

SSP Finland and Finnair Plus partnership development opportunities

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<p>This is a project made for Haaga-Helia university of Applied Sciences bachelor thesis for Degree Programme in Tourism. The project content is made for Select Service Partner Finland Oy and Finnair Plus Loyalty, as a possible partnership development opportunities case. The thesis task was to present current situation analyses, operational environment evaluation and possible development ideas. The main aim was to gather data and gain valuable findings that can be a part of further partnership development in the future.</p> <p>The project was assigned by Select Service Partner marketing department as a project combination with thesis writing process. The benefit of the study was to create ideas for a partnership development and innovative opinions of the current and future situations, supporting the guidelines and company values of both parties of the partnership. The project also presents relevant strategic marketing theories, industry analyses and new mentalities of providing quality customer service.</p> <p>The research data was collected through three individual company interviews, available information from author's supervisor and materials gained through workplace, and the authors experiences of the companies that were researched.</p> <p>The results is presenting possible development opportunities for the current situation of the partnership. The results and conclusion are based on the three company interviews held between September and November 2011, as well as on the information collected through relevant theories, models and data.</p>	
<p>Keywords Partnership development, strategic marketing, loyalty programme, CRM, CEM, branding</p>	

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1 Introduction

Partnerships have been launched throughout the history of business. This project introduces one of the front-runner partnerships in Finland and tourism today that was launched between Select Service Partner Finland Oy and Finnair Plus Programme in 2010. Whilst operating in Helsinki Airport, the project has unique premises to succeed. In order to become and stay profitable, critical marketing strategies have to be evaluated. This project was made for Select Service Partner Finland's marketing department, giving an insight of the current situation and possible development opportunities, as well as for Finnair Plus. The objective was to present current situation analyses, operational environment, relevant theories and finally results and development ideas based on the knowledge of gathering the data and information.

In today's business life, even the most successful companies have realized the fact that the greatest advantage in competition is not to only concentrate on profitability, but on the customer service quality and excellence. This is most relevant in the service industry, for example in tourism, where the customer has to stay at the centre of business strategies at all times. Presenting new and relevant theories, the thesis takes the reader to results of what is excellent customer service and what are the possibilities to become even better and more profitable.

The research problem was to analyze the current situation of the both companies, operational environment and the partnership. The objective was to collect data of the relevant companies and to analyze the situation of the partnership until today. Based on that, it was expected to create new possible development opportunities for the partnership and help in the way for future growth.

The report structure is first presenting the academical methodologies for this project. After this, the operational environment of Helsinki Airport, company presentations of the partnership, Select Service Partner Oy and Finnair Plus Programme, are introduced. Moreover, relevant theory and models are presented. Finally, the potential development opportunities are suggested based on the qualitative data that was gained

through the three company interviews of open-ended questions (Appendix 4). The interviews work as the data analysis, result and conclusion of the author's ideas regarding the potential development opportunities for the partnership.

2 Methodology

This report is written as the final project for a bachelor degree in tourism. It is done as a project for a selected company, using various methods of collecting data. This research is made as a case study for the company, since the project is looking at empirical data investigation of a phenomenon in its real life context in the company environment. (Saunders, Lewis & Thornhill 2009, 50)

The research objectives are to conclude valuable findings of the research questions, analyzing the operational environment, the current situation of the project and the development possibilities based on theory and analysis. The research problem as questions is: How is the current situation of the partnership between SSP Finland Oy and Finnair Plus Programme and what are the development possibilities?

A marketing research is the systematic design, collection, analysis and reporting of data relevant to a specific marketing situation facing an organisation. This research's purpose is to help the marketers to understand customer satisfaction and purchase behaviour. It is expected to help the marketers to assess market potential development opportunities and market share, the effectiveness of the partnership as well as pricing, placement, products and promotion activities. This marketing research as process has four steps; defining the problem and research objectives, developing the research plan, implementing the research plan and reporting the findings in the results and conclusion. (Armstrong & Kotler 2007, 102.)

The research process and the qualitative data research was carried out through three unstructured and semi-structured interviews with open-ended questions with three different company representatives during August – November 2011 (Appendix 4). This non-standardised approach was chosen as a method of collecting the data and ensuring a personal contact. All interviews were carried out on a one-to-one and face-to-face basis. Secondary qualitative data was researched through available company materials, Internet sources and supervisor interviews. In addition, it would have been ideal to produce a survey for SSP Finland and Finnair Plus customers, but due to the

nature of the information that would have been collected and confidentiality, it was not possible. However, the author is still willing to do it if the supervising companies would want to have one in the future. Firstly, the idea was as well to observe the selling behaviour of the sellers at SSP Finland's counters of their selling habits regarding the partnership packages, but as it occurred after the interview with SSP Finland's marketing department, it would have not added any new information to the project, other than personal selling effort. (Saunders, Lewis & Thornhill 2009, 50-80.)

Quantitative data is not available in this study, because of the confidentiality of the project. However, some quantitative analysis was seen during the company interviews, but it is not used as data and is only supporting the interview results in the final analysis. For example, how many points per month have been used in 2010. The overall empirical data collected will be used in the analysis and conclusion of the research project.

There might occur some biases in credibility, and threats to validity, since the author is vitally on the beneficial side of the project through her current workplace. It might be clear that it is difficult to stay neutral towards the data collected. As a research paradigm, the functionalist paradigm approach is used. This is due to the fact, that most business and management researches function with this paradigm, and so does this one, working as evaluation strategy assessing effectiveness and giving recommendations to become more effective. Research approach again is a combination of deductive and inductive approaches, because the theory will emerge, but also having the need to explain causal relationships between variables.

(Saunders, Lewis, Thornhill & 2009, 50-75.)

The scope of the project was that this is a bachelor thesis project with time, amount and information. The project was written under a time limitation of three months, while as well working and studying. This can be seen as an affect on the project results. Also the limitation of confidentiality of business parties can be a barrier when presenting the results. (Saunders, Lewis & Thornhill 2009, 50-120.)

3 Operational environment

This part is introducing the environment that the partnership is functioning in. This is vital to know when operating in such a unique industry as tourism. It is also introducing the circumstances, influences and conditions that are affecting decision-making.

This chapter can also be thought as the background presentation.

(Armstrong & Kotler 2007, 63-65.)

3.1 Helsinki-Vantaa Airport

The Finnish state owned Finavia Corporation operates Helsinki-Vantaa Airport and manages 25 airports within Finland. Finavia maintains the airport network and the navigation systems. Helsinki-Vantaa Airport is the main international airport in Finland and the hub for Finnair flag carrier. If measured by the number of destinations, Helsinki-Vantaa is the leading long-haul traffic airport in Northern Europe. Because of its excellent geographical location, Helsinki-Vantaa is the fastest way to Asia from Europe. (Finavia 2011; Merivirta & Soininen 2010.)

3.2 Air traffic statistics 2010 of Helsinki-Vantaa Airport

The airport has been selected repeatedly as the world's best airport in worldwide surveys and has been recognised internationally for its function and service quality. There are 130 direct flight destinations and over 300 departures daily.

The service concept Via Helsinki that was established in 2009 has had a positive welcome from Finnair's customers. Over 90 percent of Finland's international air traffic is through Helsinki-Vantaa Airport. In 2010 the total amount of passengers were 12 884 500 via Helsinki-Vantaa Airport and 28 percent of them were transfer passengers staying at the airport. Skytrax selected Helsinki-Vantaa as the best airport in Northern Europe in 2010.

Certain basic information:

Passengers: 12,9 million (2010)

Runways: 3

Terminals: 2

Operative airlines: 33

Employees at the airport: 20 000

Companies functioning at the airport: 1 500

(Finavia 2011; Merivirta & Soininen 2010; Paavola 2010.)

4 Select Service Partner

In the following section the main employer of the project is introduced and presented. As a company Select Service Partner is a worldwide food-, drink-, service provider in travelling industries such as airports and train stations. It contains many profitable brand equities throughout the world and is a strong candidate in developing partnerships and collaborations. (SSP Finland 2011a.)

4.1 The Food Travel Experts

Select Service Partner, The Food Travel Experts, is a leading food-, drink- and service producer in travel and traffic places all over the world, with its roots in the UK. Select Service Partner (SSP) has businesses in 140 airports and 250 railway stations in over 30 countries. SSP's brand portfolio includes international, national and local brands such as Starbucks, Caffé Ritazza, Burger King, Pizza Hut, Upper Crust, M&S Simply Food and Robert's Coffee. SSP has businesses in airports, railway stations, market- and congress centres. SSP employs over 30.000 people and have over one million customers daily. (Food Travel Experts 2011.)

4.2 Select Service Partner Finland Oy

Select Service Partner Finland Oy (SSP Finland) functions within Finland at Helsinki-Vantaa Airport alongside other important airports in Finland, and produces restaurant-, cafeteria-, kiosk-, and lounge services. The company has over 20 service places in the airport's gate- and public areas together with Helsinki Airport Congress services. SSP Finland employs 250 people and is part of the worldwide SSP Group, which has services in over 30 countries in airports and railway stations. In Helsinki Airport one of the most famous ones besides the business lounge and spa are; Hello Cafés, Wine and View, The Oak Barrel - Irish Pub, 24/7 Café Spoon and Café Alvar A. New possibilities for expanding are on the way and for example SSP Finland Oy is currently bringing Starbucks to Finland to Helsinki-Vantaa Airport.

(SSP Finland 2011a; SSP Finland 2011b; Aromaa-Tooke, H. 30.8.2011.)

