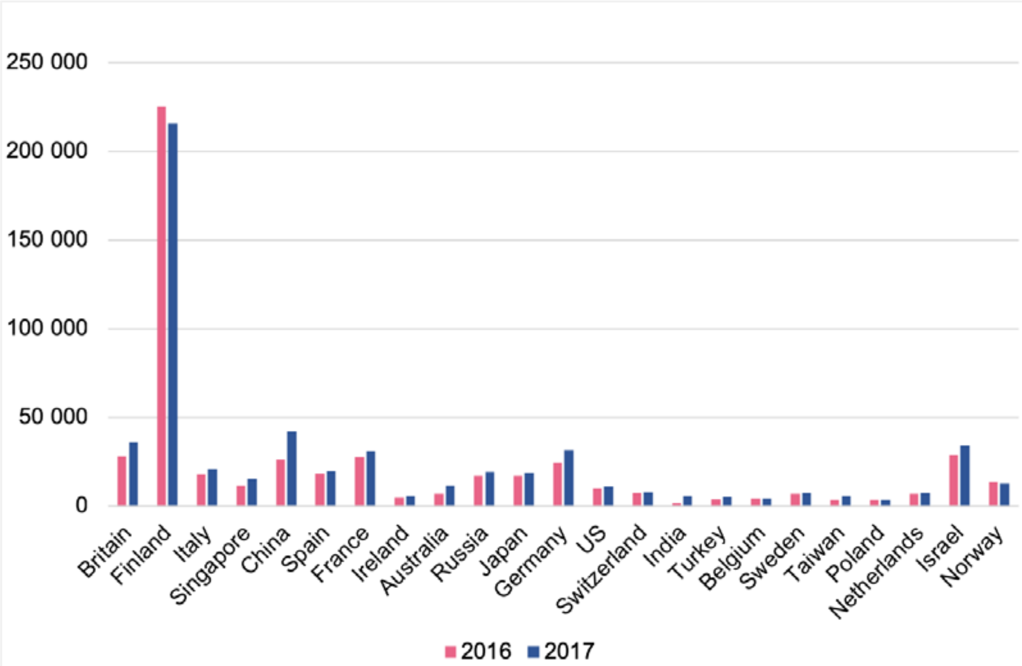

Figure 6. Change in Overnight Stays During 2016–2017 by Nationality (Visit Rovaniemi 2016; 2017b)

In general, Rovaniemi has successfully managed to develop the image of Rovaniemi especially in the eyes of international tourists as a town in the heart of wilderness. Yet, even though major development has not happened in the eyes of domestic tourism. Still, it is expected the growth to keep continuing as a leading tourism town in Finland (City of Rovaniemi, 4).

4 MODERN AIRPORT

4.1 Basic Structure

During airline regulation, air travel used to be expensive and it was considered to be luxury for special needs only and most consumers were unable to afford it. After 1978, airline deregulation allowed free entry to the airports which resulted in growth in air service and price competition between carriers. This affected the airports so that they had to answer to the new increased demand by expanding terminals, parking facilities, airfields, roadways and adding concourses. In addition, in the early 1990's another major step in the history of aviation happened, when growth of the Low-cost carriers changed the market. This change increased the number of passengers substantially and included the secondary airports into the business which increased the competition. (Boudreau et al. 2016, 8, 10.)

Today, airports have become more complex facilities, which are usually the first impression of a traveller to experience (Roesler 2015, 1–2). Even the smallest airports need several operations in order to work efficiently. The basic airport structure consists of runways, apron space, gates, terminals, taxiways, ground transport interchanges and services such as security control, air traffic control, passenger services like ground handling, fire and rescue as well as shops and restaurants. Nowadays airports have designed their services and facilities for varying needs. Yet, some remain the same due to legal and regulatory demands. Even the basic structure of the airports may be the same, they all have their identity based on the location. For example, in extreme nature conditions different aspects need to be taken in to account. (Graham 2014, 1, 137.)

4.2 Technological Innovations

Technological innovations, automation and different airport and airline apps have allowed passengers to have an impact on their own process and those have changed the way of terminal design. Especially at the larger airports, commonly used automatic functions are Common-use self-service kiosks (CUSS) with boarding pass printing possibilities, self-service bag drops and self-boarding with e-gates. (Boudreau et al. 2016, 151.) The first CUSS kiosks appeared at the airports in early 2000’s and then it was considered to be a revolution for passenger experience. Since then, these mentioned different automatic solutions have been implemented to fasten the passenger process and reduce costs which allows more time for the passengers to explore the airport and use its services and facilities. Nowadays, online and mobile check-in has passed over CUSS kiosk solutions, like other use of technology and automation is shifting over human-based customer service. (Nau and Benoit 2017, 35–36.) Also, Graham (2014, 310) highlights the advantages of technological developments, which make the passenger process easier and faster, including check-in, security and border control as it allows the airports to use the terminal space more effectively and to provide better-quality product for passengers.

However, some of the airports like major hub and award-winning Singapore Changi Airport are going back to human based services, since it is seen as added value by passengers of all type and make them to stand out in the competition with human-based customer service. Although, technological innovations are essential for the airport operations and most likely it will be a mix of self-service equipment for basic operations and human presence. (Nau and Benoit 2017, 36.)

Currently, Rovaniemi Airport has a few check-in kiosks but no other automatic functions. Yet, Helsinki airport has invested in different automatic solutions by adding self-service points such as CUSS kiosks, self- back drops, self-border control and e-gates before entering the security control and when boarding to the aircraft. These automatic functions are appreciated especially among the frequent travellers. Finavia 2016). What comes to the mobile applications, Finavia has its own Helsinki Airport application, which allows to add own flights, check the waiting time at the security controls, look for services and facilities, to reserve a parking lot and get access to lounge straight from the app. (Finavia 2018k.)

4.3 Services and Facilities at Airports

As noted in Chapter 4.1, besides the basic airport operations, nowadays airports include different and innovative services and facilities for varying needs. Far have the airports come from the days of providing generic shops and F&B services to nowadays selection of special retail shops, brands and variety of F&B providers at the airports. Most of the airports are blending famous brands and localness, which can give an identity for the airport and make it differ from others. For example, Belgium airport specialises in local gourmet products such as chocolate or beer. On another note, airports need to find consistent balance between brands and localness, according to passengers spending capabilities. (Graham 2014, 196–197.)

Mostly these concern passengers who buy goods and services, but also it affects to other customer segments of the airport such as employees and airlines. This is mainly because of the airport's dependence on non-aeronautical revenue after privatisation of the airports. Due to the fact airports differ from passengers' neighbourhood shops, it causes anxiety of missing the flight and stress with basic processes such check-in, immigrations and security. Therefore, it is crucial to provide selection of services and facilities which answer to passengers' preferences as passengers have become more aware and demanding. This is further discussed in Chapter 6.2. Typically, leisure and charter flight passengers tend by more impulsively and use F&B services, as they check-in and arrive at the airport early. Therefore, they have more dwell time at the airport compared to regular business passenger. Shopping, however, differs from typical shopping since the main reason to arrive the airport is transportation and shopping is mainly done for entertainment, last-minute shopping or essential shopping, which include books, toiletries, tax-free goods, souvenirs, high-quality brands, travel necessities and use of restaurant and café services. Therefore, it is evident for airport operators to cooperate with the retail and F&B partners at the airport to gain the maximum benefit. (Graham 2014, 188–191.)

In addition, especially major airports provide some additional services and facilities such as lounge services for passengers. Those can be either for airline alliance members, credit card club programs exclusively or pay lounges. (Boudreau et al. 2016, 120.) Lounges are usually considered to be more comfortable than the airport terminal itself and those provide complimentary food and drink, magazines and relaxation. Some of them are considered as a luxury as they might provide more than just basic elements, such as spa treatments, shower or even a full bar. (Rosenbloom 2017.) Another trend is to offer facilities for expecting mothers and families travelling with children by nursing rooms, which can make travelling less stressful since travelling with children can be a challenge. Other children facilities can be included as well, for example by adding playing areas. Some of the even more innovative ideas as additional services and facilities are yoga rooms, hydration stations, pet relief areas and quiet zones and workstations, which concentrate on unique passenger needs. Singapore Changi Airport is a good example on being an innovative airport, as they provide amenities such as video game gallery, butterfly pavilion and swimming pools. (Boudreau et al. 2016, 39, 95, 98, 122, 128.)

However, airports go through different evolutionary changes depending on their size. Small airports are at different level, as they do not have that many passengers to support specialist retail, high luxury and F&B as the bigger airports. Basically, small airports are able to provide only basic services and facilities including duty-free shops and cafés. Yet, as the airport grows, and flights are not unevenly spread, it is possible to provide more selection of services and facilities according to passenger flows. (Graham 2014, 202–204.)

5 NATURE OF SERVICES AND SERVICE DESIGN

5.1 Definition of Services

Without customers there are no services, since in order to provide services, they need someone to actually to consume it. Along with the customers, services include employees who together with the customers are providing service experiences. Therefore, it is necessary to address the needs, wants and expectations of the customers as well as their motivations, since when the service provider knows its targets, it is easier to develop and improve the services offered accordingly and to provide valuable customer experiences. (Tuulaniemi 2011, 71–72.)

Even though, services often consist of tangible, physical products or goods, those are not things but a process of activities or interaction, which are more or less intangible. During the service process customer is present in the moment where the service is being provided, also if the customer uses the service on their own for example in internet paying invoices or buying a holiday from a tourism company's webpage. Therefore, customer is interacting with systems and infrastructures in the service process which counts several touchpoints provided by an organization or a company. (Grönroos 2007, 51–52.) According to Kandampully (2002, 11–12) services can be provided individually or as a combination, especially in the field of tourism services are more often offered in a network as a range of independent services. For example, if a passenger loses a luggage, most likely it has an effect to the next action in the service process of another supplier.

To achieve the desired outcome, which can be outlined as good customer experience and business benefit, service provider needs to have a clear understanding of three aspects: service concept, service strategy and service process. Service concept describes the vision of the company, what the company stands for and what it aims to offer for its customers. Service strategy on the other hand is the formula of delivering the vision of the company, called as "plan of action." Service process however, is the moment of truth when the customer perceives the service offered. (Kandampully, 132.) Since nowadays 70% of the economy is in the service sector, service providers need careful researching, innovation and development in a form of service design, further discussed in Chapter 5.2. (Moritz 2009, 29, 31.)

5.2 Definition Service Design

As Moritz defines (2009, 6) “Service Design helps to innovate (create new) or improve (existing) services to make them more useful, usable, desirable for clients and efficient as well as effective for organizations. It is a new holistic, multi-disciplinary, integrative field.”

Simply, for service providers service design offers a new perspective, method and tools, which able a chance to obtain and outline the ambitions of the business as well as deal with internal and external changes and operational challenges. The main objective of service design is to resolve problems and make them more in balance with the service provider’s capabilities and meet the customers’ needs, wants and expectations. Whereupon, service design always begins from taking the customer perspective, called user-centred approach with business objectives and capabilities in mind. This finally provides a good understanding of the customers eventually driving towards greater customer satisfaction and business results. (Reason, Løvlie and Flu 2016, 12–13.) However, as noted already, all service design can be described as the relationship between the service provider and the customer, which usually involves several other networks of stakeholders (Miettinen 2012, 9).

Service design can bring out many issues as well as many beneficial aspects which profit both the customer and the service provider. More often, the service provider wants to increase the success of the business by higher profits and a stronger brand, which will benefit the customer as they want to have the maximum value from a service or a product-service combination. (Moritz 2009, 56–57.)

