Customer satisfaction in services in Finland 2020

Summary of key results

Jaana Kurjenoja

Excerpts from the survey.

The full report is available to members of the Finnish Commerce Federation in the members' section at Kauppa.fi within the Research section.

Contents (of the entire survey)

The content of this summary is shorter than the member-only material.
The full report is available to members of the Finnish Commerce Federation in the members' section at
Kauppa.fi within the Research section.

Survey background: why?

- Private sector services employ approximately half of the employed workforce in the economy, and trade is the number one employer in the private sector. The performance of the service sector in the international competition is of utmost importance for the Finnish economy and employment.

- The competitive strength, vitality, and development of consumer services are important for each service company individually, but also for the economy as a whole.

- One of the biggest basic factors enabling vital services in Finland is consumer knowledge as well as respect for customers, both current and prospective.

- The customer satisfaction index is developed with the above mentioned notions as a starting point. The index provides to various sectors and companies a picture of
    - how they are placed in a general comparison, and
    - helps identify the factors that are their strengths or weaknesses.

- Identifying one's own strengths and weaknesses better than your competitors or other sectors, helps in laying the groundwork for developing operations. Knowing the consumers' views regarding the sector also a source of information for companies not involved in the customer satisfaction index. This is important for smaller companies, in particular, which lack the resources to carry out extensive surveys.

- The customer satisfaction index is part of the research cooperation between Professor of Practice Lasse Mitronen from Aalto University and the Finnish Commerce Federation.

Survey background: how?

- The data collection for the index was carried out by Kantar TNS.
  - The sample represents the population of mainland Finland, and consists of 5,221 Finns between the ages of 15 and 79. Each respondent has evaluated 2-3 service companies, and the data consists of 13,635 customer evaluations in total.
  - Data collection was carried out by Kantar TNS on the Forum internet panel in three rounds in January, May and August 2020.

- The customers have evaluated 78 service companies within 9 different sectors (the medical services sector included public health centres grouped into one unit, not a company as such). Since the public health care is mainly publicly financed and not business as such, the public health centres are not included in statistical regression analyses).
  - The companies represent national chains. The company listing has stayed the same 2018–2020, and it will be renewed in 2021.
  - The companies have been weighted in the sector average values based on their turnover (for medical services, a mathematical average has been used).

- Customers have evaluated the companies by answering 16 questions. The answers have been utilised to develop six separate indexes: the actual customer satisfaction index, and five other indexes:
  - Customer expectations, service experience, price experience, customer satisfaction, loyalty, referral intent. The values of each index are between 1 and 100.
  - Different sectors have been evaluated using a set of questions as similar as possible, but the wordings have been modified to suit each sector.
  - The customers have evaluated the companies on a scale of 1 to 10.

- Professor of Practice Lasse Mitronen and Chief Economist Jaana Kurjenoja have prepared the questionnaires, defined the calculation formulae, and chosen the sectors and business chains covered.

Survey background: how?

- The customers were asked about their experience on their last visit of various sectors:

- Within a month: customer experience on daily consumer goods and supermarkets.

- Within six months: experiences on
    - department stores and household goods stores with a large range of goods,
    - clothing and footwear stores,
    - restaurant and cafe chains.

- Within twelve months: experiences on
    - sporting goods and leisure stores,
    - hardware stores,
    - domestic hotel chains,
    - domestic long-haul transportation, and
    - medical services.

Content of indexes
Scale 1-100

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1. Customer expectations	2. Service experience	3. Price experience	4. Customer satisfaction	5. Loyalty	6. Referral
• Location, accessibility • Tidiness, atmosphere, display of products • Correspondence with personal service needs • Successful service situations	• Location, accessibility • Tidiness, atmosphere, display of products • Correspondence with personal service needs • Successful service situations	• Price–quality ratio in relation to other operators in the sector • Price competitiveness in relation to other operators in the sector	• Overall satisfaction in company • Fulfilment of expectations and needs • Conformity with the best possible entity in terms of location, products, and services	• Revisit intention • Avoidance intention	• Referral intent among circle of acquaintances or in social media

Sectors and companies surveyed

Note! For the <u>commercial</u> companies that provided at least 125 replies (100 for hardware stores), a company specific report is available upon request

*Fewer than 125 replies (100 for hardware stores)