4.3 SSP Finland Networks

SSP Finland works closely with domestic and international travel businesses. The most important networks are Finavia and Finnair in Helsinki Airport. Co-operation with these companies is carried out everyday and both are influencing how SSP functions in the airport. International networks are Oneworld alliance members and contract companies, for example Priority Pass and Serviceair. Also Novia and some individual airlines, such as Aeroflot and Russian Airlines have close co-operation with SSP Finland. (Aromaa-Tooke, H. 30.8.2011.)

5 Finnair PLC

This part introduces the other company related to the partnership of the project. Finnair PLC is one of the oldest operating airlines in the world and is the pride of Finnish government and people. Today Finnair is operating also in areas other than the airline industry. Other famous Finnair Group's operations are travel agency Area and tour operator Aurinkomatkat. In this section the Finnair Plus frequent flyer programme is briefly introduced. (Finnair 2011.)

5.1 Airline information

Finnair PLC is the flag carrier and the largest airline of Finland and was founded in 1923. Its headquarters are located in Helsinki Airport, which is also its main hub. Finnair and its subsidiaries dominate both domestic and international air travel markets within Finland. Finnair is part of Oneworld airline Alliance. The largest owner is Finland's government with 55,8 percent of the shares. Finnair's turnover is 2 billion Euros with ongoing growth in 2011 of 10 percent. Finnair has 7 million passengers per year and Skytrax has ranked it as a 4 star airline. Finnair's strategy relies on exploiting sustainable geographical advantage; providing the shortest route between Europe and Asia via Helsinki. The mission is to be the most desired airline in Asia-Europe traffic, among the three largest. This vision and mission of "Via Helsinki" has been already a success story and named as the modern Silk Road. (Finnair 2011; Haglund, Hassinen & Mroue 2010.)

5.2 Frequent Flyer programme

Finnair's frequent flyer programme is Finnair Plus. Passengers are awarded points based on the type and class of flight flown. Once enough miles are banked into the passenger's account, membership tier (Basic, Silver, Gold or Platinum) is awarded. There is a "junior" tier exclusively for minors. Silver, Gold and Platinum have privileges such as premium check-in desks, priority boarding and lounge access. Finnair offers frequent flyer partnerships with airlines in Oneworld and FinnComm Airlines.

In addition to earning points per flight, partnerships with various hotels, car rentals and airport operations are available for members to earn and use points.
(Finnar Plus 2011.)

6 Marketing Strategies

This chapter is introducing the main theories and relevant models that the analysis and results of the project are supported on. It is essential to understand the basics of strategic marketing, where future decisions and organizational developments can be based on. This chapter represents and suggests some theories to consider, before taking the next step towards the future growth. After, there is the PEST, SWOT and Five Forces models briefly analysed in order to get a quick insight of the current situation of the project as a whole and from empirical point of view. The groundwork is to understand how to provide value so that this partnership would acquire satisfied customers, bringing profitability and accomplishment on the road for future development.

Marketing strategies are the processes that allow an organization to concentrate its limited resources on the greatest opportunities to increase sales and achieve a sustainable competitive advantage within an industry. The development and implementation of marketing strategy are complicated and challenging tasks. At its pinnacle, marketing strategy involves the selection of markets and the development of programmes to reach these markets. This process is carried out in a manner that simultaneously benefits both the market selected (satisfying the needs and wants of buyers) and the organization (typically in revenue terms). Because of this, it is necessary to talk about market segmentation, opportunity analysis and forecasting. However, due to the nature of the project and wishes of the partnership parties there is no talk regarding budgeting or forecasting, break-even or any numbers that could affect confidentiality.

(Kerin & Peterson 2007, 65.)

When talking about market, it means the prospective buyers (individuals or organizations) that are willing and able to purchase the existing or potential offering (product or services) of an organization.

(Kerin & Peterson 2007, 704.)

6.1 Partnering to build customer relationships

Customer value and satisfaction are the key elements for gaining success. In today's competitive business environment, businesses are forced to use all of the tools in their

toolbox in order to produce better-quality value to their customers. This could not be more true than in the airport industry where all of the companies are working towards a satisfied passenger. For example, for Finnair, it is essential to build strong partnerships to help them to meet their customer's very high expectations on today's airline industry. Partnerships can be the "extra something" in creating a long lasting customer relationship. This takes us to managing Marketing Strategy and developing the Marketing Mix of a company. The consumers' stand in the centre and the goal is to build strong and profitable customer relationships. (Armstrong & Kotler 2007, 3-61.)

Marketing strategy is a way of thinking by which the business unit hopes to achieve those profitable relationships. Through market segmentation, targeting and positioning, the company decides which customer it will serve and why. This is done in order to identify the total market, dividing it into smaller segments and selects the most promising ones by focusing on serving and satisfying customers in that segment. Followed by marketing strategy a marketing mix is designed under the four P's: product, price, place and promotion. To succeed in these four areas and to build a strong marketing strategy, companies must be customer centred. This means winning customers from competitors, then keeping them by delivering greater value. This all is done with understanding the customer's needs and wants, by doing a marketing analysis. (Armstrong & Kotler 2007, 3-61.)

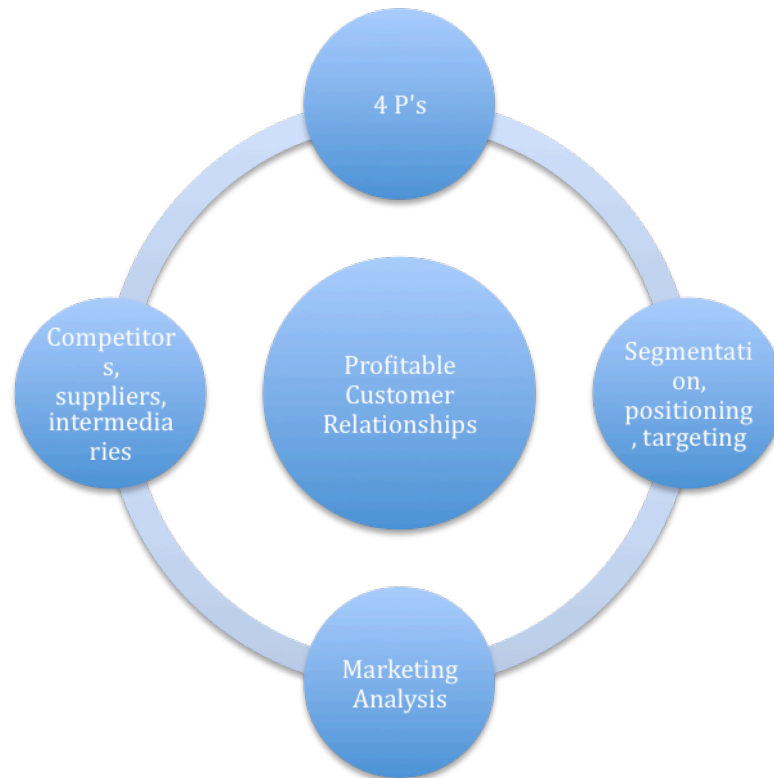


Figure 1: Managing the marketing strategy customer in focus.

After deciding on an overall marketing strategy, the company starts planning the details of the marketing mix. The marketing mix is the set of controllable tactical marketing tools of today - the four P's - that the company blends to produce the response it wants in the target market. Figure 2 shows the marketing tools under each P.

(Armstrong & Kotler 2007, 35-61.)



Figure 2: The four P's. (Armstrong & Kotler 2007, 53.)

Product means the goods-and-services offered by the company to the target market.

Price is the amount of money that customers have to use in order to purchase the product or the service. *Place* includes company activities that make the product available for the target markets. *Promotion* means activities that are in contact with the qualities of the product and convince the customer to buy it. (Armstrong & Kotler 2007, 35-53.)

A successful marketing strategy blends all of the marketing mix elements into a coordinated programme designed to achieve the marketing objectives, hence the profitable customers, and delivering actual value to the customer. 4 P's are often considered inadequate, but the accuracy is that for example for an airline like Finnair or airport operator like SSP, the services should be considered as the product. All these aspects are considered when building a partnership between companies. In this case, because of the somewhat limited customer base, partnerships are playing an important role when deciding on a company's product/market expansion framework. However, the four P's are very much of the seller's point of view. In order to create a truly customer

in focus marketing strategy with the 4 P's, the 4 C's should be taken under consideration as well. The four C's represent the buyer's point of four P's and they are:

Product – Customer solution

Price – Customer cost

Place – Convenience

Promotion – Communication

(Armstrong & Kotler 2007, 53.)

6.2 Consumer buying behaviour

Consumer buyer behaviour means the buying behaviour of end-customers – individual and households who buy goods and services for personal consumption, in this case the goods and services at the airport environment. This means that the consumer market in Helsinki-Vantaa airport would be approximately 12,9 million people on a yearly basis. Consumers in the airport come from all around the world so they vary tremendously in age, income, education level and tastes, hence their needs and wants vary when buying goods and services. Moreover, the central question for the marketer is “how do consumers respond to the various marketing efforts that the company might use”? (Armstrong & Kotler 2007, 127-161.)

Consumers make many buying decisions at the airport every day, but the question of what they buy, is not always so easy to answer, even though researches and numbers are shown. The buyer's “black box”, meaning what is inside the consumers mind when deciding to purchase is the starting point for researching. The model of buying behaviour starts with the first box in the figure below, *the 4 P's*: product, price, place and promotion, which stimulate the buyer decision. Other major influences are besides the buyer's environment: economic, technological, political and cultural marketing stimuli. All these inputs affect the second box, *buyer's black box*, where the four P's are changed into a set of observable third box, *buyer responses*: product choice, brand choice, dealer choice, purchase timing and purchase amount. (Armstrong & Kotler 2007, 129.)