5.2.1 Service Design Principles

Service Design has five main principles which outline the way of thinking when designing services, the research and activities. These five main principles are called: user-centred, co-creative, sequencing, evidencing and holistic. (Schleibs 2016.)

User-centred approach is based upon the customer perspective on how the service is experienced. This demands real understanding of the customer, the feels, expectations and understanding from the perceived service also by utilizing statistics and empirical analyses of their needs. Moreover, it is necessary to understand the culture, habits, social context and motivations, whereupon the research often concentrates on ethnographic methods by stepping in customer's shoes in order to understand their service experience individually. The results often end up in customer segmentation based on similarities within their customer journey instead of demographic criteria. (McCabe 2013, 336.)

Co-creative approach includes all the several stakeholders who are most importantly involved in providing the service during the customer journey. This includes everyone in the service ecosystem, later discussed in Chapter 6.1. It consists of human and non-human interfaces who are considered as employees, managers but also for example website of the service provider. This improves co-creative development ideas as well as prototyping and testing the new or already existing service concept. In addition, it improves interaction between all the stakeholders as well as creates value and satisfaction between customer and business. (McCabe 2013, 336.)

Sequencing is the service experience process which includes single touchpoints and interactions. It contains three step transition: pre-service period, the actual service period and post-service period. These three steps should keep the customer's sense of expectation and interest in high level during each interrelated touchpoint and to keep rhythm as pleasant as possible. This includes careful implementation of front stage and back stage processes, in order to achieve excellent customer experience. (Stickdorn 2011, 40–41.)

Evidencing is customer's perception of the service they have received. This approach can be utilized effectively by adding tangible component into intangible experience, which can increase customer loyalty. Yet, it has to be implemented in good manner and accordingly to the service's inherent story and touchpoint sequence, since not always adding tangible components are desirable. For instance, a good example of making backstage process more visible for customers can be a folded toilet paper in a hotel which gives an evidence for the customer of housekeeping representative. (Stickdorn 2011, 42–43.)

Holistic as a service design principle takes every aspect into account in the physical environment where the service is delivered, using physical artefacts and in some cases in physical outcome. Customers use all their senses when they perceive the service. However, it is almost impossible to address all the aspects of a service since it is impacted by various actions. Yet, it should be seen in a wider context with a focus on environment where the service takes place. Because of the awareness of what the customer might experience during the service, the focus should be on alternative customer journeys and touchpoints which have to be taken into account from different perspectives in order to create excellent customer experience. Thus, it is essential to understand the moods and feelings of all the involved actors through the service journey. (Stickdorn 2011, 44–45.)

5.2.2 Service Design Process

Design thinking process is essential part of service design, ideation and development. It is part of solution-based approach which defines the customers' real needs as a set of creative strategies in human-centric ways. (Interaction Design Foundation 2018a.) The inherent intention of a service is to meet the needs of the customers' and it should be the centre of the design process. This requires a genuine understanding of customers beyond mere quantitative statistics and empirical analyses of their needs and a true understanding of their habits, culture, social context and motivation. (McCabe 2013, 336.)

The Design Council has developed a Double Diamond model as an approach to address the points of the design process. It is divided into four phases: discover, define, develop and deliver as the Figure 7 illustrates. (Design Council 2018a, 6). The model is used for design tools to pass through all the phases in order to discover ideas and creative processes. Therefore, the ideas are developed, tested and reinvented multiple times. In addition, the weak ideas can be addressed during the phases. (The Design Council 2018b).

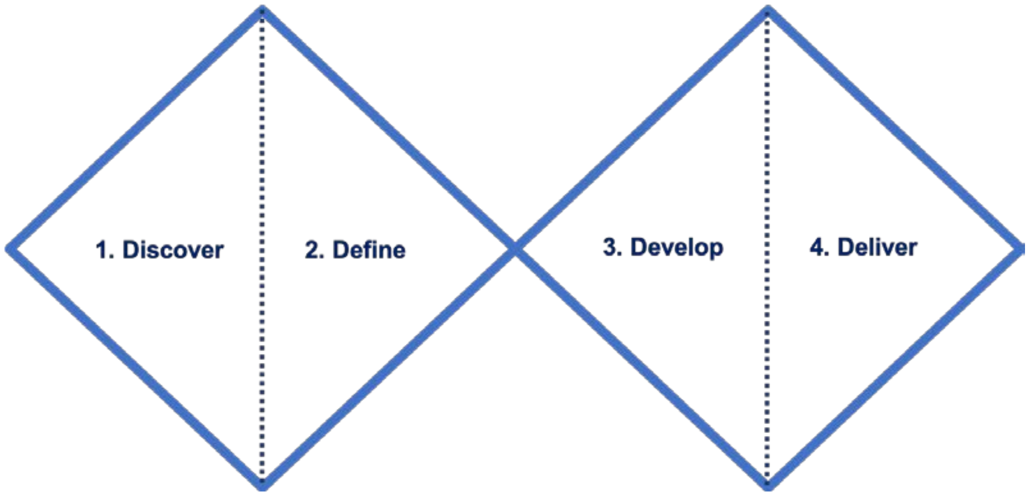

Figure 7. Double Diamond Model (Design Council 2018a)

First phase is the discover, which is the phase of gathering information, inspiration and identifying the needs of the customers and developing ideas. It includes research methods, which can be both qualitative and quantitative. Second phase is the define phase, where it is opened up the possibilities and problems during the first phase. These needs have to be aligned with the business needs and objectives. The third phase is the develop, which helps to improve and refine the ideas as the solutions which were defined are being prototyped, tested and iterated before the actual implementation. The last phase is the deliver, where the service or a product is ready to be finalised and launched, which includes final testing, approving, evaluation and feedback. (Design Council 2018a, 7–9.)

As mentioned, according to Van Dijk, Raijmakers and Kelly (2011, 148) part of service design are various tools and methods with different approaches. Therefore, every service provider should be able to find suitable tool or a combination for them to use. For example: customer journey, service blueprint and business model canvas.

Customer journey, as the name says is the journey the customers takes in the company. Journey is being looked from the point of view of the customer, which provides framework on how the company support the customer along the journey by controlling touchpoints. Touchpoints are critical moments along the customer journey, which support the journey itself. These moments are identified after the customer journey is mapped. Those can be counted as products, interactions, messages and settings. The goal is to modify the touchpoints to be smooth and good experiences for the customers, which engage them with the company. (Richardson 2010a; 2010b)

According to Design Council (2018a, 19) a service blueprint describes the customer's journey visually through different touchpoints and channels in the front stage as well as during the backstage processes, which make the service work in the front stage. As a tool, it provides a holistic view of all the links involved in providing the service. The difference compared to customer journey map is that instead of mapping the existing service, blueprint concentrates on mapping the future service.

Business model canvas is a visual representation which describes and develops business models. The purpose is to find out if whether customer's needs are fulfilled through the service provided and if there is a room for improvement. It includes identifying internal operational and financial elements as well as all the stakeholders who are part in the service process. Basically, it is about connecting building blocks. (Design Council 2018a, 21.)

6 CUSTOMER EXPERIENCE

6.1 Definition of Customer Experience

Customer experience can be defined as how the customers engage with the company and a brand. It is a total sum of actions such as digital experiences and interactions via website or a phone call to human-to-human interaction like customer service and retail. Anyhow, every company who is interacting with customers and provide them products or services, is also providing a customer experience. (Richardson 2010b.) As noted previously, customer experience is an important factor of a business, since customer who is not satisfied with the perceived experience, changes to another provider of the business. (Reason, Løvlie and Flu 2015, 49.) However, companies are not able to fully control the experiences since customers are impacted by several actions, unpredicted changes, behaviours and emotions. Yet, company can create a customer experience through controllable elements such as touchpoints and careful service design as it was previously noted. (Richardson 2010b.) Those companies which are able to manage successfully the customer experience, have better possibilities for higher customer satisfaction, increased revenue and employee satisfaction (Rawson, Duncan and Jones 2013).

Essential part of customer experience is fulfilling the needs, wants and expectations of the satisfied customers, especially if the business desires to remain successful in the market where operating. It requires constant research, information and analysis on the customers who use the products and services which the company provides. Need is a feeling of a person which customer requires in order to experience the satisfaction. Wants are similar with needs, except those are influenced by many aspects such as culture, society and individual's personality. (Camilleri 2018, 29–31.) Customer expectations on the other hand by definition are individuals' set of behaviours or actions when interacting with the company (Salesforce 2018).

Part of customer experience is customer experience ecosystem, which includes people, who are somehow involved in the company such as customers, employees, partners as well as operating environment and various touchpoints and applications. Customers are the highest priority in the ecosystem and the main goal of the company and the reason why they operate. Employees however, are in responsible of delivering the right experience and fulfilling the demands. Partners on the other hand are involved in the ecosystem with the company cooperation and share of the same goal. Lastly, part of the ecosystem is operating environment, which is the physical environment, software environment or a technology where the people who are belonging to the ecosystem are interacting with each other. (Draper 2018.)

6.2 Passengers as Customers at Airports

Creating an excellent customer experience at the airport is challenging as there are many parties involved in the ecosystem of the process and customers are usually not aware or do not care who is responsible of each link. Therefore, customer experience management should be applied with strategies and actions by service design to influence the customer experience since when the process is successful, it increases non-aeronautical revenues. Hence, regardless of airport's size or location, improving customer satisfaction has become the main goal of the airports since a positive experience affects also the entire community which includes the airport itself, passengers, locals and the airline industry. Yet, in order to understand the key drivers to customer satisfaction, also known as customer priorities, airports need to know what customers typically need, want and expect from airport experience, along with the safe and secure. (Boudreau et al. 2016, 20–21, 31.)

Air travelling can be stressful and take a lot of time, especially concerning departing passengers. These passengers may spend several hours at the airport terminal before their scheduled departure and even more depending on many factors such as delays and cancellations of the flights. For that reason, many passengers want to spend their dwell time by exploring shopping possibilities and enjoy the services preferably close to their departing gate, by making sure they will not miss their flight. (Boudreau et al. 2016, 15.) Anyhow, according to Roesler (2015, 2) passengers tend to experience the airport differently depending on which segment they belong to. Consequently, it is important to find consistent balance since regardless of the segment, passengers go through the same process. Yet, new services and facilities are designed for passengers, which will answer to their different demands. Therefore, it is highly important to address these different passenger types in order to recognize and fulfil those expectations. Airport passengers can be categorized in six different categories (Table 1). (Boudreau et al. 2016, 57–64.)

Table 1. Passenger Types (Boudreau et al. 2016, 57–64)

Domestic passengers	**International passengers**	**Non-passengers**	**Families**	**Seniors**	**Passengers with special needs**
• Business passengers • Leisure passengers	• Departing • Arriving • Connecting	• Meeters and greeters • Well-wishers • Employees • Visitors	• With or without children	• Elderly • Retired	• High- status individuals • Passengers in the needs of guiding • Passengers with disabilities (medical or emotional)

According to Gheorghe, Sebea and Stoenescu (2016, 91), along with the chancing concept of airport business and airlines, passengers have changed as well. The modern passenger starts the travel experience right from the very moment with high expectations when leaving from home. Especially they are aware of the quality of service as the technology has evolved. Also, they are better informed than before, which make them much more aware of the prices and service quality. Passengers also expect the same standard of service, no matter what price has been paid for the ticket. Safety however, is an issue which is considered to be non-negotiable. Nowadays, the modern passengers also expects technological solutions to speed up their passenger processes with self-service possibilities and they want to be constantly connected with their mobile phones, tablets and laptops. (Kamarudin 2015, 14–15.)