Daily consumer goods and supermarkets	Household goods and department store chains	Sporting goods and leisure	Clothing and footwear	Hardware store
• S-market	• J.Kärkkäinen	• Stadium	• H&M	• Bauhaus
• Prisma	• Sokos	• XXL Sports & Outdoor	• Marimekko	• Carlson hardware stores*
• Sale	• Stockmann	• Partioaitta	• Lindex	• K-Rauta/Rautia
• Alepa	• Tokmanni	• Scandinavian Outdoor	• Dressmann	• Byggmax
• Lidl	• Hong Kong/Rusta	• Intersport	• KappAhl	• Stark
• Citymarket	• Motonet	• Budget Sport	• Jack & Jones*	• RTV
• Minimani*	• Clas Ohlson		• Vero Moda*	• Värisilmä
• K-supermarket	• IKEA		• Vila*	
• K-market	• Biltema		• Cubus*	
• R-kioski			• Zara*	
			• Bik Bok*	
			• Aukia*	
			• Halonen	
			• Kookenkä	
			• Din Sko*	
			• Kekäle*	

Sects and companies surveyed

Sectors and companies surveyed

Hotel chains	Restaurant and cafe chains	Domestic long-haul transportation	Medical services
• Sokos Hotels	• HuviRetki (attached to Cumulus hotels)	• Finnair	• Mehiläinen
• Radisson Blu	• Rax Buffet	• VR	• Pihlajalinna/Dextra
• Scandic Hotels	• Burger King	• Onnibus	• Terveystalo/Diacor
• Cumulus City & Resort	• Hanko Sushi	• Pohjolan liikenne	• Medical centre Aava
• Lapland Hotels	• McDonald's	• Koiviston auto	• Public health centres
• Omenahotellit Omenahotels	• Fazer restaurants and cafes	• Paunu	
	• Picnic	• Savonlinja	
	• Subway		
	• Amarillo (attached to Sokos Hotels)		
	• Rosso		
	• Hesburger		
	• Kotipizza		

Customer satisfaction in consumer services: indexes and relationships
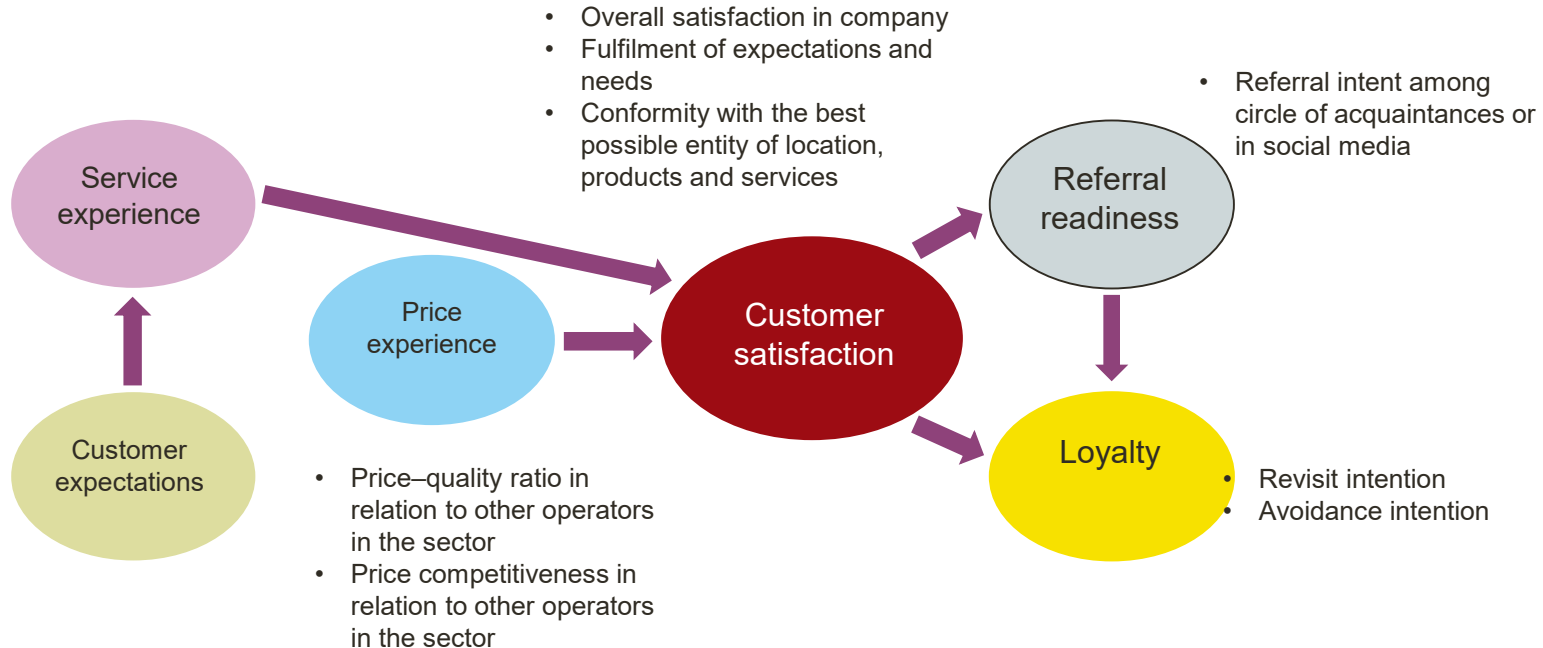
Customer experience regarding the service and the price is directly connected with customer satisfaction
Causal relationships between partial indexes
Statistically significant cause-effect relationships based on regression analysis
78 companies, 13,635 evaluations