Figure 3: Consumer buying behaviour process. (Armstrong & Kotler 2007, 129.)

The marketer should understand how the stimuli are changed into responses inside the consumer's black box, which consists of two parts. Firstly, the buyer's characteristics influence how he/she perceives and reacts to the stimuli. Secondly, the buyer's decision process itself affects the buyer's behaviour. If thinking about the customer market in the airport, the biggest influence would be culture that that is the most basic cause of a person's wants and behaviour. This all said, the major impact to remember is that even though the airport customer varies a lot, it is still located in Finland, Helsinki so the consumer base is the Finnish a typical, elderly Finn travelling to a resort. That takes us to the next topic of segmenting your customer. (Armstrong & Kotler 2007, 129.)

6.3 Target marketing

Before bringing the four P's to life, it is important to identify that the customers that company wants to build the relationships with. This is to create tailored and unique products for each segments and providing value to customer. This is especially important in service business companies that are keen to be a part of creating excellent customer relationships. There are three major steps in target marketing. The first is market segmentation that divides the market into separate groups with individual needs, characteristics and behaviours that might require different products. The second step is target marketing, which is the process of evaluating each market segment's charisma and selecting one, or more segments to enter. And the third step is market positioning where the arranging for a product is done in order to engage a clear, individual and desirable place relative to competing products in the minds of target consumers. (Armstrong & Kotler 2007, 165-187.)



Figure 4: segmentation, targeting and positioning. (Armstrong & Kotler 2007, 165.)

For market segmentation it is important to look at geographical, demographical, gender, income, psychographic and behavioural approaches. This is due to the fact that it is best to use multiple approaches to identify smaller, better-defined target groups to serve. With international markets for segmenting, the cultural and political factors might be considered as well. However, it is surprising how similar for example teenagers are all around the world. Furthermore, when segmenting is done properly, it is easy to evaluate its effectiveness by analysing the sales, growth rates and profitability.

(Armstrong & Kotler 2007, 165-167.)

After evaluating the segments, the company can now decide on how many segments it will target. A target market is a set of buyers with common needs or characteristics that the company decides to serve. Of course the idealistic approach would be to serve each and every buyer individually, but since in the airport industry the masses are so huge that there is a little point even thinking about that. So companies usually decide to target between very broad and narrow. This would mean differentiated marketing or concentrated marketing. Differentiated marketing targets several market segments and designs separate offers for each segment, for example; a shrimp sandwich and a sparkling wine for a bit of luxury before a flight or a coffee and muffin for the majority of the Finnish travellers (Appendix 1 & 2). The goal with this is to have a stronger position and higher sales; however, the down side is that this approach increases the cost of doing business.

Concentrated marketing again is focusing on acquiring a large share of one or few segments or niches. Generally, there are fewer competitors. With this the Internet is ideal for targeting small niche markets that are the ones outside of the segments. For example: buying a dinner for your flight in advance through e-commerce. This way you have a satisfied customer at the airport even before the actual trip. Of course, in this market there is a risk of focusing too much on the exceptions' rather than the masses. Thus, as said before, here Internet shopping comes in very handy if succeeded. It is said that smart targeting helps both the company and the consumer.

(Armstrong & Kotler 2007, 180.)

The third step in target marketing is positioning of the product, so that the place and the product occupies in consumers minds relative to competing products. Since consumers are already overloaded with information about products and services, they cannot reconsider every time they make a decision to purchase. To simplify the buying process, consumers "position" products, services and companies in their minds. This is why marketers need to plan positions that will give their products the greatest advantage in selected target markets. This takes the company to consider possible competitive advantages when they offer the consumers greater value than competitors for example with lower prices. What is the USP (Unique Selling Proposition) in the air travel industry? For example Singapore airlines enjoy their excellent reputation because of the loveliness of its flight attendants. (Armstrong & Kotler 2007, 185.)

So how to create value for target customers? In the airport and airline industry branding is a strong weapon on the way to success and a great part of partnerships. It is perhaps the most unique skill of professional marketers to build and manage brands. A brand is a name, sign, symbol or design or a combination of these that identifies the maker of a product or service. Consumers, and especially traveller consumers, view a brand as an important part of choosing a product or service that can add value to it. Branding also helps buyers in many ways; brand names help to identify products that might benefit them or telling about the quality and consistency. Branding also gives the sellers several advantages from giving a basis for product's quality story to segmenting their clientele. However, brands are more than just names and signs. Brand equity rep-

resents the consumer's expectations and feelings of a product or service and what they mean to a customer and how they will respond to it. In the end, the brands exist in the minds of consumers and the real value of a strong brand is the power to capture consumer's preference and loyalty. In addition, a powerful brand has a high brand equity that can be measured for example with a consumer's willingness to pay extra for the particular brands services. The bottom line is that a powerful brand works as the basis of strong and profitable customer relationships, representing a loyal set of profitable customers. (Armstrong & Kotler 2007, 199, 208.)

6.4 PEST

A PEST analysis stands for Political, Economic, Social and Technological analysis that describes the framework of external factors in the environmental point of view. It is often used together with strategic analyses and market research, giving different external factors that the company has to take into consideration. In this project the PEST was applied to get an overview of the external factors that need to be considered when marketing in airport industry.

(BusinessDictionary.com 2011a.)

6.4.1 Political

When thinking about political factors in this project, the first thing that need to be taken into consideration is the fact that Finavia, where the partnership is taking place and Finnair PLC, the other half of the partnership are both partly owned by the Finnish government. This basically means that all decision-making is reflected by the Finnish way of doing business altogether. Policies might be strict and decision-makers can appear as moderate. Also bureaucracy can hold up the decisions and take time and effort for years. (BusinessBalls.com 2010; MarketingTeacher.com 2011a.)

Legal factors in Finland and within the operational environment can be strict. In Finland the businesses follow the norms and laws precisely. A good example of this is the alcohol legacy of Finland that is unconditional and sometimes quite amusing for foreigners to understand. It is clearly a weak point of the external factors. However,

otherwise strict legal policies are a great advantage, especially within the travel industry that is expected to be secure and safe.

(BusinessBalls.com 2010; MarketingTeacher.com 2011a.)

6.4.2 Economic

Economic factors often include the influence of interest rates, economic growth and inflation rate. In today's world where inflation and recession are nearly everyday used words in business life, companies are more careful and cautious with their operations and how they make decisions. The partnership obviously, has a direct affect from Finnair's procedure to the extent that they are expanding.

(BusinessBalls.com 2010; MarketingTeacher.com 2011a.)

6.4.3 Social

The cultural aspects of the travel industry in Finland are the key points in this conversation. In media and headlines during recent years there has been lots of talk about the aging population of Finland. However, it is clear that they are the ones travelling and enjoying luxury today more then other age-classes. It is well known that this class spends money on business tickets, all-inclusive hotels and overall on comfortable travelling. Another factor is the workforce. Today in this industry there are work communities that are varied and diverse.

(BusinessBalls.com 2010; MarketingTeacher.com 2011a.)

6.4.4 Technological

If thinking about the technological aspects in Finland, there is a privilege that should be used. For example the RFID technology of Finnair, automation of fast check-in, is a frontrunner within the industry. However, when thinking about the partnership, R&D (Research and Development) is lacking and technologies could be integrated to optimize results. (BusinessBalls.com 2010; MarketingTeacher.com 2011a.)

6.5 SWOT Analysis

A brief SWOT analysis is presented to have a clear idea of the strategic planning of the project. It is a formal framework for identifying and framing organizational growth opportunities. SWOT analyses investigate the internal origin point of view of strengths and weaknesses and external origin point of view of opportunities and threats. Strengths are examining the projects characteristics that give an advantage over others. Weaknesses are observing the characteristics that place the project at a disadvantage relative to others. Opportunities are viewing the external chances to improve performance e.g. make greater profit in the operational environment. And threats are looking at external elements in the operational environment that could cause trouble for the project. The SWOT is also functioning here as a situation analysis that is the appraisal of operations to determine the reason for the gap between what was or is expected or is expected, and what has happened or will happen in the future.

(Kerin & Peterson 2007,706; MarketingTeacher.com 2011b.)

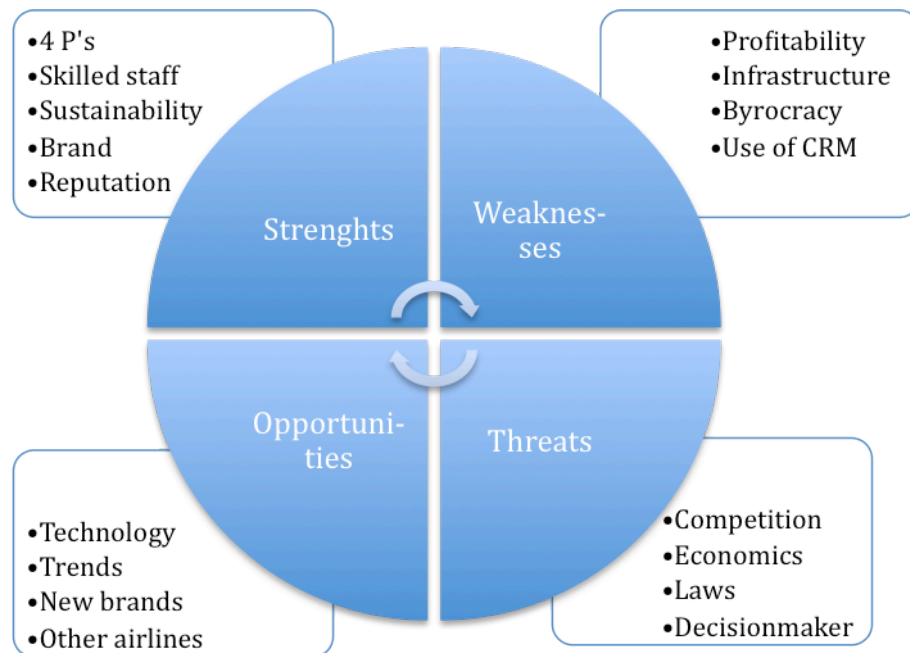


Figure 5: SWOT Analysis of the project. (MarketingTeacher.com 2011b.)