6.3 Passengers’ Demands

According to Boudreau et al. (2016, 96), besides the basics of the airport, passengers want elements such local culture to be shown at the terminal, streamlining passenger processing and they want to be able to control their own process by personalizing the journey, they want comfortable walking distances and expect cleanliness, good way finding with signs and more choices and options with F&B and retail. Along with these, passengers think airports as destinations with multiple facilities, which may include nursing and family rooms, free Wi-Fi and workstations with plugs and sockets. Besides these elements in the terminals, customers want good connections between the terminals at the larger airports, good connections between the airport and the city, as well as true hospitality – to be treated individually. Therefore, airports tend to be retail service concepts inside the airports.

In 1943 Abraham Maslow introduced a theory of five-level hierarchy of human needs. Since then, it has been applied in several areas to understand the human motivation and personal development. Alcivar (2018) has applied the theory to airports and passenger experience (Figure 8).

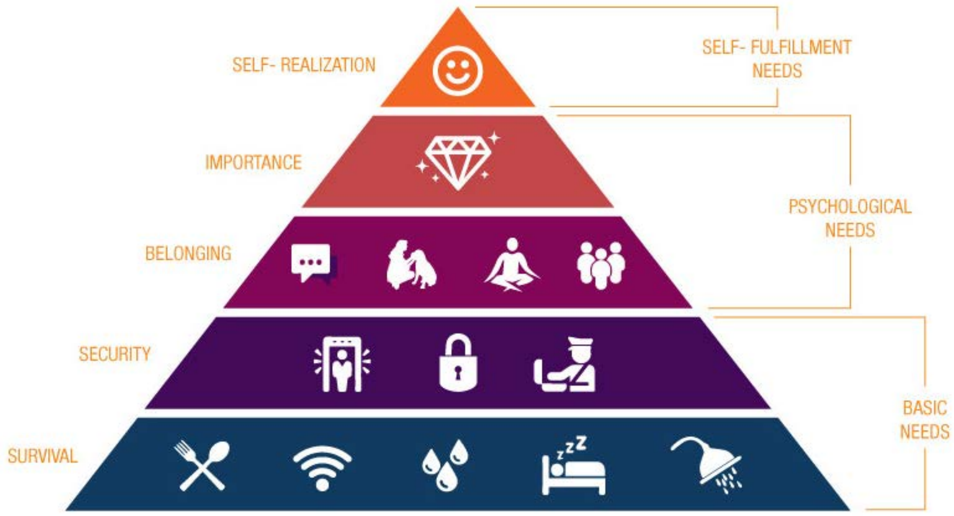

Figure 8. Maslow’s Hierarchy of Needs Applied to Passengers at Airports (Alcivar 2018)

In order to move up in the hierarchy, the basic needs have to be fulfilled. These are the needs described on the bottom: food, drink, sanitation, rest and wi-fi. As stated earlier, wi-fi and being constantly connected is one of the main characteristics of the modern passenger. Therefore, water refilling stations, nutritious food available to everyone, places to rest and available wi-fi at the airport are considered to be the psychological needs. Security on the second level, is considered to be the structure and functions of the airport. The third level is the sense of place and belonging, which has been described in airport environment as places and occasions where people can relate to each other for example lounges, waiting areas, relaxation areas, working stations and social media and interaction with the airport staff. Importance plays the role of the fourth level as passengers with different status want personalization such as upgraded amenities or private check-in lines or small amount of personalized attention from the airport staff – for example, in case of families travelling with small children. On the top of the pyramid is self-actualization, which can be adapted to airports as a reason why people travel: for personal growth and achievement. It is about memorable experience in passenger's journey as the airports nowadays are much more than transition points. Self-actualization is the happiness and unique touch that the airport can supply and something passenger remembers the airport from. (Alcivar 2018.)

Yet, Graham (2014, 174) points out that even the airport operator would have a limited control over some of the aspects such as availability of the staff or a connecting transportation between the airport and the city, yet are important for passengers, will eventually drive towards greater passenger satisfaction if it is something what the passengers' demand. However, it is almost impossible to address and implement all the wants and needs of the passengers at once, since each passenger have different expectations towards the services and facilities. (Kamarudin 2015, 7.) Especially issue which causes challenges for the airports is addressing the needs and wants from many different cultures, as the service quality can vary between the nationalities. For this cause, it is important to identify the key drivers, which lead to passenger satisfaction. (Pantouvakis and Renzi, 2016 as cited Gheorghe, Sebea and Stoenescu 2016, 92.)

Finavia (2018f) aims at excellent customer experience by four steps: smoothly running process, high quality and up to date services, comfortable and functional terminals and friendly customer service. The customer promise is well maintained customer service and strong brand which makes Finavia airports to stand out in the competition between the airports and destinations.

7 METHODOLOGY

7.1 Qualitative Research Method

The nature of qualitative research is exploratory research as it collects non-numerical data with intent of understanding social life of specific target population or places, by providing descriptive data and insights into the problem and its connections by investigating on individuals' in-depth opinions, insights, reactions, beliefs and behaviours by collecting data from a small sample size of research respondents often with unstructured of semi-structured techniques. It helps to develop hypotheses or ideas in order to discover trends, thoughts and opinions of the respondents while quantitative research uses numerical data collected from a large sample size of respondents with a goal of determining casual and correlative relationships between variables focusing on phenomena and trends. Another major difference between qualitative and quantitative research is the timing, as usually qualitative research is completed in short time compared to quantitative research due to the small-scale investigation. (Crossman 2018; DeFranzo 2011; Camilleri 2018, 35, 39.)

Qualitative research can be conducted in many ways such as surveys, focus groups, in-depth interviews, respondent observation, ethnography and ethnology, to mention a few. Surveys can be done as open-end questions for example "When were you born?" but also in quantitative manner for respondents to provide answers to a subjective question such as "On a scale of 1 to 5 how much do you like this product?" Even though the nature of qualitative research is different compared to quantitative research, the results of the survey can be analysed statistically. (Walle 2015, 15–17.) As Dias de Figueiredo argues (2010) completing a survey with qualitative methods can provide richer results compared to quantitative methods in terms of social and human sciences, since variety of variables affect in customers' opinions.

7.2 Airport Survey Design

According to Boudreau et al. (2016, 32), commonly used ways to gather data airports use to study out the needs, wants and expectations of their customers are surveys, focus groups, social media, comment cards, website-based feedback, emails, airport call centres and airport employees who are interacting with the customers daily. The feedback received from the customers is often combined with other researches which can be related to industry trends and other industry surveys. This provides a good overview of the airport's current situation and what it might be in the future.

Since airport's customers can be counted to be passengers, different stakeholder and airlines, planning a right survey method for specific purposes is crucial considering the right target group. Most common type of surveys tend to be passenger surveys, since mostly those focus on passenger characteristics, demands and desires on new services and facilities as well as passenger satisfaction towards the airport. Planning a survey requires careful implementation since passenger characteristics vary by time of a day and time of a week, or even the location at airport where the survey is conducted which affects to the reliability of the results. (Biggs et al. 2009, 1, 3–5, 10.) In addition, Graham (2014, 169, 190) highlights the importance of knowing the customers, who are the ones shopping at the airport and what they buy and who are the ones who are not interested in spending money at the airport, what is the reason behind it or is there other services they may want to use. The survey findings of the passenger profiles can be utilized in research on relationship with attitudes and experiences of the passengers.

Because airports tend to deal with seasonality and peak travel times daily and weekly, completing a passenger survey once a year is not enough when planning airport services and facilities since it only provides an overview of passenger characteristics. Hence, if the plans are made concerning the high season, then also the passenger survey should be conducted at that time. Typically, at most of the airports early mornings and late afternoons are the busiest time of the day for origin-destination passengers, as the midday flights for connecting passengers. Local residents tend to fly with the morning flights while visitors during the afternoon flights. Business travellers are flying during weekdays and passengers for personal reason during weekends. Therefore, it would be important to cover all the hours of the day since it provides more information about the passenger using the airport during those hours. (Biggs et al. 2009, 17–18.) In addition, it is more likely to get responses from a departing passenger rather than tired arriving passenger who is anxious to continue the way to the final destination (Graham 2014, 169).

Finavia (2018b) highlights that they are using these aforementioned methods: surveys, customer feedback, social media and listening their customers which include passengers, carriers and airport employees in order to make the improvements with matters such as safety, ethical and eco-friendliness ahead. Finavia has also started using Roidu tablet surveys in Helsinki and Oulu airports, which are placed to be in connection with different airport functions. This helps Finavia's Customer Experience Team to note the feedback quickly from specific area, which allows them to collect new ideas and concepts from the airport customers and to react quickly to the problem occurred. (Roidu 2018.)

7.3 Implementing and Conducting the Questionnaire

For the research, author chose survey research to collect the data as it provides individual perceptions, understanding and intentions of human behaviour from specific audience by collecting questionnaires for example to determine opinions or attitudes of a customers. Questionnaires can be collected in relatively short period of time and those provide a wide range of data, providing a hypothesis. From different type of questionnaires, personally distributed questionnaire was chosen, since those are done in specific place by individual at that moment and usually give higher response rate. (Mayo 2014, 105, 171–172.)

The questionnaire was implemented by utilizing previous customer satisfaction survey from Finavia for parts such as characteristics and defining passenger types in order to note similarities and differences when collecting the information about the passengers. Other questions were based on the theoretical framework of the thesis (Appendix 10.)

Questionnaire can include both closed-ended and open-ended questions, which provide a better reflection of the thoughts by giving a chance for the respondents to use their own words. Closed-ended questions have to be chosen from a list of most common choices of answers. (Pew Research Center 2016.) The author's questionnaire form included mostly closed-ended questions with a few open-ended questions. Author wanted to provide a freedom for the respondents to answer the question using their own words. Yet, it was necessary to lead the respondents to a certain direction with closed-ended questions in terms of time-limit and the length of the questionnaire.

According to Halttunen (2017, 41) as referred to Graham and Halpern (2013) the best way to execute an airport customer survey is to reach the respondents at the gate area with printed questionnaires. Therefore, author visited Rovaniemi Airport during Monday 27th, Tuesday 28th and Friday 31st of August 2018 in mid-day between 12–15 pm. Despite the fact of seasonality and peak travel times, the questionnaire had to be conducted before the high season. Due to suggestion of the airport manager, time of the afternoon flights was chosen for conducting the questionnaire since at that time, flights had more international passengers due to their connecting flights in Helsinki. Collecting the responses was done at the gate area after the security control and at the departure hall's café for departing passengers. The goal was the get answers from wide range of different nationalities including Finnish people. The questionnaire was conducted only in English as handout survey which included 21 questions in total. Most of them were multiple choice questions where respondents were able to choose from a range of possible answers, since those are designed to reflect different shades of opinions on products or services (Camilleri 2018, 37). After the first day, some changes had to be done in forming of the questions as it was noticed that many respondents left some question without an answer, later discussed in Chapter 8.1.