- Location, accessibility
- Tidiness, atmosphere, display of products
- Correspondence with personal service needs
- Successful service situations

- Overall satisfaction in company
- Fulfilment of expectations and needs
- Conformity with the best possible entity of location, products and services

- Referral intent among circle of acquaintances or in social media

Service experience

Referral readiness

Price experience

Customer satisfaction

Loyalty

Customer expectations

- Location, accessibility
- Tidiness, atmosphere, display of products
- Correspondence with personal service needs
- Successful service situations

- Price–quality ratio in relation to other operators in the sector
- Price competitiveness in relation to other operators in the sector

- Revisit intention
- Avoidance intention

Customer satisfaction
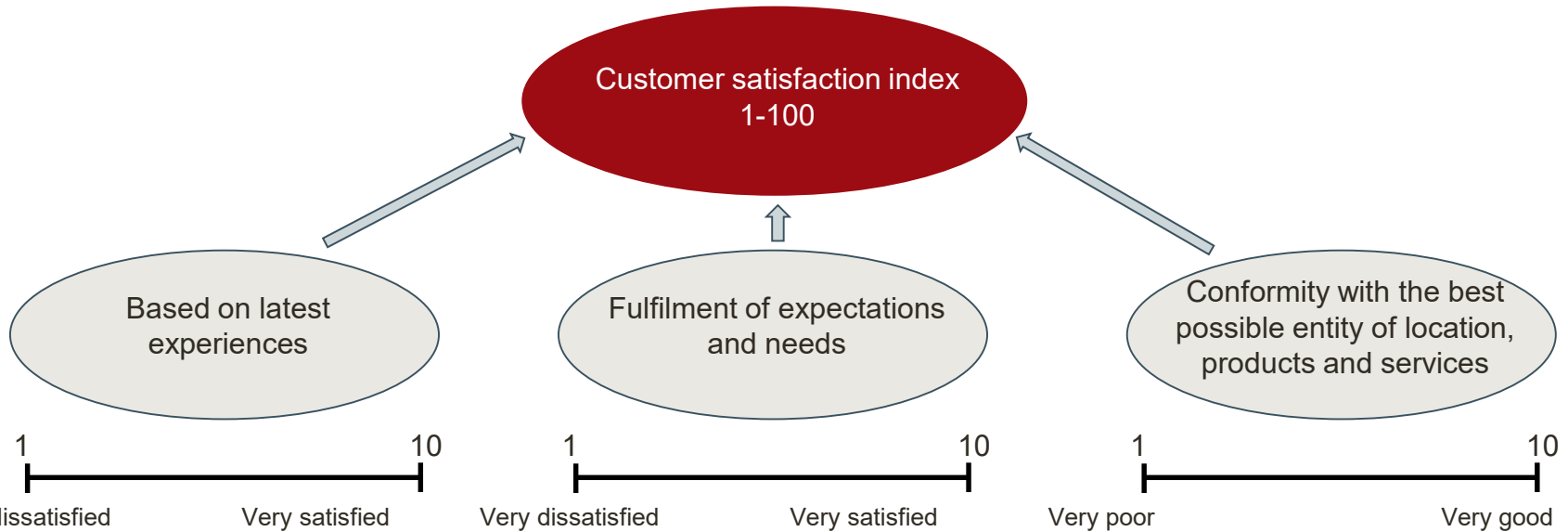
Excerpts from the survey.

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The three factors of customer satisfaction index
78 companies, 13,635 evaluations

Customer satisfaction index 1-100

Based on latest experiences

1 — 10
Very dissatisfied   Very satisfied

Fulfilment of expectations and needs

1 — 10
Very dissatisfied   Very satisfied

Conformity with the best possible entity of location, products and services

1 — 10
Very poor   Very good

The greatest changes in customer satisfaction 2018–2020

Sectors	Change 2018–2020 Index points
Daily consumer goods trade	+0.9
Hotel chains	-3.9
Companies	
Alepa	+5.9
Kotipizza	+5.3
Burger King	+4.9
Citymarket	+4.0