These four investigations support the previous discussion regarding the advantages and disadvantages. The biggest problems internally lie within the decision-making process,

where the partnership parties are not only depending on each other's decisions, but also Finavia's decision about space and property, for example. The advantages however, are with the fact that both partnership parties of the project have very skilled and motivated staff, good strong brand and reputation, sustainability from Finnair's finances because of the ownership of the airline and finally the understanding of 4 P's; product, price, place and promotion. (MarketingTeacher.com 2011b.)

The advantages and disadvantages externally are shortly presented. The advantages and opportunities lie within the fact that the project is a frontrunner with technology possibilities, even though it is not that clearly recognized yet. Furthermore, there is an advantage opportunity within the fact that both parties are well aware of today's trends regarding products and culture. For example, there is a restaurant that is using near-by suppliers for their food selections and angry bird flights with Finnair sponsoring and SSP providing the starting line.

(Aromaa-Tooke, H. 30.8.2011; MarketingTeacher.com 2011b.)

Threats are very similar to any industry in Finland or worldwide. The economical situation of the entire of Europe is immediately affecting to airline industry and airport operators. That said, it is still clear that people will always do business and fly in order to be global, meaning that inflation will only affect profitability of the project, not the entire industry. Also the law policies in Finland are quite strict and can be a problem sometimes, even though the airport has many exceptions with alcohol serving and timing, for example. Moreover, the decision-making can be slow, as said before, since there is Finnish government ownership and a global company with headquarters in the UK. Finally, competitors are starting to realize the potential of this sort of project, other airlines and other companies at the airport now competing about space or property, for example. (Aromaa-Tooke, H. 30.8.2011; MarketingTeacher.com 2011b.)

The SWOT analysis is a quick look at the situation now and what it can be in the future. Even though it is not the most detailed framework, it is a base for all projects that want to have a clear picture of the current situation.

(MarketingTeacher.com 2011b.)

6.6 Porter's Five Forces

Five Forces analysis was created by Michael E. Porter as a framework for industry analysis and business strategy development in 1979. It determines the competitive intensity and therefore the attractiveness of a market. The five forces are selected from ones that are close to a company that affect its ability to serve its customers and make a profit. The overall industry, however, does not imply that every firm in the industry will return the same profitability. Companies are able to apply their core competencies, business model or network to gain profit above the industry average. As an example of this, there is the airline industry where the profitability is low and yet individual companies, by applying unique business models, have been able to make revenue. For example Finnair has done this in the recent years with its “Via Helsinki” – model. (MindTools.com 2011; QuickMBA.com 2010.)

In this project it is used to get a deeper understanding of SWOT analysis. It helps the marketer to contrast a competitive environment. It has similarities with other tools for the environmental audit, such as the PEST analysis, but this tends to focus on the single, stand alone, business or Strategic Business Unit rather than a single product or range of products. Five Forces analysis looks at five key areas namely the threat of entry, the power of the buyers, the power of suppliers, the threat of substitutes and competitive rivalry as in figure 6. The author wanted to include this analysis to support the PEST and SWOT analyses and to give a strong and deeper image of the skills of using models to support marketing strategies. (MindTools.com 2011; QuickMBA.com 2010.)

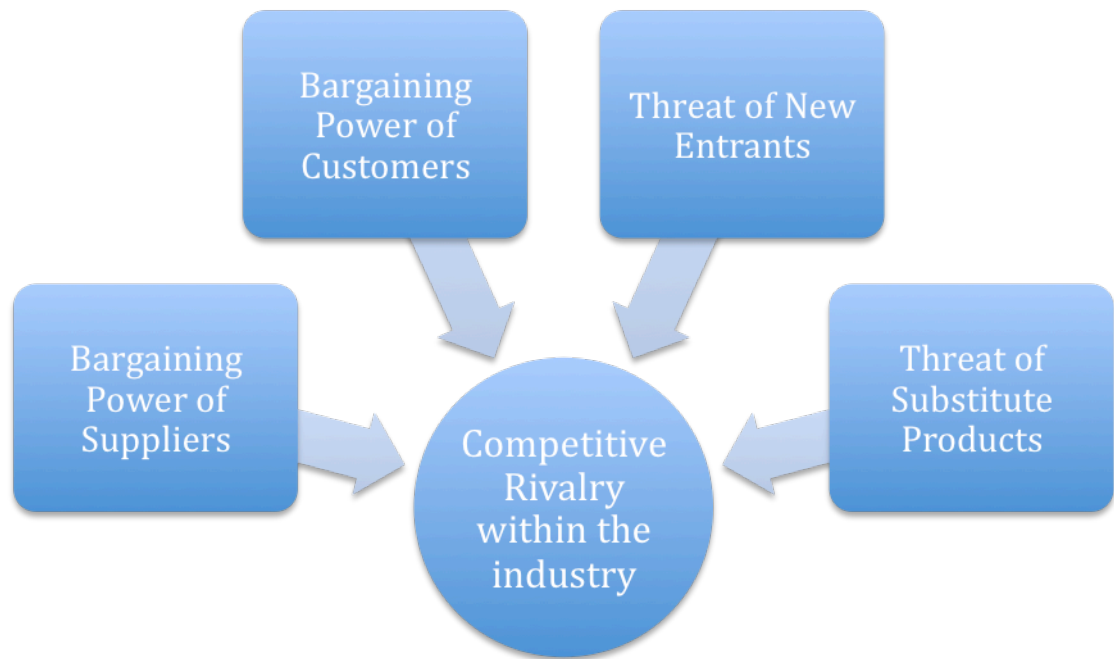


Figure 6: Five Forces. (MindTools.com 2011; QuickMBA.com 2010.)

6.6.1 Threat of Substitute Products or Services

The existence of products outside the field of the common product boundaries increases the tendency of customers to switch to alternatives. This means basically that when thinking about the airline industry and the growing trend of low-cost airlines, there will be also new service providers. For example, there is coming a Alepa supermarket into the airport, which means that more and more people will buy their snacks from there since it is usually cheaper than the prices in airport cafes and restaurants. So, this would require product differentiation. More campaigns regarding this partnership and giving actual examples with what to do with the frequent flyer points gained through SSP. For example, when the partnership began, there was a huge advertising campaign where the pictures of the partnership products (Appendices 1 & 2) were placed in to the boxes at the security checking. Meaning that basically every single passenger flying from Helsinki-Vantaa airport coming outside the transfer area saw the advertisements. In addition, quality depreciation is the key when fighting towards substitute products and services, since the high quality of products and services within the partnership companies has always been the way of doing business.

(MindTools.com 2011; QuickMBA.com 2010.)

6.6.2 The threat of entry of new competitors

Profitable markets that produce high returns will attract new competitors to the market. This results in many new entrants that eventually will decrease profitability for all companies in the industry; this includes all other airlines functioning in Helsinki-Vantaa airport. The existence of barriers to entry is there, since Finavia and Finnair has a mutual understanding and long partnership history when making decisions regarding which airlines can operate in and from Helsinki. Also SSP Finland is a pioneer at the airport as an operator and service provider, dominating the market. Another fact that will make it hard for new entries is the brand equity of both parties in the partnership, as well as the customer loyalty of Finnair's market. However, the more successful the partnerships become, the more new entries will want to access the market as they see the potential profitability. The biggest threat of new entries right now would be the low-cost airlines, because of their popularity and growing market share within Finland. Also StarAlliance is mainly dominating terminal 1 in Helsinki-Vantaa airport. (MindTools.com 2011; QuickMBA.com 2010.)

6.6.3 The bargaining power of customers

The bargaining power of customers (buyers) may also be explained as the market outputs; the ability of customers to put the company under pressure, which also affects the customer's sensitivity to price changes. This would mainly be seen and was seen during the recession of recent years when people spent a lot less money on treating themselves with extra products, such as airport perks. Also in the service industry and especially with the media sexy airline and airport industry, the word-of-mouth is a huge bargaining power of customers and should not be underestimated. As it has become clear to the author, Helsinki Airport might be the first contact of Finland to a passenger and you might be the first Finnish person that the passenger ever meets, so the experience within that moment is very important. That is why if a passenger receives poor service, e.g. on a Finnair's flight, once in a lifetime, it can be enough of a reason for never using that particular company ever again.

So, the bargaining power of customers is one of the biggest, if not the biggest, force of all five. (MindTools.com 2011; QuickMBA.com 2010.)