Respondents were chosen randomly. They were approached by asking if they were willing to take part to a questionnaire concerning the future services and facilities of Rovaniemi Airport and they had a right to decline it. Also concerning the ethicality, the questionnaire was done fully anonymously and no names or personal information concerning political or regional views were asked from the respondents. If they were willing to take part, they were divided the questionnaire paper and a pen. During the days, only a few declined to take part to the questionnaire due to the timing or their want to concentrate on working instead. Meanwhile, the respondents took their time with filling the questionnaire, author was searching for new respondents. Overall 65 responses were got during the three days and it took approximately six hours in total. After the responses were collected, author transferred the answers manually to Google Forms, which analyses the results automatically.

8 SURVEY RESULTS

8.1 Characteristics

The first part of the results presents the characteristics of the respondents, since it is essential part of the service design process to understand and know the customers. As it was noted earlier, when the company wants to provide excellent customer experience by fulfilling the customers' needs wants and expectations, it demands constant research and analysis of the customers who are using the services the company provides, especially in terms of airport service design when there is several customer segments and passenger types.

Most of the respondents were female with 53,8% and 46,2% of them were male. Figure 9 on the other hand shows how age distributed amongst the respondents as a result of most of biggest age group to be under 25 years old (27,7%) and the smallest age group of 65 years old or over (1,5%). However, most of the respondents still placed between age groups of 35 to 54 years old, like in customer satisfaction survey conducted by Finavia.

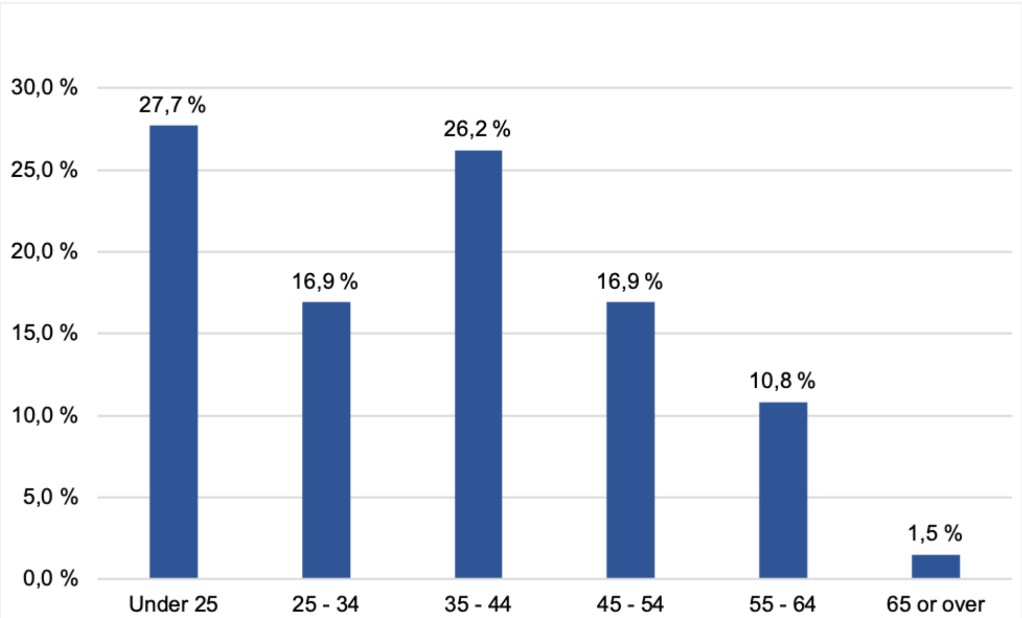

Figure 9. Age Distribution (N= 65)

Author wanted to investigate whether occupation and income has an impact on passengers' spending habits and use of services at the airport. The results amongst the respondents distributed as following: employed (46,2%), do not want to answer (21,5%), students (18,5%) and entrepreneur (6,2%). Rest of the respondents (7,6%) divided to be a combination of student and part-time worker, housewife and unemployed. However, high number of respondents who did not want to answer to the question is easy to explain. During the first day of conducting the questionnaire, the question was open-ended question as "What is your profession?" Yet, due to high number of empty answers, it was changed into a form of "What is your occupation?" and respondents had a multiple choice given. Thus, all the empty answers were identified as respondents' unwillingness to answer to the question and those answers are included into option "do not want to answer", which explains the high percentage (Appendix 2.) Income between the respondents, was for the respondents over 36 000 euros per year (35,4%) and second most for 10 000 euros per year (23,1%). Other income groups divided rather evenly (Appendix 3.) The results are aligned with the results of the age groups and occupation as it can be assumed that the higher income belongs to age groups of 35 to 54 years old who are in working life and the next most answers of the yearly income belongs to respondents under 25 years old who most likely belong to the student group of respondents.

How the nationality distributed between the respondents is presented in the Figure 10, as a result of over half of them to be Finnish (52,3%). Distribution between other nationalities varied a lot and no specific group of nationality arose from the results. However, the total amount of international responses was still nearly half (47,7%). The high number of Finnish respondents and large variety of other nationalities might be the consequence of conducting the questionnaire during the low-season, since during the high-season (November–April) the distribution of the answers could look much more different. Especially, within the distribution on Asian, British, French and German answers as those were one of the biggest tourist nationalities according to the overnight stays of Visit Rovaniemi from 2017.

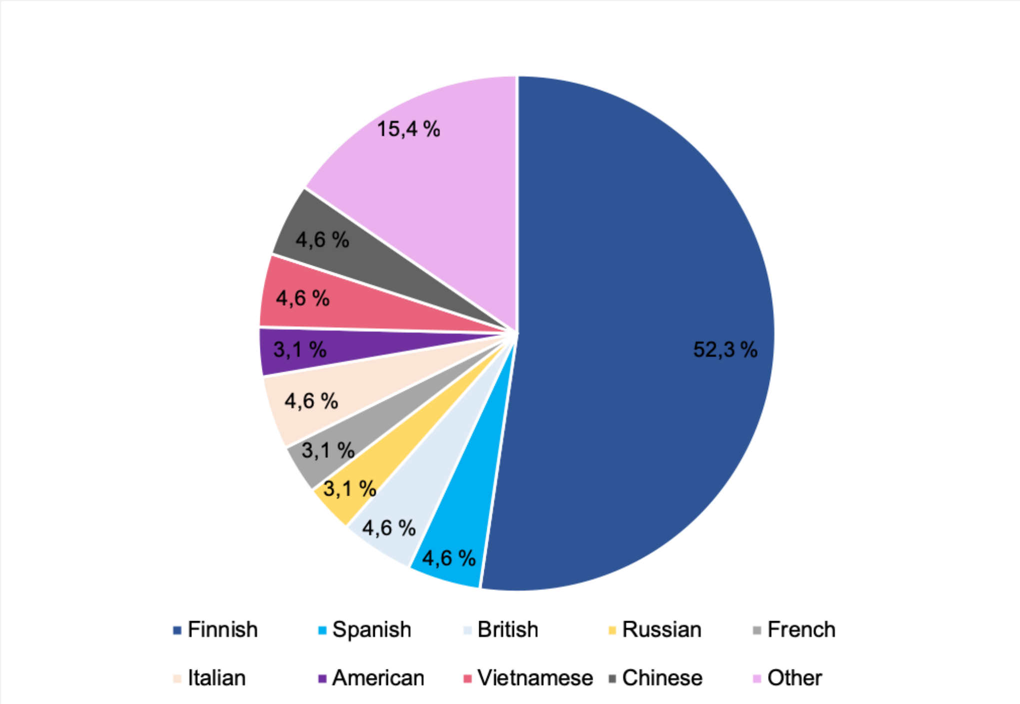

Figure 10. Nationality of the Passengers (N= 65)

8.2 Travel Habits

Second part of the results presents the habits of the passengers travelling from Rovaniemi Airport such as purpose of the trip, frequency, timing, companion and how they identify themselves as passengers. This part is important factor when designing the services in order to know how frequently and how much dwell time the passengers usually have at the airport for consuming the services.

Figure 11 illustrates how the distribution of the travel purposes divided as most of the respondents were travelling for leisure purposes and small group of the respondents were travelling for business. Some of the respondents on the other hand were able to combine these two purposes.

What comes to travel companion of the respondents, majority of them were travelling alone. The second most of the respondents were travelling with friends or relatives. Thus, if the questionnaire was conducted during the high season, the distribution could look different especially for answers “With family with kids” and for “My partner” since as noted earlier, Rovaniemi is a winter destination with high focus on Santa Claus and Christmas tourism, when tourists are doing day visits to Rovaniemi to see Santa Claus himself. However, even in percentage terms biggest group of the respondents were travelling alone, majority of them had some company with them. (Figure 12).

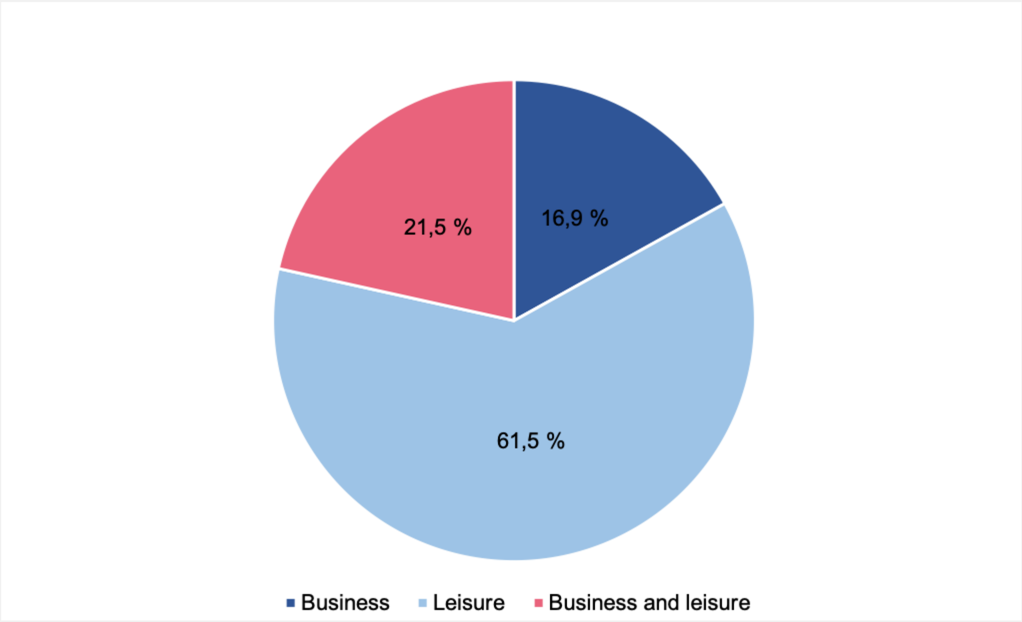

Figure 11. Travel Purpose (N= 65)

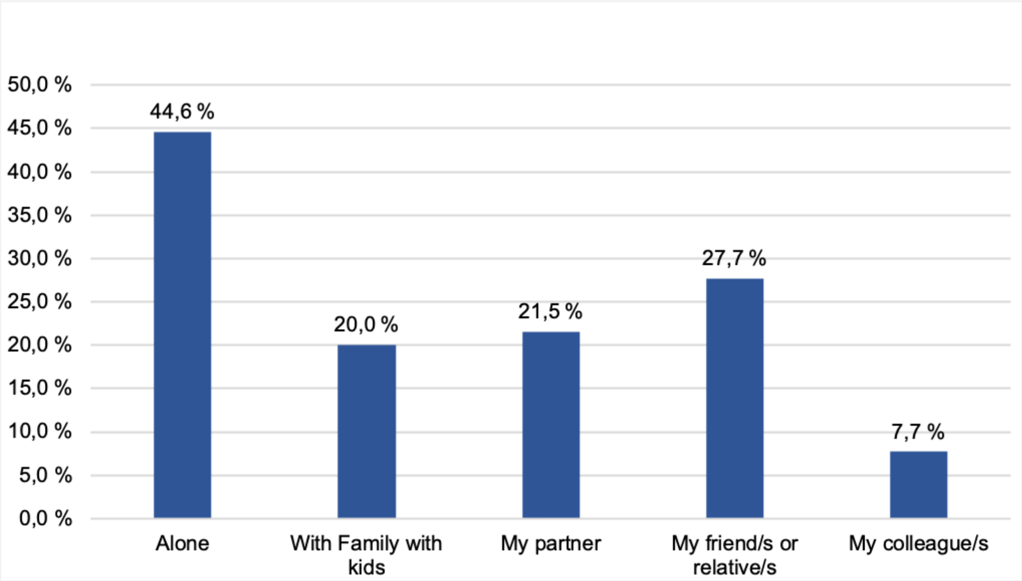

Figure 12. Travel Companion (N= 65)

Frequency at Rovaniemi Airport (Appendix 4.) divided as 40% for travelling first time from Rovaniemi Airport, second most of the respondents to travel less frequently, but more than once a year (27,7%). Third most answers were from the respondents who were travelling frequently (18,5%) and least of the respondents were traveling once or less than once a year (13,8%). Even though, majority of the respondents were travelling for the first time, it can be assumed these answers came from the international respondents since still 60% of the respondents use the airport more or less during the year. The arrival time to the airport was between 30 minutes to three hours. Yet, most of the respondents arrived the airport one hour before their scheduled departure time. This question was open-ended question with an intention of respondent to specify the timing, in order to notice important factors such as timing of the public transportation. However, nothing specific occurred from the responses.