6.6.4 The bargaining power of suppliers

The power of suppliers tends to be reverse of the power of the buyers, meaning that it can be explained as the market inputs. Suppliers of raw materials, components, labour and services (expertise) to the company can be a source of power over the company, where there are few substitutes. Suppliers may refuse to work with the firm or for example, charge excessively high prices for unique resources. This can be directly seen for example within the price of food in Finland today and its growth even during the last year. Suppliers have to react fast to the prices and it is an affect throughout the entire supply and value chain. Power is especially high where the brand is powerful, e.g. Microsoft, Pizza Hut, Finnair. The power of suppliers is also huge when thinking for example about the food suppliers in Finland, which are not that many today; S-chain, Kesko or Tuko Logistics.

Another issue with this would be the employee solidarity. When using for example recruitment companies, how the company make sure that the employees want to work especially for them and through another company.

(MindTools.com 2011; QuickMBA.com 2010.)

6.6.5 Competitive rivalry within the industry

This is most likely to be high where entry is likely; there is the threat of substitute products, suppliers and buyers in the market attempt to control. This is also why this is seen in the centre of the diagram (see figure 6). For most industries, the intensity of competitive rivalry is the major determinant of the competitiveness of the industry. In this project, this can be explained for example with sustainable competitive advantage that comes from innovation. This is the first this type of this sort of partnership anywhere in the world and the front-runner in being innovative. Moreover, the fact that as partners, the expenses of for example advertisement and publicity, for example, are covered equally. Finally, in order to stay competitive, there is a need for a powerful competitive strategy. (MindTools.com 2011; QuickMBA.com 2010.)

7 Loyalty programme

In this section, the loyalty programme theory is introduced. This is due to the fact that even though many of us know what a loyalty programme is, there is not much knowledge behind it regarding the design, layers and advantages of it. In Finland, people are associated with all different sorts of loyalty programmes, from clubs to bonus cards without actually knowing what they are there for, other than cost-saving purposes. Today, more than ever, loyalty programmes of different kinds are enormously popular and that is why this chapter is presented and related to the project. The fact that the partnership is taking the point system more towards a loyalty programme club card was the idea behind introducing this theory.

In order to retain customers, many firms have focused their attention on increasing customer satisfaction levels. The degree of customer satisfaction is indeed a key measure. However, to what extent customer satisfaction leads to loyalty and profitability, is an important issue to be examined. Traditionally, customer satisfaction is expected to lead to greater retention or loyalty, which in turn, leads to greater profit.

(Kumar & Werner 2006, 156.)

In other words, a loyalty programme is a marketing programme designed to enhance brand loyalty by cultivating an ongoing relationship between a marketer and customer. Successful loyalty programmes encourage their consumers to buy frequently, to increase the amount spent every time, and to concentrate all or most of their related purchases to that brand. Most loyalty programmes offer perks membership in a club or programme and reward purchases. Rewards may be based on the monetary value of purchases made or on the frequency of purchases. The most-well known loyalty programmes are airline industries frequent-flyer programmes that offer discounts against future travel called award miles. Most large supermarkets have as well their club cards, coupons and newsletters. Loyalty programme also include regular communication with customers, such as reminder mailing, private credit cards, cross-selling and up-sell offers, satisfaction and opinion surveys and collection of information for customer databases. (Answers.com 2011.)

7.1 Effectiveness of Loyalty Programmes

In recent years, many companies have introduced loyalty programmes, frequency rewards, customer clubs of different kinds and they are available in the majority of the consumer markets. In the airline industry the frequent flyer programmes have been successful and after the three major airline alliances, the reward system has become even more approachable and beneficial to consumers. So a loyalty programme can be defined as a marketing process that generates rewards to customers based on their repetition of purchasing. Consumers that enter into a loyalty programme are expected to transact more with a focal company and therefore giving up the “free choice” they would have otherwise. In exchange, when a customer is focusing on purchases with the focal firm, they receive accumulative assets that are exchanged for products or services. Furthermore, loyalty programmes have become an important CRM (Customer Relationship Management) tool used by marketers to identify, award and retain profitable customers. (Kumar & Werner 2006, 163.)

However, true loyalty is very hard to reach. Enforcing loyalty by tempting customers with rewards and bonuses is unlikely to create true loyalty. True loyalty is a function where the customer receives true value provided. It also includes other factors from the company’s side like involvement in product categorising and visibility of a product when using it and getting value for money. Interest towards loyalty programmes exploded in the late 1990’s when marketers realized that it is cheaper to market to existing customers than acquiring new ones. The most well known Loyalty Programmes are frequent flyer programmes in the airline industry. In the retail side in Finland the two biggest Loyalty Programmes lies within the two biggest supermarket chains S-ketju (S-bonus) and Kesko (Plussakortti). Although Loyalty Programmes have become popular it might not always be used as profitably as it could since managing loyalty programmes is expensive and considerably complex. (Kumar & Werner 2006, 162.)

Loyalty Programmes differ quite a lot both within and across industries. The Loyalty Programme’s design can be described along with key dimensions such as; *Reward structure* where the principal motivation for the consumer to enrol in Loyalty Programme is

to be credited with benefits. *Hard vs. Soft Rewards* that can be distinguished between financial and tangible rewards such as price reductions, free products or a free flight after enough points are earned. Other rewards include psychological and emotional benefits like statuses or tiers that include something special. *Product Proposition Support* where the reward can be directly linked to company's product offering or entirely unrelated meaning that one can redeem bonus points with another firm's products. *Aspirational Value of Reward* that is "hedonic" products related to pleasure and fun; *Rate of Rewards* that refers to the ratio of reward value (in monetary terms) over transaction volume (in monetary terms). *Tiering of Rewards* for example with the Finnair Plus frequent flyer programme when the customer receives a set of rewards per money spent. *Timing of Rewards* that is determined by minimum redemption rules, type of reward given out and the reward rate. (Kumar & Werner 2006, 173-174.)

Introduction of partners and sponsorships is on the major axes of growth in Loyalty Programme designs of today. Sponsorships refer to the supply side features of the Loyalty Programme owner. In these, Loyalty Programme members can collect assets at organisations associated with the focal firm's Loyalty Programme. The other design is the degree of cross sector partners, like airport operators for airlines. The customers can collect assets within the same sector like SSP Finland and Finnair Plus. (Kumar & Werner 2006, 181-183.)

7.2 Customer loyalty

Now that the theory behind Loyalty Programmes has been understood, what does it actually mean to be a loyal customer? Well, usually it is considered to be when a customer purchases within a certain amount of time, with certain amount of re-purchasing. It does not mean that a customer has developed an emotional bond with the company, but stays "loyal" because of assets or benefits for themselves. Other indicators are brand loyalty, service loyalty, correspondent loyalty and store loyalty. Figure 5 is a summary of stereotypical customer loyalty conversations. In the other extreme there is an idea that customer loyalty is not a good concept at all. On the other extreme there is the ultimate emotional and behaviour based commitment. Most frequently this stereotype is thought of as the Harley Davidson customer relationship,

when even a tattoo is taken to symbolize the loyalty. In the middle there is buying behaviour based customer loyalty and emotional based customer loyalty.

(Arantola 2003, 25-35.)

Customer Loyalty characteristics:

Consumer image:

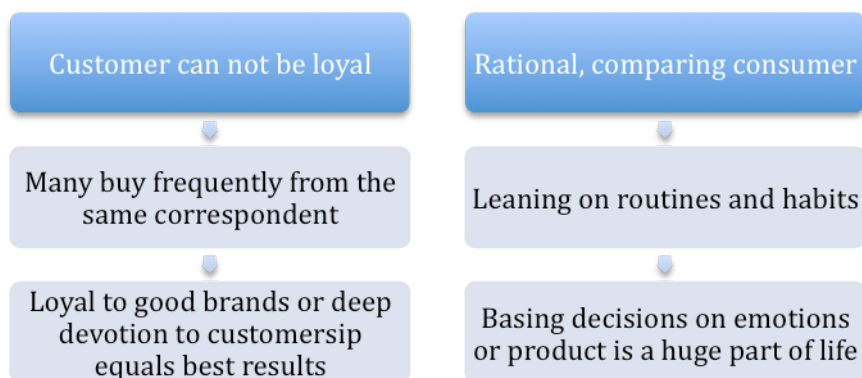


Figure 6: Perceptions of customer loyalty changes. (Arantola 2003, 25-28.)

The big differences between these perceptions can be explained with their different starting points and backgrounds. In the background is the buying approach and the use of POS data and in the other hand, managing a brand and understanding the customer's emotions. (Arantola 2003, 25-28.)

Customer satisfaction is a key word when discussing customer loyalty. It is often thought that without customer satisfaction there is no customer loyalty. Nevertheless, critical incidents can easily move the otherwise stable customer's satisfaction rapidly. A critical incident can either be a positive or negative one and the criticality rises if the situation is unusually important for the customer or that the experience differs a lot from their expectations. A critical incident can affect both the attitudes and behaviour of a customer. If a negative critical incident is very well handled it might even strengthen the customer relationship, but it may also go to a place where there is no returning back. In spite of this, it is said that long-term customerships are a good indicator of customer satisfaction, but might not prevent long-term customerships.

(Arantola 2003, 34-35.)

In order to indicate customer commitment, customer loyalty definition and indication is relevant. There are different methods that indicate the levels of commitments. Traditionally, customer loyalty measures a target or quantity in relation with the subject. Customer loyalty means a brand loyalty, vendor loyalty, store loyalty shopping, compulsion loyalty or e-loyalty. In the other hand, customer loyalty can be measured by retention, defection or churn. Retention measures how the customers remain as our customers during a certain period of time, for example how many percentage of our customers are still our customers. Churn percentage measures how many customers end the relationship with us. Furthermore, duration is a measurement when a customer's relationship duration and changes can be followed in the customer market level. This usually tells us how long the relationships in the same field of industry are as well. (Arantola 2003, 34-44.)