Concerning the identity of the respondents 47,7% of them described themselves as Routine Travellers who are used to travelling, 23,1% of them to Experience Seekers and 21,5% to be Fast and Efficient. Only 7,7% were describing themselves as Security Seekers who mostly rely on airport worker’s help and demand signs and other guiding at the airport (Appendix 5.) However, these passenger types were not explained for the respondents and the identity was based on their own image of the passenger types. The idea of asking the respondents’ passenger type came from Finavia’s passenger satisfaction survey from 2017, to see the variations amongst the passengers and to observe how the responses have distributed then and now.

8.3 Wanted Services and Facilities

Third part identifies the demands of the passengers concerning the services and facilities of the new expanded Rovaniemi Airport. As it was noted in Chapter 5.2, main goal of service design is to make the customers’ needs, wants and expectations to meet the service provided. This part addresses those three aspects and can be called as the discover- phase from Double Diamond- model discussed in Chapter 5.2.2, which provides valuable information for further phases from the model and for further researches.

First, it was identified what would like the passengers do if they had got spare time at the airport. The question was multiple choice question, yet there was an open question for those who wanted to do something else which was not mentioned in the questionnaire. Most of the respondents chose two answers from the options given. The division of the answers divided as following for eat and drink with over half of the answers (61,5%) and relaxing to covering the second most of the answers (56,9%). Answers between shopping and working divided quite evenly as shopping got 20% of the answers and working got 21,5%. Some of the respondents did not have a major interest towards any of the actions therefore nothing specific- option had 12,3% of the answers and rest of the answers (3%) were given for option “other” including answers such as sleeping and reading a book. (Appendix 6.)

The question “Do you think the airport has currently enough services?” resulted as 50,8% of the answers for “no” and 49,3% for “yes” (Appendix 7.) Anyhow, most of the respondents still answered to the further questions concerning the new services and facilities of the airport. Therefore, can be deduced that more services and facilities are welcomed even current services might be enough to satisfy the needs of the passengers.

Concerning the wishes for new expanding airport, respondents wanted to have especially more options for F&B. Also, automatic water taps/filling stations were highly wanted as well as lounge which everyone could use. However, it was not defined if the lounge would be available for entrance fee or if it would be a free relaxation area part of the infrastructure (Figure 13).

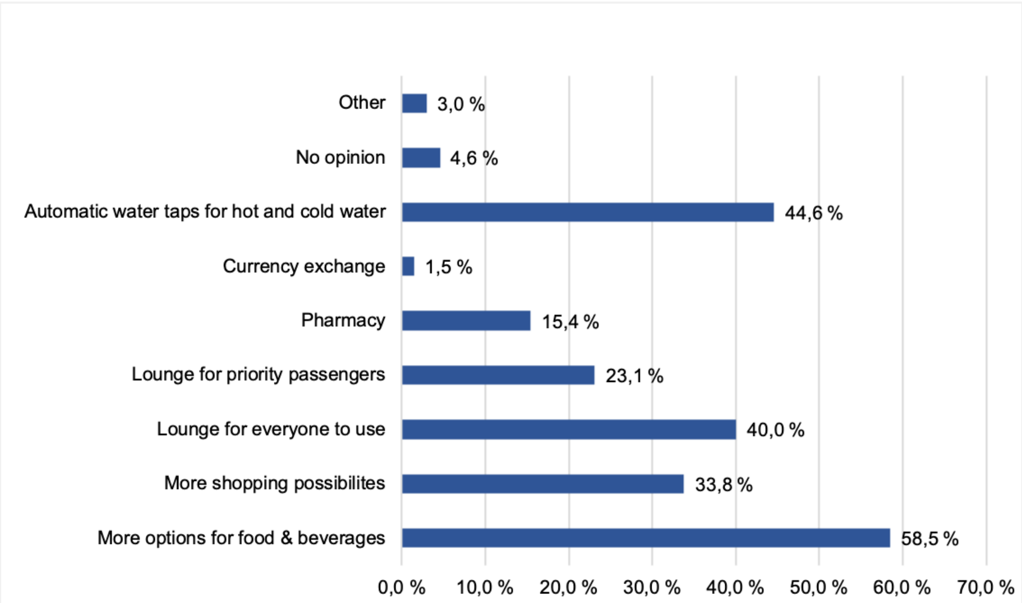

Figure 13. Wanted Services and Facilities (N= 65)

Since during the time, airport did not have many automatic functions but a few CUSS kiosks, the questionnaire included a question concerning what other automatic functions are wished to speed up the passenger process, both, self-service bag-drop and e-gates got over 50% of the answers and 1,5% prefer only personal service. “Other” covered only 1,5% from the answers concerning the CUSS kiosks. Yet, might be the respondent did not notice the already existing possibility at the airport (Appendix 8.)

Figure 14 illustrates the shopping possibilities at the airport divided and what goods the passengers are interested to buy. It can be noticed most of the answers were for local design and handicrafts as well as for Finnish famous brands and design. Also, more variation for the duty free, a kiosk or a minimarket and Finnish souvenirs were highly wanted amongst the respondents.

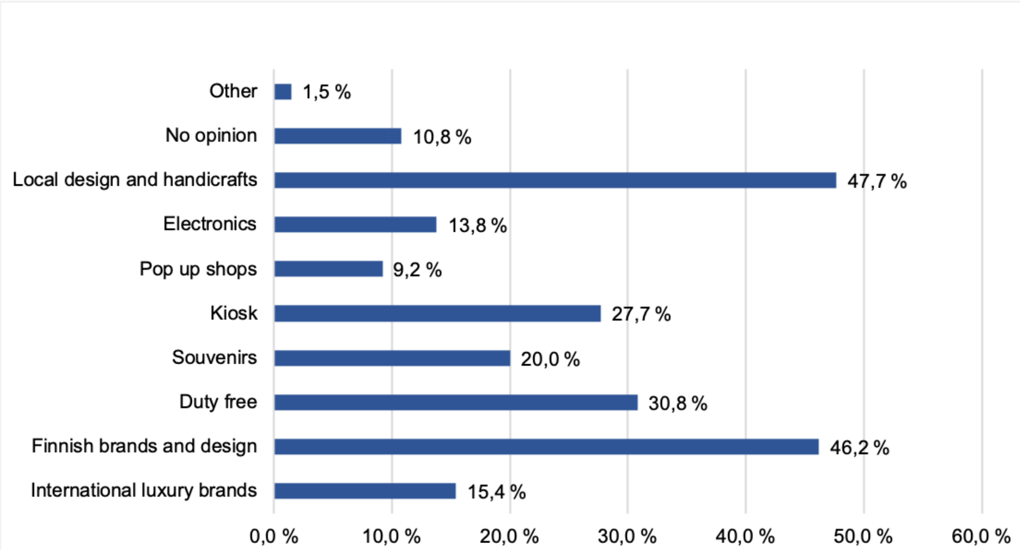

Figure 14. Shopping Possibilities (N= 65)

Questionnaire also included a question concerning what kind of F&B options passengers would prefer. Figure 15 presents the distribution as most popular options were Local/Finnish food, fast food and more cafés. Additional answers got few answers about wishes for a bar or a pub. Mostly, it can be deduced that instead of many different restaurants, passengers wish to have more space in a form of larger restaurant which provides quality products and selection Finnish culinary, since currently the café at the gate area is small and variation of the cafés products is rather limited.

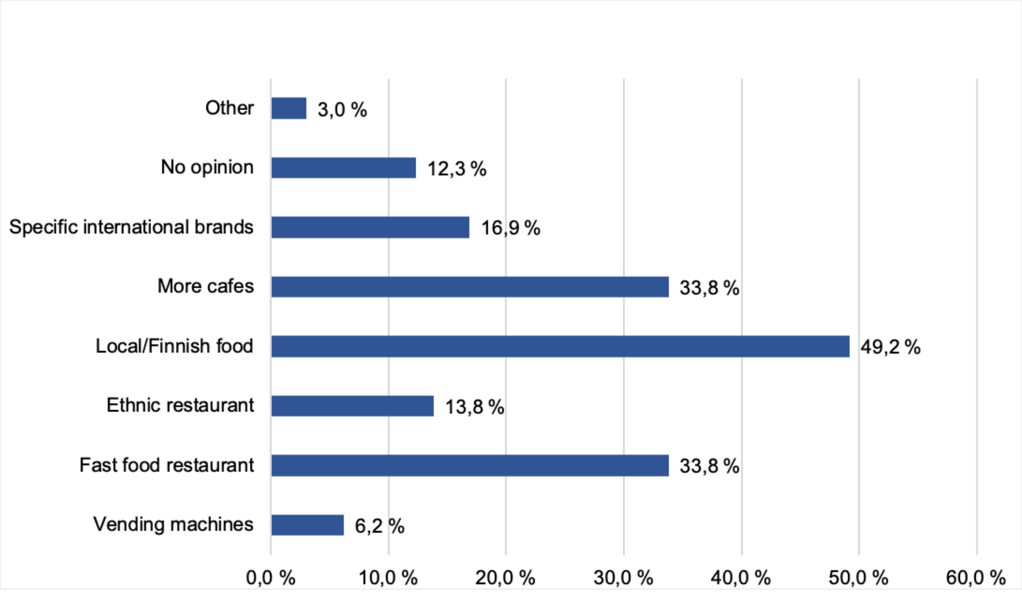

Figure 15. Food and Beverage Options (N= 65)

Concerning the special facilities of Rovaniemi Airport (Figure 16), a substantial of the passengers would like to have a quiet zone/relief area for relaxation at the airport. Better workstations, which include plugs and sockets were also highly wanted. Other options did not receive as many answers from the respondents since playroom for children received 15,4% of the answers, 10,8% of the respondents did not have an opinion and only 4,6% were wishing for a nursing room for mothers. However, the results do not come as a surprise since as noted earlier in Chapter 8.2, quite low number of the respondents were travelling with family.

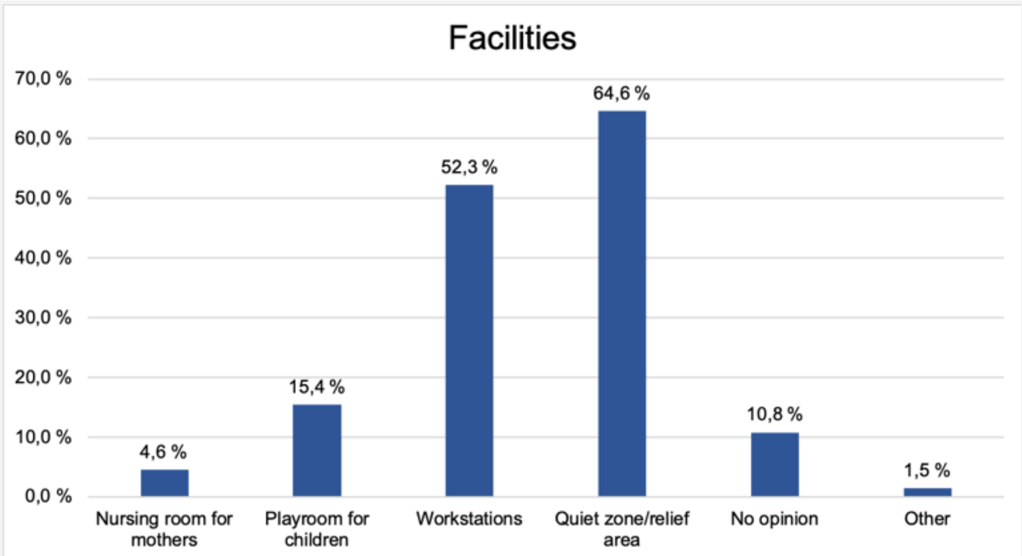

Figure 16. Facilities of the Airport (N= 65)

8.4 Experience

The experience part of the results provides information on how the passengers perceive the Rovaniemi Airport. As it was previously noted, passengers appreciate local culture and identity of the airport which makes the airport stand out from the others. Also, the airport experience can have an impact on the whole customer journey.

The experience aspects of the respondents indicated over half of the respondents with 55,4% think Rovaniemi Airport has a neutral identity and 23,1% describe it as strong. Therefore, only small percentage of the respondents think the identity can be described as weak or the airport does not have an identity at all since those answers covered only 21,5% together (Figure 17).

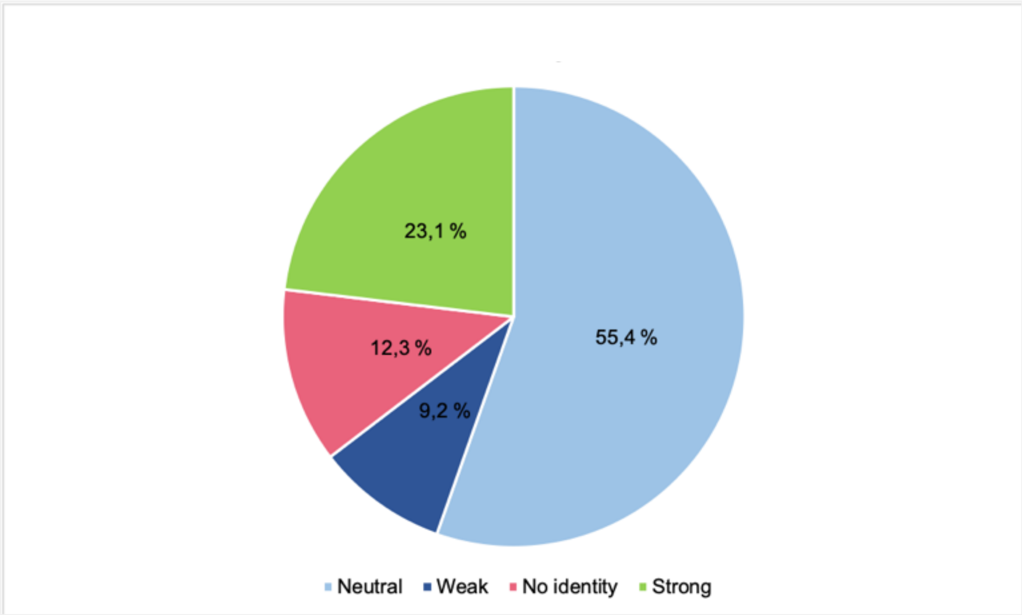

Figure 17. Identity of Rovaniemi Airport (N= 65)

However, local features such culture and identity of Lapland could be more visible at the terminal (Figure 18) as a result of 73,8% from the respondents preferred the culture to be more shown. Some of the respondents gave opinions on additional responses what kind of features those could be such as photos, tradition and history of Lapland.

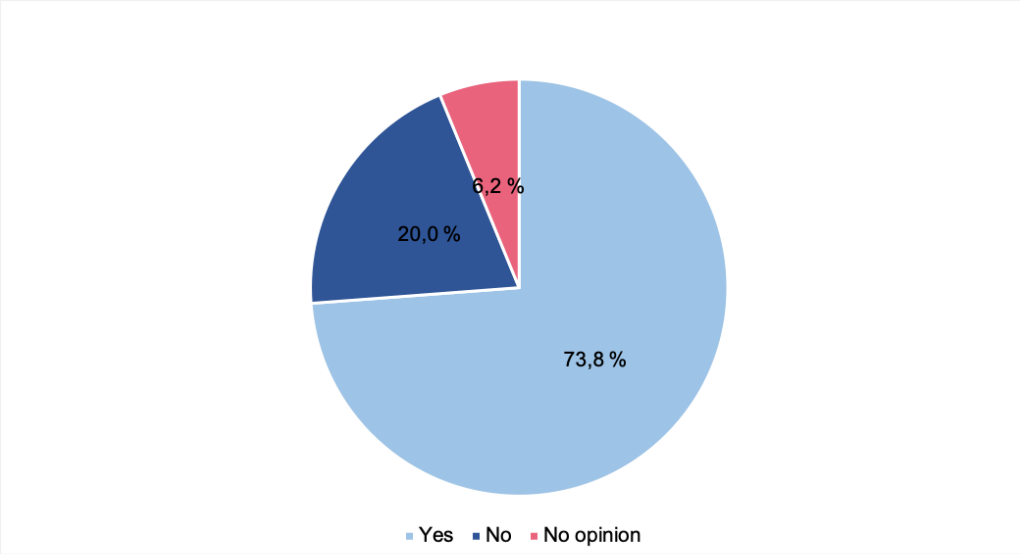

Figure 18. Localness at the Terminal (N= 65)

Lastly, majority of the respondents with 49,2% think the experience at Rovaniemi Airport has an effect on how they perceive Rovaniemi and how it has an impact on their whole travel experience. 40% of the respondents think it does not have an impact and only 10,5% did not have an opinion (Appendix 9.) However, the results do not tell if the impact is positive or negative.

The very last question in the questionnaire gave a chance for the respondents to leave an additional response concerning Rovaniemi Airport. Some of the responses were feedback such as concerning heating of the airport or lack of international routes. Yet, respondents had many development ideas for future Rovaniemi Airport and Figure 19 present some of those.

Figure 19. Additional Responses

9 CONCLUSION

The purpose of the thesis was to identify the needs, wants and expectations of the passengers using Rovaniemi Airport, concerning the future services and facilities of the airport, which is going through expansion by the end of 2019 as a result of huge traffic growth which is predicted to keep increasing especially due to tourism development of Rovaniemi.

The research process started from defining the problem and research objectives. Since the thesis was qualitative in nature, it is exploratory research as some of the problems have been identified previously by Finavia's own satisfaction survey. Yet similar research concerning the expansion and service development of Rovaniemi Airport had not been done before. Therefore, the results define the problem and provide a hypothesis, which can be utilized for further research. Next stage was to develop the research and create a plan for collecting the data. The passenger survey was chosen as it is one of the most commonly used method to gather data concerning the new services and facilities in the airport environment. Firstly, the author utilized secondary data which was used for the problem and secondly, primary data which was collected to gather information for dealing the problem. After the survey was completed, the data was analysed.

The survey was conducted as a hand-out passenger questionnaire for departing passengers at Rovaniemi Airport during August 2018. The intention was to gather information on four aspects: passenger characteristic, travel habits, services and facilities of the airport and experience. The results were analysed by utilizing theoretical framework of the thesis and secondary data, providing insights and improvement ideas for further research.

The results emerged in the form of the passengers' wishes to have more comfortable and functional airport terminal with a touch of Finnish identity and locality instead of famous brands. The results also highlighted the importance of providing a selection of Finnish food and beverages, and a retail selection of Finnish or local design, famous brands and handicrafts. Additionally, the passengers would like to see more local features at the terminal which make the airport to stand out from the others.

As it was outlined, part of Finavia's strategic plans are its mission is to provide safe, high-quality and cost-effective air travel services and the key strategic objectives are to develop the services for passengers with a goal of profitable airport network and intention of being one of the best airport operators globally. Also, they are aiming to provide excellent customer experience by four steps which were smoothly running process, high-quality and up to date services, comfortable and functional terminals and friendly customer service. Therefore, service design is a crucial part of the service development since it is necessary for company to develop new or existing services according to customers' needs, wants and expectations. This goes hand in hand with the customer experience, leading towards greater customer satisfaction and to successful business results and stronger brand.

It is evident, that many of the issues and blocks of the airport already arose from the customer satisfaction survey conducted by Finavia in 2017. Therefore, it already provided anticipated and similar results concerning the airport's services and facilities and it can be indicated, currently Finavia's goals do not meet what is promised to customers. Whereupon, the suggestions would be to develop the waiting area of the terminal to be more comfortable, likewise in Oulu Airport: Hailuoto Lounge, but with a Lappish touch by including elements and photos. Concerning the restaurant services, instead of providing a selection of restaurants and cafés, Finavia could provide a larger restaurant with more variety and high-quality products with a Finnish twist, also taking international preferences into account. The shopping possibilities on the other hand, could remain similar, but additionally improving the selection of products provided. Other aspects which need to be taken into account are the automatic functions of the airports, as those were also highly wished among the passengers. Including self-service bag-drops and e-gates could speed up the passenger process which would eventually provide more time for the passengers to consume the services at the gate area. Yet, the airport should also keep the Lappish hospitality present with human-based customer service. Most notably, can be outlined the fact Rovaniemi airport is still a small regional airport and the resources to provide extra services is rather limited. Therefore, the basic services and infrastructure of the airport should be first in balance before designing specialist services.

Since the survey was conducted during the low season, the results are missing many valuable insights from a tourists’ when comparing to if the survey was conducted during the high season, when there would have been charter flights besides route flights. Still quite a high number of answers came from international respondents as well. In addition, since the survey was only in English version, it may have affected on the responses depending how well the respondent understood the questions and if there were misinterpretations. Yet, as it was noted earlier, conducting an airport research demands further research during different travel times as these results are an overview of certain time of the year. Therefore, more foundational and extensive research should be done during different times of the year due to the fluctuation, in order to have profound and holistic perspective of the passengers using the airport. In terms of service design and improving the customer experience at the airport, Finavia is now able to utilize the results in their service design process by using the Double Diamond-model and move to the next phases: develop and deliver. In addition, the author’s suggestion is to use a service blueprint and business model canvas- service design tools in their further researches because those are designed for mapping the future services as well as partnering up with the stakeholders who are part of the customers service process.