Additionally, recommendation or acquisition communication, or word-of-mouth, can be massive behavioural influence when a company offers benefits for the referee, getting the referees name and details, for example member-get-member or magazines "friend orders". Still this might be difficult for a company to observe. Also customer feedback and satisfaction surveys are usually a sign of a loyal customer. A complaint is done in order for the company to fix their activities and so that the customer can stay as a customer. Dissatisfied customers who do not wish to maintain as a customer, do not necessarily bother to complain unless there is a wish for monetary compensation. (Arantola 2003, 37-40.)

In today's business, volume segmentation is the common way of classifying a customer base. Customers are positioned in rank orders and the amount of purchases ordered: supermarket purchases per month, flight tickets purchases per year etc. A volume pyramid affects many aspects of market sectors; loyalty programmes through card tiers and rewards, customer service quality and service selection contents. Most volume pyramids do not pay attention to the profitability of the volume; will the amount of sales be born through a profitable products and services scheme or from the amount of offers and monthly products. Of course, the good point of volume segmentation is

that it naturally informs us as to what is the most profitable customer segment. Weakness lies usually at the lower stage of a pyramid; lower stage is not interesting, potential is not assessed and customer signals are not followed. On the other hand, in this lower stage, there might be valuable customers, for example buying mainly from competitors whose volumes the company receives only a small piece or little consuming customers whose potential lies in future purchases and is only growing. (Arantola 2003, 43-44.)

7.3 CRM of Finnair

Customer Relationship Management (CRM) is the process of building and maintaining profitable customer relationships by delivering superior customer value and satisfaction. In order to manage their frequent flyer programme, Finnair uses a CRM (Customer Relationship Management) system called Siebel. For the loyalty programme the RoadRunner High Speed Online is used. The CRM system was invented and invested for Finnair to manage its customer relationship data, in this case the frequent flyer programme. When Finnair Plus points are used it is recorded to the loyalty programme and through this, keeping track on the point transactions is possible.

(Strandberg, K. 13.10.2011.)

Another point in Finnair's CRM is the frequent flyer programme. Finnair's frequent flyer programme Finnair Plus segments their customer base through volume realisation according to card tiers from basic level to platinum level and through customer types. Customer types are formed by examining the customer's travel process and concerns. One customer type is a "commuter" that travels frequently and along the same route. In order to keep the substance really pertinent for the customers' opinion, there is a use of segmentation dimensions together with the programs contents management. Customer volumes impact is exceptionally powerful in tourism, because it directly changes the process of a customer, concerns and expectations, rather than for example in a supermarket. A commuter customer with hundreds of travel days is a very different customer type than the type representing customers who only travel a few times per year. Moreover, offerings are personalised by customer duration, buying behaviour and profile information. (Arantola 2003, 125.)

As one identification method, Finnair uses the RFID (Radio Frequency Identification) technology. RFID-technology is a combination of microchip and antenna, which can be packed into a very small space, in this case in the frequent flyer cards. Finnair's eGate- check-in service is using this technology, when the customer walks through the check-in gate with the frequent flyer card in ones pocket, the customer is also able to check-in automatically at the same time. RFID fastens the identification of a customer and at the same time automate the service. This technology can also collect data on customer behaviour. (Arantola 2003, 81.)

7.4 CEM

Customer Experience Management (CEM) is the process of strategically managing a customer's entire experience with a product, service or a company. It is a process-oriented satisfaction idea. In addition, CEM goes far beyond CRM by moving from recording transactions to building rich relations with customers. CEM has a broad view of how a company and its products can be relevant to customer's life. CEM connects with the customer at every touch point and calls for the integration of different elements of the customer's experience. Before and even after the sale, CEM provides value to customers by delivering information, service and interactions that result in compelling experiences. Thus, it builds loyalty with customers and adds value to the firm. (Schmitt 2003, 17.)

CEM also takes an integrative approach to the organization, looking internally and externally. A manifestation of this integration is its attention to the employee experience because employees influence customer's perceptions of the company. Therefore, to create a delightful customer experience, employees must be motivated, competent at their jobs and innovative in their thinking. In order to do all of this, employees need to have the right experience with the company to work for. Managers cannot just impose initiatives from the top down, but these initiatives have to be an integral part of the whole organization. This point is most relevant with service industries, thus also with all business areas. To deliver the right look and feel and as well right interaction, and to be innovative at the marketplace, employees need to focus not just on numbers and spreadsheets, but also on the customer experience. (Schmitt 2003, 17-21.)

This is very much central with both of the partnership companies. Finnair has just started seriously developing their CEM with their “Piece of Mind” project, where managers at all levels are brought familiar with CEM and trained at workshops of Customer Experience. “Piece of Mind” is a service identity way for Finnair to function everyday. To the customer service division, a Customer Service Design unit has been launched. Its mission is to develop the customer service process, service identity and service concepts together with other units of Finnair. This is due to the vision of Finnair to become the most desirable option for Europe-Asia route. In order to succeed with their mission, the customer has to be at the centre at all times. Customer Experience is the strategic emphasis of Finnair today. The development procedure is supported by the use of customer-, and market information databases. With research information it is also attempted to sharpen and enhance the cost efficiency. It is expected to bring new insights of what need to be prioritized and how to stand out from the competitors. The “Piece of Mind” training has already provided great results. Many of the “Magic Moments” are accomplished among the Finnair staff members and customer feedback is showing a clear positive trend of the fact that Customer Experience is actually working. (Inkonen 2011.)

The same trend can be seen in SSP Finland’s development. Customer feedback has gained superior results from the customers and the partnership with Finnair Plus is getting more and more attention, with positive outcomes. Throughout the “Must Win Battles” attitude, SSP Finland’s staff have been motivated and recognized frequently. (Aromaa-Tooke, H. 30.8.2011)

8 SSP Finland Oy and Finnair Plus partnership

Partnerships have been established and developed throughout the history of business. In brief, a partnership means a relationship of two or more entities conducting business for mutual benefit. This sort of close partnership between an airport operator and airline has never before been brought up at anywhere in the world. This is why this partnership shows tremendous potential to become an innovative model for the future. The following chapter presents the project's main theme of partnership, its history and benefits so far. (Investorwords.com 2011.)

8.1 Partnership since 2010

Starting from 1st of January 2010, Finnair Plus members have been able to earn and use Finnair Plus points at all SSP Finland's restaurants and cafeterias at Helsinki Airport. Members start earning points after 12 Euros per purchase and earn 2 points for each euro spent. Frequent Flyer members can use points on a dozen preselected products instead of paying with money. The POS (Point Of Sale) system records each transaction automatically when the Finnair Plus card is swiped and reports back to Finnair loyalty once a day. Finnair Plus member can also use points to purchase any item in any of the SSP Finland restaurants at the airport. (Taskinen-Lintula, A. 2.9.2011.)

Partnership packages are done together with SSP Finland marketing department and Finnair Plus. The packages are gathered in assembly when every time the menu changes in the SSP Finland's points. The segments are cafeterias, bars and restaurants. When building the material packages there are various things that need to be considered and here the segmentations, targeting and positioning comes into the picture. The cafeterias requirements that need to be considered are; repetition is effective, easy products for people and what catches the consumers' eyes – mentality. This is by far the biggest segment of all three and so the products must be easy to approach, eat and to buy. Here the thought of the typical, elderly Finn traveller is important and that shows in the one of the most successful package of earning points: "Shrimp sandwich and a piccolo sparkling wine 20cl 16,60 Euros or 8000 Finnair Plus – points". It is familiar enough even for the traveller from outside of cities and still a little luxurious to

have as an airport snack. Another example of an always-trendy package in the cafeterias is: “Coffee, sandwich & spring water 10,90 Euros or 6000 Finnair Plus points” (Appendices 1 & 2). (Uotila, T. 4.11.2011.)

The second most profitable segment is the restaurants, where in at least three of them customers can get approximately 10 percent of discount when buying the Finnair Plus package product. Also almost all of the dishes can be paid either with money or Finnair Plus points, and with this customers can save up money. The third segment of bars, is not very successful, since the bar clientele do not think of their Finnair Plus card when purchasing a product. This is due to the fact that it is not that easy to overcome the 12 Euro purchase limit in a bar, including some of the Finnair Plus and SSP Finland combination products that are still somewhat limited. Here, the mentality of using the frequent flyer card as a bonus card would be considerably wise. Especially now, when there is opening a new sports bar of O’Leary’s that offers pub food as well. Moreover, some packages of course are also being cancelled if noticed as not being profitable at all. Some of those packages that have been removed were made for Ceaser’s Food Court – because it is mainly used by the employees of the airport, and Congress – while having a conference the businesspeople usually only eat and drink the products that are there for the conference already. However, it is not only the SSP that proposes the packages. Finnair Plus has also been active if having new, fresh ideas. This is updated usually four times per year, together when updating the current situations, setting up new logos and developing the partnership. Yet, there has been no research carried out regarding the customer’s needs and wants while visiting the airport’s cafés, restaurants and pubs. (Uotila, T. 4.11.2011.)