Overall, the author is hoping the results provide valuable information and insights to the commissioner and other service providers in Lapland area in terms of developing the accessibility and tourism industry of Rovaniemi.

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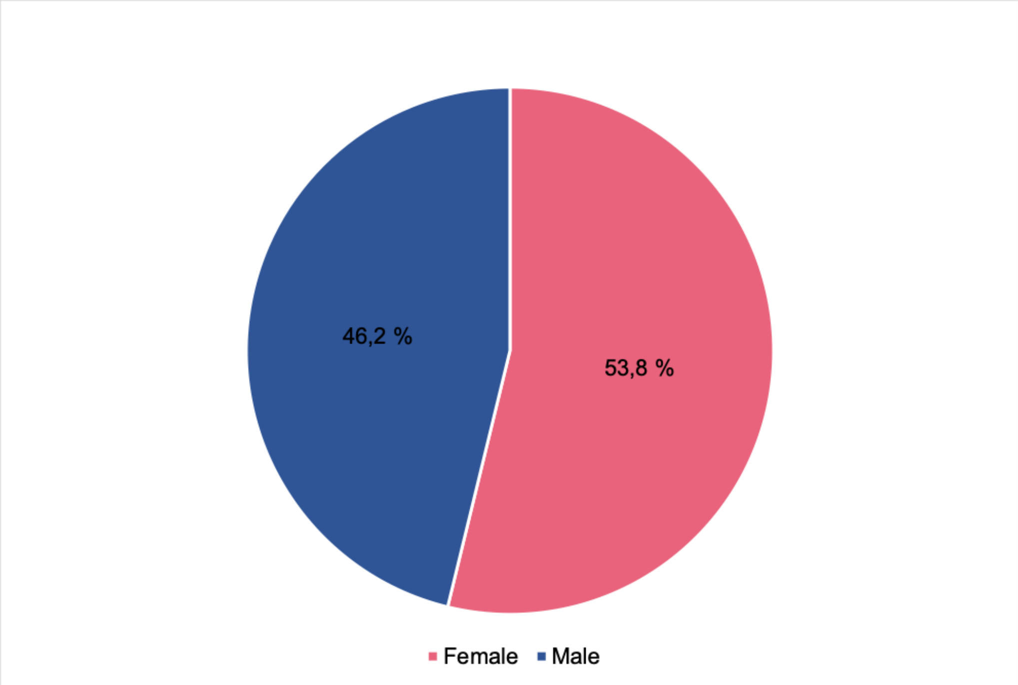
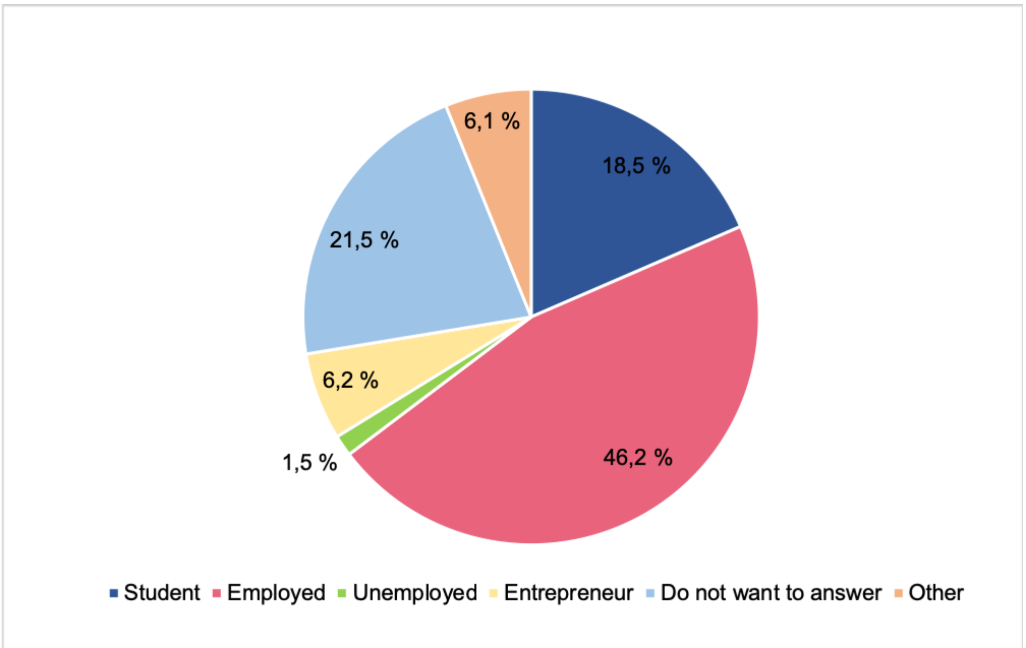
APPENDICIES

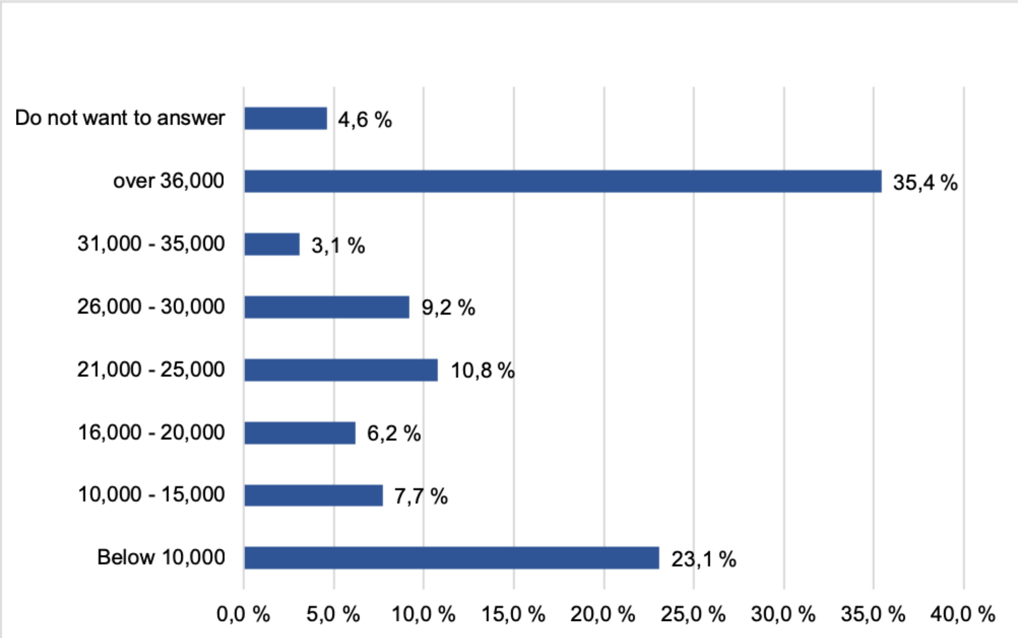
Appendix 1.	Gender Distribution
Appendix 2.	Occupation
Appendix 3.	Income
Appendix 4.	Frequency
Appendix 5.	Passenger Types
Appendix 6.	Spare Time
Appendix 7.	Sufficiency of Services
Appendix 8.	Automatic Functions
Appendix 9.	Experience Effect
Appendix 10.	Passenger Questionnaire



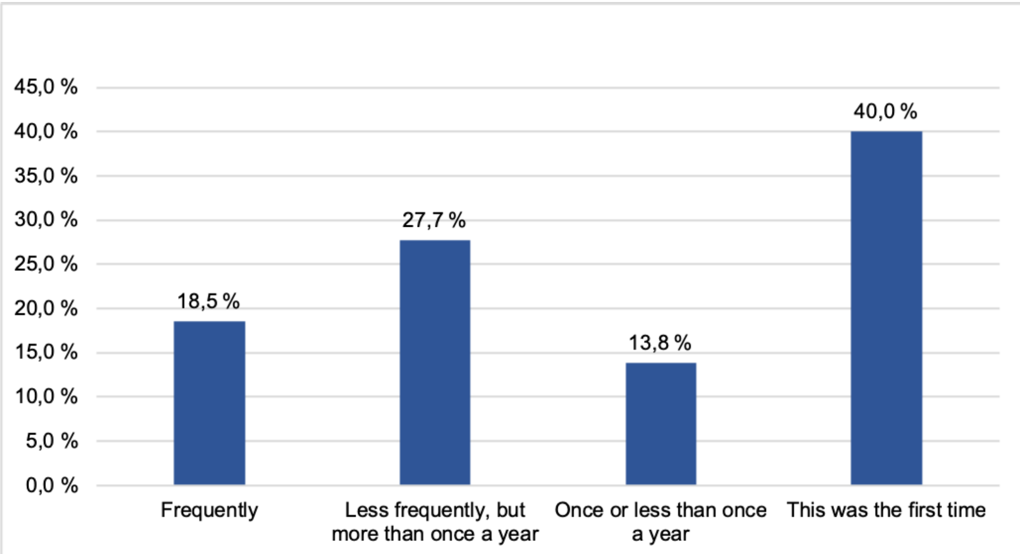
Appendix 1. Gender Distribution (N= 65)



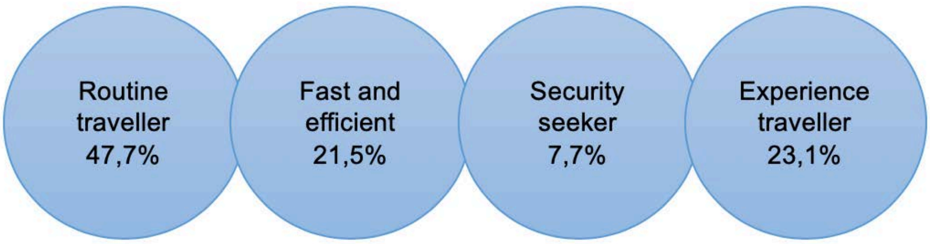
Appendix 2. Occupation (N= 65)



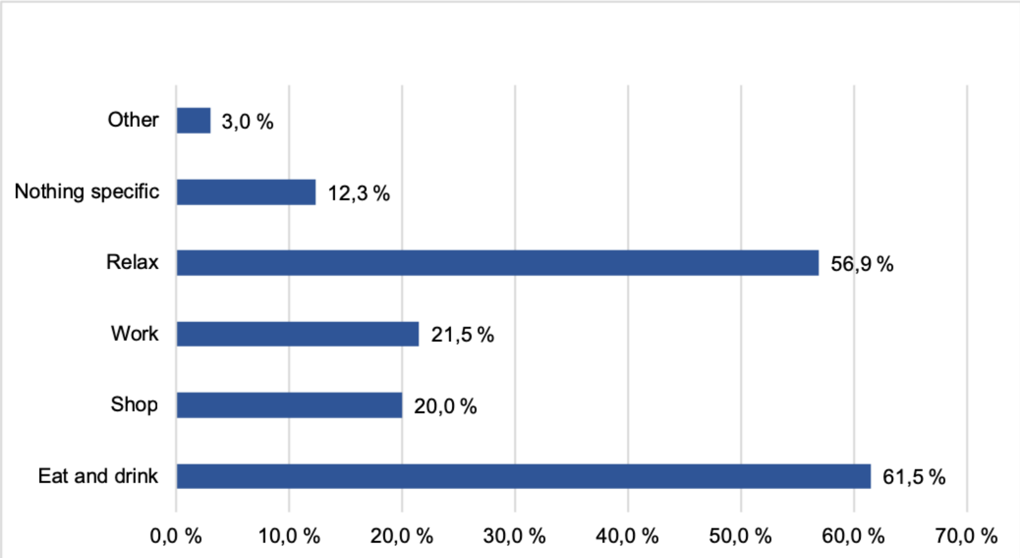
Appendix 3. Income (N= 65)