If thinking about the IT of SSP Finland and Finnair Plus, there is a MICROS counter system in use as well as the Finnair Plus point tracking system. The SSP Finland’s counter system MICROS is instructed to ask for the frequent flyer card every time a purchase is swiped to the counter. This makes it easy for the sellers at SSP Finland to remember to ask for the card as if it would be a bonus card every time a customer is purchasing. This also motivates the sellers at the counters to sign up more Finnair Plus members, as it was shown in a campaign held by Finnair and SSP Finland where the

outlet collecting the most new members won flight tickets with Finnair to a destination in Europe. During the campaign month in May 2010 SSP Finland's employees collected over 2000 new Finnair Plus members (Appendix 3). This sort of competition could be also used in the customer side in the future, in order to draw attention towards the partnership. (Uotila, T. 4.11.2011.)

In beginning of 2012 a new price fixing system is going to exploit when all products in SSP Finland's outlets can be bought with Finnair Plus points. MICROS will show the price either in Euros or in points. This is expected to bring clarity to the whole partnership from the customer point of view from advertising to the actual buying decision. Another new thing coming in 2012 is the possibility to purchase SSP Finland's products via Internet in advance and collect them at the airport. These products can also be bought with points in the coming years. (Uotila, T. 4.11.2011.)

8.1.1 Benefits to SSP Finland

Until today, SSP Finland has benefited remarkably from this partnership. The average purchases have increased and naturally SSP Finland makes more in net sales with the Finnair Plus customers. SSP Finland has also gained more publicity and visibility via Finnair, as Finnair has advertised this partnership in its e-mail newsletters, magazines, web sites and on other marketing channels. As SSP Finland and Finnair are both strong brands, it is valuable for both parties to benefit each other's brand image. With this partnership as an example, other SSP countries have expressed interest in cooperation with Finnair Plus. SSP Finland has not been very much recognized by its name in the Finnish market, but this partnership has already drawn people's attention to the name, among others than business professionals.

(Taskinen-Lintula, A. 2.9.2011.)

“ SSP as a worldwide company has never before been so strongly involved in a partnership with an airline anywhere in the world. The partnership with Finnair is a candidate for the best innovation of 2010 in the annual Airport Food & Beverage Conference and Awards” – Anneli Taskinen-Lintula, Director of Restaurant Operations, SSP Finland Oy. (Taskinen-Lintula, A. 2.9.2011.)

8.1.2 Benefits to Finnair and Finnair Plus

For Finnair and Finnair Plus this partnership gives frequent flyer members more options on where to earn and use points, since every point counts. The Finnair Plus programme itself is more valuable as good partnerships are established. Furthermore, Finnair Plus is able to attract new members via SSP Finland. The results were seen in a campaign held in May 2011 that generated several thousand new Finnair Plus members. And of course, there is ancillary revenue for Finnair by selling points as well as for SSP Finland when customers use points for purchases. Moreover, this partnership has worked as an example of Finnair Plus case – example representing one of the five key partnership cases with Finnair and its results. (Strandberg, K. 13.10.2011.)

9 Potential development opportunities

There are several potential development opportunities for this partnership between SSP Finland and Finnair Plus. In this section the most relevant in the current situation are talked through as the writer sees them. First of all, the loyalty programme system should be made clearer for both parties. SSP Finland sees the frequent flyer card as a more regular loyal programme card and wishes to market it in its places as if it would be a sort of a bonus card for SSP Finland and Finnair Plus. Thus, it is essential to agree in order to optimize the use of it during actual buying situations. Meaning that the retailer's at the SSP's counters should ask for the clients Finnair Plus card every time a transaction is made. (Strandberg 13.10.2011; Taskinen-Lintula 4.11.2011.)

When the prices go to points next year, it has to be apparent to both parties of the partnership to set up a goal that shares values, so that customers can be served with high quality. The suggestion for this would be that Finnair Plus and SSP Finland would set up some sort of training programs for retailers and to make sure that profits will increase. This is especially important when thinking about CEM. Revenue will grow when the personal selling is highly motivated and educated. Also because both parties consider themselves as a high service quality companies with excellent products, the bonus card and paying with points would require large marketing campaigns that include both company's logos equally. (Uotila, T. 4.11.2011.)

This takes us to the next potential development opportunity that is branding. SSP Finland is a strong brand worldwide, but unfortunately only famous in Finland at Helsinki Airport. Finnair is a well-known brand everywhere and the partnership with SSP Finland has optimised the number of frequent flyer members and even gained new ones through SSP Finland's excellent service perception. Next year, in 2012, SSP Finland is bringing new worldwide strong brands to Finland, such as Starbucks and O'Leary's. These strong brands will increase the profitability of SSP Finland and Helsinki Airport and even Helsinki as a city, so why not use the branding in this case as well. It is understood that for example, Starbucks will have very strict rules of what SSP Finland can do and cannot do, but when everything is working nicely, it would be beneficial for

Finnair to get the frequent flyer programme point collecting there too. This is simply explained because of a vision that the author got when beginning with this report: “collecting Finnair Plus points from Starbucks – cool”! In addition, it all comes down to supporting one another and creating a strong well-known business partnership, like Apple did with Steve Jobs and Steve Wozniak.

Another remarkable potential development opportunity lies within the IT section. Right now, the MICROS system for SSP’s counter cashiers reports to Finnair Plus Loyalty everyday as a report of the day’s point purchases. After this, Finnair Plus deducts the points from the members point account. It has been working until now, but what happens when the partnership starts booming and the sellers do not know if the client has enough points or not and even worse, the client does not know if they have points or not, but would like to use them for services available. Until today, a simple phone call can be made if there is a situation like this, but it is not efficient, trustworthy or good customer service and it is very time consuming. It would be a significant service contributor, if SSP’s MICROS or another integrated IT system could even check the customer’s points total, and then sell more products where customer can use the points. Besides, now the MICROS system is asking every time a purchase is made for the customer’s frequent flyer card, but there is a requirement to deeper understands of the entire programme. In 2012 when all of the products are priced with both money and points, this will be a relevant issue to increase profitability.

Also a potential development opportunity is the fact that from SSP Finland’s cafeterias and restaurants a client can purchase a “Buy a Meal to Your Flight” - food. This is not yet that popular, but is increasing when customers gain knowledge of the offer. What is more is the fact that customer can purchase via web buy and e-Banking of SSP Finland’s web pages. Particularly, when the food during flights gets smaller and smaller every year and even with long-haul flights, there might be choosy passengers, kids and old people that need special nutrition. This could be done as one of the “Magic Moment” – specialities that Finnair is launching especially for passengers travelling with kids. For SSP, that might increase the awareness of other clients at the airport, above

all, the ones that are travelling with low-cost airlines. Furthermore, this would increase the service quality of both companies and their profitability.

(SSP Finland 2011c; Uotila, T. 4.11.2011; Aromaa-Tooke, H. 30.8.2011.)

As it became obvious through the interviews with the marketing department of SSP Finland and Finnair Plus partnership, other SSP countries have revealed interest towards partnerships with Finnair Plus. Airport operators in Stockholm, Sweden are under negotiations and want to follow the successful partnership there. In addition, other SSP airports operated in Finland should be included to the partnership in order to gain publicity and to show sustainability. For example, in Oulu where a new Hello Café was opened autumn 2011, a partnership offers and logos would show that Finnair is still going strong also in the domestic markets and making SSP Finland more visible for all parts of Finland. (Taskinen-Lintula, A. 2.9.2011.)

Of course, this would need again lots of research about what packages would work and what are the trends in that specific area. Thus, in all Nordic regions ecological and near-by-food is a huge hit, smaller products might differ quite a lot, and for example Smørrebrød's in Copenhagen and Meatball sandwiches in Sweden. Also, expanding requires empirical data and investigation in order to be successful.

What is surprising is the fact that even though Finnair has a tremendous clientele and CRM system, there are no surveys or questionnaires carried out regarding the buying behaviour or customer satisfaction of this partnership. It is a fast and a direct way of getting up to date information of passengers needs and wants, hence it eases the collecting process of the packages. The easiest and cheapest way would be giving the task to one or a few students to develop surveys for their projects. Because this partnership is only taking baby steps, but is fast on the way to running, the potential development opportunities lie at the experimental level. What needs to be taken under consideration is the fact that first of all, the frequent flyer card is probably obtained by the client in order to get free flights and higher tiers. And the fact that SSP Finland is a restaurant, cafeteria, bar and lounge operator, only working with the airline industries.

However, this partnership if something has shown that innovation and enthusiasm towards customer satisfaction can make anything possible. Rules are made to be broken and this project is a great example of that.

10 Analysis

Analysis of the project is the examination and evaluation of the relevant information to select the best possibility of action from among various alternatives discussed. The analysis part is giving the authors ideas of possible development opportunities of the partnership discussed. Based on the project results and conclusion it is hoped that the partnership parties will gain valuable information on the current situation and to see the potential development opportunities in the future. In the analysis section, the theory that has been introduced previously will be applied and the results are going to be based on the information that was collected through the three company interviews. The results are gained through the data collected from the interviews and understanding the theory. Conclusion is working as the sum up of the entire project findings. (BusinessDictionary.com 2011b.)

From the theory explained in chapters six and seven, it became clear that partnerships are developed most importantly to create customer relationships. Partnering as a marketing strategy creates those unique and loyal customer relationships, via branding, targeting, segmenting and positioning well. And as stated before, a successful marketing strategy blends all of the marketing mix elements into a coordinated programme designed to achieve the marketing objectives and the profitable customers, with delivering actual value to the customer. When the suitable marketing mix is developed, the partnership associated can start to create the stimulation of consumers, which is again evolved as a response from the customer's, thus the buying processes and buying characteristics. The third step than again is the choosing of a brand, product, timing and amount.