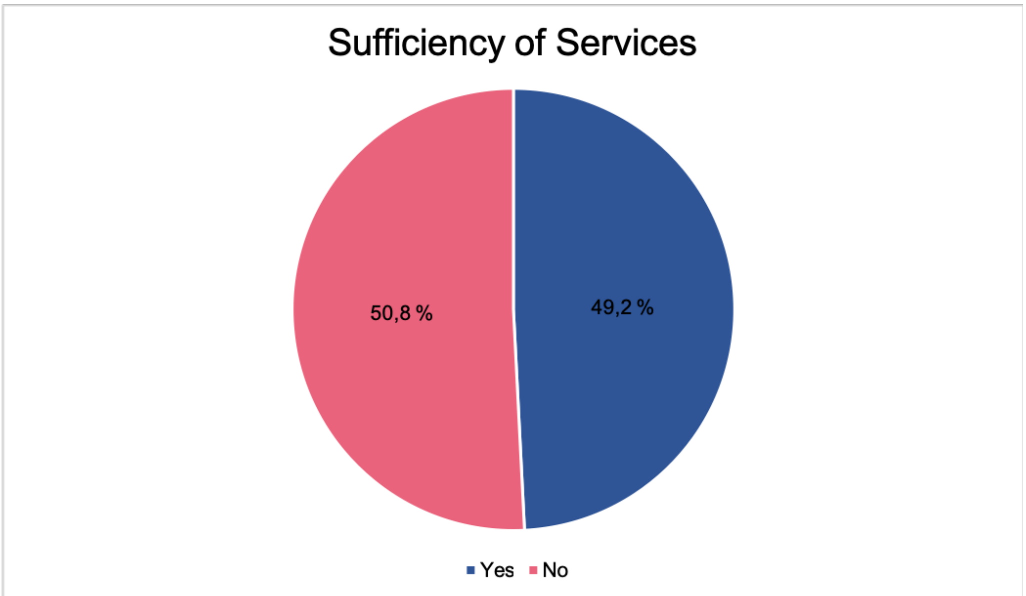
Appendix 4. Frequency (N= 65)



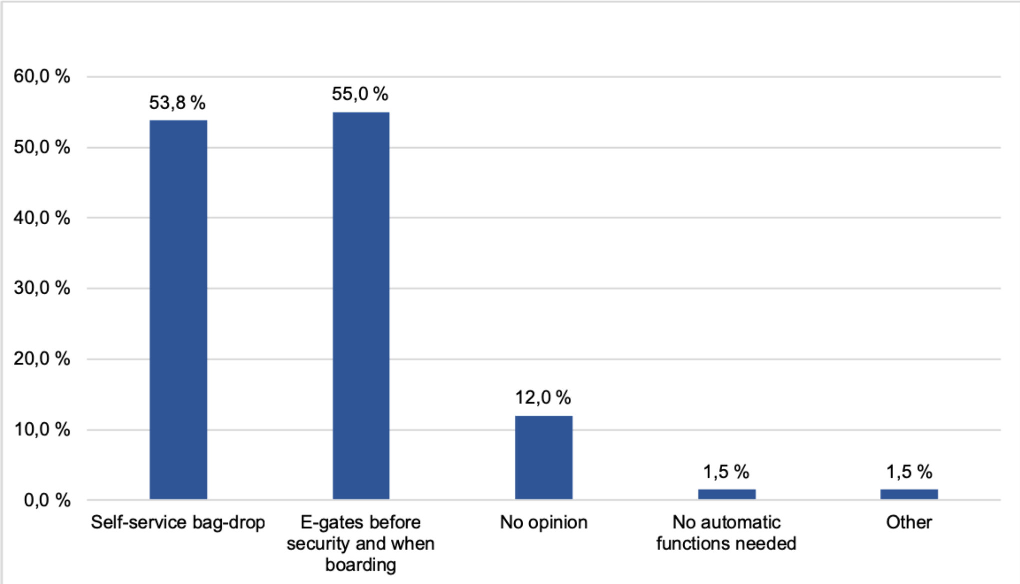
Appendix 5. Passenger Types (N= 65)



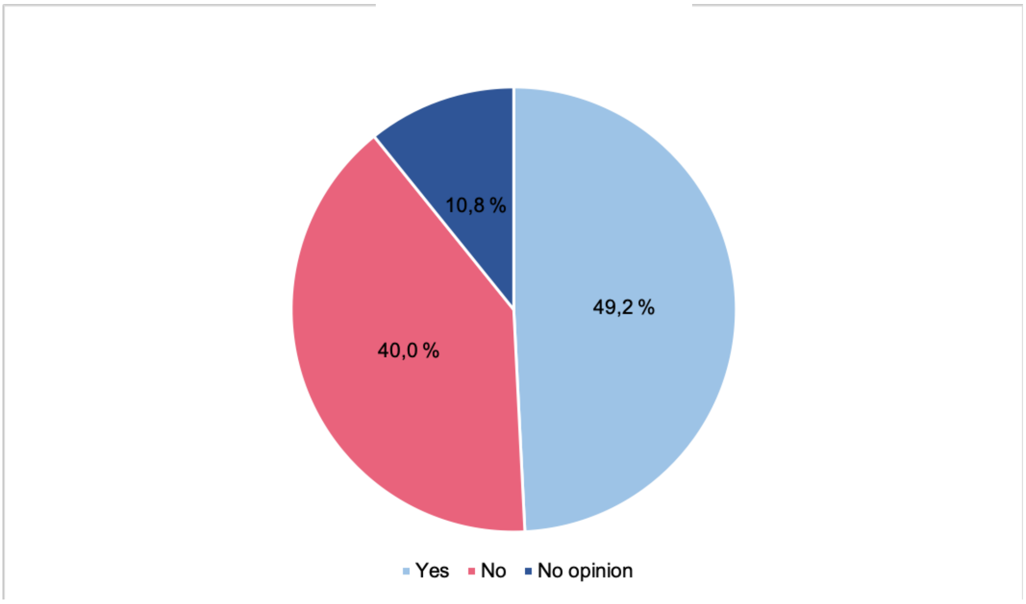
Appendix 6. Spare Time (N= 65)



Appendix 7. Sufficiency of Services (N= 65)



Appendix 8. Automatic Functions (N= 65)



Appendix 9. Experience Effect (N= 65)

Appendix 10 1 (5)

Dear respondent

I am a student of the international Degree Programme in Tourism at Lapland University of Applied Sciences. Please take part in my survey by answering my questionnaire which is used for my bachelor's thesis concerning the future services of Rovaniemi Airport. It will take approximately 5-10 minutes from you to answer it. Please note that this questionnaire is handled completely anonymously. The results will be used for the future development of the airport services.

1. Age:

- ☐ Under 25
- ☐ 25 – 34
- ☐ 35 – 44
- ☐ 45 – 54
- ☐ 55 – 64
- ☐ 65 or over

2. Gender:

- ☐ Male
- ☐ Female
- ☐ Do not want to specify

3. What is your occupation?

- ☐ Student
- ☐ Employed
- ☐ Unemployed
- ☐ Entrepreneur
- ☐ Retired
- ☐ Other, please specify:

Appendix 10 2 (5)

4. Income (per year in euros):
- ☐ Below 10,000
- ☐ 10,000 – 15,000
- ☐ 16,000 – 20,000
- ☐ 21,000 – 25,000
- ☐ 26,000 – 30,000
- ☐ 31,000 – 35,000
- ☐ Over 36,000

5. Travelling for:
- ☐ Business
- ☐ Leisure
- ☐ Business and leisure

6. Who are you travelling with?
- ☐ Alone
- ☐ With family with kids
- ☐ With my partner
- ☐ With friend/s or relative/s
- ☐ With colleague/s

7. Nationality:
- ☐ Finnish
- ☐ British
- ☐ German
- ☐ French
- ☐ Dutch
- ☐ Italian
- ☐ Australian
- ☐ Chinese
- ☐ Singapore
- ☐ Other:

8. How often do you visit this airport?
- ☐ Frequently
- ☐ Less frequently, but more than once a year
- ☐ Once or less than once a year
- ☐ This was the first time

Appendix 10 3 (5)

9. How early did you arrive at the airport before your scheduled departure?

10. Which of these options describes you most as a passenger? Choose one option.

- ☐ Routine traveller
- ☐ Fast and efficient
- ☐ Security seeker
- ☐ Experience traveller (seeks for new experiences)

11. If you had got spare time at the airport, what would you like to do? Choose the most preferred options, maximum 2.

- ☐ Eat & drink
- ☐ Shop
- ☐ Work
- ☐ Relax
- ☐ Nothing specific
- ☐ Something else? Please, specify:

12. Do you think the airport has currently enough services?

- ☐ Yes
- ☐ No

13. Rovaniemi Airport will expand during the years 2018 – 2019. What services would you like to have at the airport? Choose the most preferred options.

- ☐ More options for food & beverages? (restaurants, cafés, bars)
- ☐ More shopping possibilities
- ☐ Pharmacy
- ☐ Lounge for priority passengers
- ☐ Lounge for everyone to use
- ☐ Currency exchange
- ☐ Automatic water taps for hot and cold water
- ☐ Priority lane in security control
- ☐ Other, please specify:

Appendix 10 4 (5)

14. Many airports have automatic functions. Which of these options does Rovaniemi Airport need in your opinion?

- Self-service bag-drop
- Self-boarding (before entering security control and before entering the aircraft)
- Other, please specify:

15. If you wish to have more shopping possibilities, which of these do you prefer and would like to have at Rovaniemi Airport? Choose the most preferred options.

- International Luxury brands (fashion, design, cosmetics, watches and jewellery)
- Finnish brands (such as Iittala, Arabia, Marimekko, Moomins)
- Duty free (fragrances, cosmetics, souvenirs, beverages and sweets)
- Souvenirs
- Kiosks
- Pop up shops
- Electronics
- Local design and handicrafts
- Other, please specify:

16. If you wish to have more food & beverage options, which of these do you prefer and would like to have at Rovaniemi Airport? Choose the most preferred options.

- Vending machines (soft drinks/snacks/coffee)
- Fast food restaurant
- Ethnic restaurant
- Local/Finnish food restaurant
- More cafés
- Specific brands (such Starbucks) Please, specify what:

17. What kind of facilities would you need or are important to you? Choose the most preferred options.

- Nursing room for mothers
- Playroom for children
- Workstations
- Quiet zone/Relief area
- Other, please specify:

Appendix 10 5 (5)

18. Does Rovaniemi Airport have an identity? How would you describe it?

- Strong
- Neutral
- Weak
- No identity

19. Would you like to have more local features, such as local culture to be seen at the terminal?

- Yes
- No
- You can specify, what it could be?

20. Does your experience at Rovaniemi Airport affect on your image of Rovaniemi as a destination and your whole travel experience?

- Yes, positively
- Yes, negatively
- Does not affect

21. Please, have a free word about the future Rovaniemi Airport:

Thank you for taking part and helping me with my research. If you would like to have some further information about my research or in any other case, feel free to contact me via email: emmi.kainulainen@edu.lapinamk.fi. Enjoy your travelling!

Sincerely,
Emmi Kainulainen