Loyalty programme theory was explained and presented in order for the partnership parties to understand what is behind them, other than just points and miles. Next year, the mission is to be able to purchase anything from SSP Finland Oy's outlets with Finnair Plus points and it is essential to understand how a profitable and successful loyalty programme is designed. Also, the understanding of the base of CRM is important, because the CEM that both companies will focus more in the future, is taking beyond

CRM by not only focusing on recording transactions, but building long lasting customer relationships. This theory is very much in fashion right now, with loyalty programmes as well, so to produce results with them, there must be understanding of the theory behind it.

In conclusion, the research results and conclusion are based on the information that was collected through the three company interviews held between September and November 2011, as well as on the information that was gained from understanding the theory and secondary data collected.

10.1 Results

The following results and suggestions are based on the information gained throughout the company interviews held to support the project (Appendix 4) and information gained with the author's supervisor at SSP Finland Oy as well as understanding the theory. So far, this partnership has resulted as higher results in the focal point of purchases, average money spent per purchase has gone up from 7 Euro to 12 Euro spent. For SSP Finland this partnership has gained publicity and visibility. For Finnair Plus customer's this has made information accessibility more flexible and available of where and for what services to use points at the airport. The partnership has resulted as active and close association, perpetration and searching for new development opportunities. In the commercial side, the results can be seen in both parties own advertisement campaigns, images and web pages. There have also been combined campaigns for both company and customer sides, acquiring new members and collecting more points (Appendix 3). What needs to be further developed is the reward earning models and scope of partnership.

Even though it was stated in the project before, the average passenger at Helsinki Airport is the elderly basic Finn and the bottom line when creating packages is to remember that. But, as Finnair is concentrating on its CEM becoming the leading and most desirable airline for the Europe-Asia route, there is a potential innovation as well. For example, Finnair built brand new lounge and spa facilities in 2009 to serve the Via Helsinki – passengers, the ones that are staying only at the transfer area. The staffs work-

ing in these facilities are from SSP Finland and their professionalism and customer service skills gained a “World’s Best Lounge” award from PriorityPass in 2010. This was first time ever it was received outside USA. This quality and innovation can be pushed further with shared education and service quality – mentalities. For example, as the entire transfer area for non-schengen (ones outside the schengen – area) passengers is dominated by Finnair and SSP Finland, especially now when SSP opened a brand new business lounge “Almost@Home” that has already during its two weeks since opening become a huge hit among the British passengers, who are famous for their relaxed style. Moreover, it has been noticed and positively well reviewed by the Finnair’s and Finavia’s “QualityHunter’s 2”, that are few people travelling and giving their opinions of airports and airlines in the world.

(Aromaa-Tooke, H. 30.8.2011-30.11.2011.)

This again supports the idea of “Via Helsinki” - passengers to be at the centre. Hence, there are packages created for the ordinary passengers and seasonal packages, but how about the passengers of Asian nationality or people travelling to Asia, which is currently one of Finnair’s most profitable customer sections. There could be for example a Finnair Plus and SSP Finland package offer of “a cup of noodles and a green tea – drink with xx Euros or xx Finnair Plus points”. It could be an encouragement that passengers travelling to Asia, for business or leisure, might want to start their trip already before entering the airplane, having a piece of Asia while waiting. This sort of brainstorming and innovation can only be gained if seriously concentrating on the effort of following CEM.

10.2 Conclusion

In conclusion, the potential partnership development opportunities lie as presented in the theory, within CEM, IT integration, managing 4P’s and point availability. During next year, the - pay with your points - must be accomplished clearly and loudly, giving the customer choices and clear benefits of why to purchase with the points. For example, double points or additional product when doing so. This might also drive the packages into a price competition with other outlets and here, if managed well, the 4P’s

simply help to compete. Finnair Plus should not only concentrate on the transactions made per month, but more on how to optimize the amount of transactions.

As it was resulted in the theory of loyalty programmes and CEM, there is no loyal customer without customer satisfaction and that again, can be only gained, if the companies are not concentrating only on the volume segments, hence the masses. The small segments, if treated well, can become fast the most profitable ones, as can be concluded from the fact that how profitable the Europe-Asia route has been for Finnair, as well as Business travellers. Also, concentration on branding when bringing the new facilities to the airport, as well as while advertising the partnership, is a key to further success. But last but not least, concentration on motivating the staff is the key for higher revenues in all fields. Without motivated, professional and skilled employees, there are no satisfied customers who will want to deal with this and only this, partnership between SSP Finland and Finnair Plus.

“Partnerships are like marriages – great as individuals, but something unique that will last a lifetime that stays in history when together” – Annika Moilanen 29.11.2011, Helsinki, Finland.

11 Epilogue

This project was made as a bachelor thesis for a bachelor degree programme in Tourism. The author received a complimentary from her workplace of having the opportunity to do a development project.

The process has been by far more educating than was ever expected and the author became an adult during the project, as one of her friends has stated. What is amazing is the professionalism, knowledge and people that have been met and gained throughout the entire project.

This epilogues purpose is to thank all of the participants of this project, instructors, colleagues, teachers, fellow students, friends and family. Without every single one of them, this would have never been done. Thank you.

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Appendices

Appendix 1

JOIN NOW



Earn and use Finnair Plus points at the airport.

SHRIMP SANDWICH AND
PICCOLO SPARKLING WINE
8 000 Plus points
in all cafes

Plus | FINNAIR 



Appendix 2

Finnair Plus -screens

**Earn and use
Finnair Plus points
at the airport.**

SHRIMP SANDWICH AND
PICCOLO SPARKLING WINE
8 000 Plus points in all cafes



finnair.com/plus Plus FINNAIR

1 Pääotsikko ja tarjous

**Earn and use
Finnair Plus points
at the airport.**

SANDWICH, SPRING
WATER AND COFFEE
6 000 Plus points in all cafes




finnair.com/plus Plus FINNAIR

2 Pääotsikko pysyy paikoillaan, mutta tarjous vaihtuu (ristikuva)

**Finnair Plus membership
is full of benefits and
delights. Join now.**

PIZZA WITH YOUR
CHOICE OF BEVERAGE
9 500 Plus points at Restaurant Pronto



finnair.com/plus Plus FINNAIR

3 Pääotsikko ja tarjous vaihtuvat (ristikuva)

**Finnair Plus membership
is full of benefits and
delights. Join now.**

THREE TAPAS WITH
HOUSE WINE 12 CL
8 500 Plus points at Wine & View



finnair.com/plus Plus FINNAIR

4 Pääotsikko pysyy paikoillaan, mutta tarjous vaihtuu (ristikuva) > esitys alkaa alusta



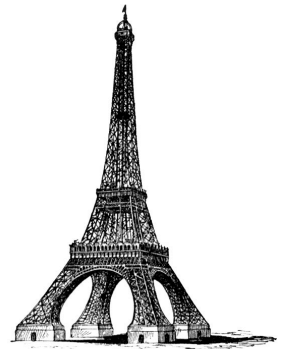
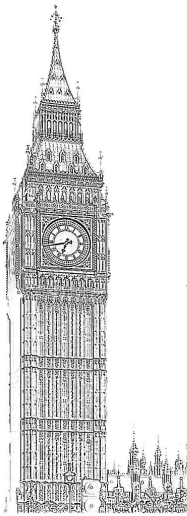
Plus

KILPAILU!

HANKI UUSIA FINNAIR PLUS -JÄSENIÄ JA
KANNUSTA NYKYISIÄ JÄSENIÄ KÄYTTÄMÄÄN
FINNAIR PLUS -KORTTIA MYYNTIPISTEESSÄSI!

PARHAAN
MYYNTIPISTEEN
HENKILÖKUNTA SAA
MENOPALUU-LIPUT
EUROOPPAAN!

PARHAALLE JÄSENHANKKIJALLE
YLLÄTYSPALKINTO!



KILPAILUN MITTAREINA OVAT PROSENTUAALISESTI
KASVATETUT KORTTISWIPET JA HANKITUT UUDET
JÄSENET. LISÄTIETOJA MYYNTIPISTEEN ESIMIEHELTÄ.

KILPAILUAIKA 1.-31.5.2010

Appendix 4

Interview 1, Taskinen-Lintula, A., 2.9.2011.

What is this project about?

What are your expectations with this project?

The history of the project so far?

What is the situation now?

What is possible?

What has the partnership resulted so far?

What are the mission and vision for future development?

Who is the contact person at Finnair Plus Programme?

How close is your cooperation with Finnair Plus contact person?

What are the potential development opportunities for future growth?

What are your expectations of the thesis progress?

How about confidentiality of the project?

Interview 2, Strandberg, K., 13.10.2011.

What has the partnership been for Finnair so far?

What are the development opportunities in your opinion?

What information system does Finnair use?

What is the possibility for SSP Finland to see the points?

How do you see branding, SSP's and Finnair's?

What are your resources regarding the partnership development?

Have you hear from the partnership packages how they are developed?

How about the "Buy a Meal to your Flight?"

What about the other SSP airports in other countries?

Do you have new ideas or thoughts regarding the partnership?

Interview 3, Uotila, T. 4.11.2011.

How do you see the partnership so far?

How do you collect the packages?

How often you are in contact with Finnair Plus contact person and SSP marketing director?

How do you motivate employees to sell the packages?

Is there any reward campaigns?

How about the “Buy a Meal to Your Flight”? And e-Banking option?

What are the possibilities with other brands that SSP is bringing to Finland? Starbucks?

Which outlet and what packages are the most successful ones?

Has there been any discussion with IT department regarding the point scaling possibilities?