Out of all sectors, customer satisfaction increased the most in daily consumer goods trade over a period of two years.
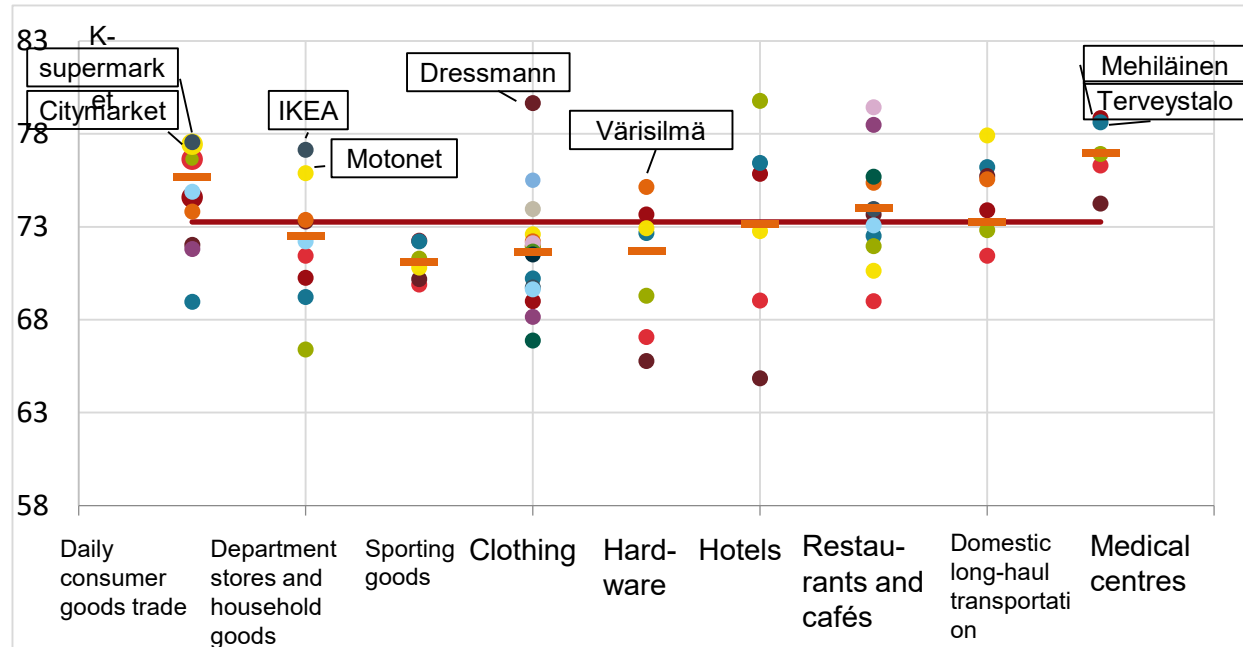
The greatest changes in customer satisfaction 2019–2020

Sectors	Change 2019–2020 Index points
Medical centres	+0.8
Hotel chains	-3.3
Sporting goods	-2.0
Hardware	-1.0
Companies	
Alepa	+5.6
Mehiläinen	+4.0
Kotipizza	+3.5
Halonen	+3.1

The COVID-19 pandemic impacted customer satisfaction in many sectors. A high demand for sporting and hardware store products in the spring caused depleted stock and scarcity of selection, which is reflected in satisfaction.

The service and price experience impact customer satisfaction
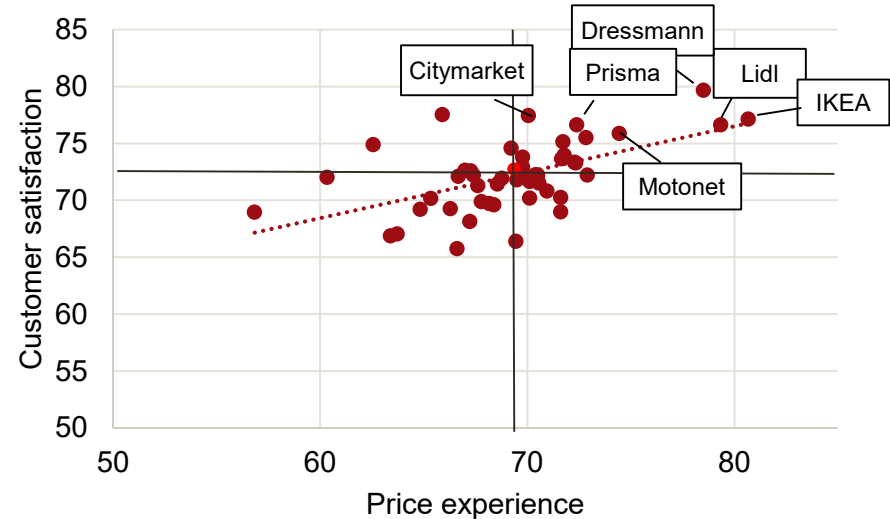
Customer satisfaction = -1.866 + 0.696 * Service experience + 0.299 * Price experience
48 commerce sector companies, 10,105 evaluations

Impact of service experience on customer satisfaction
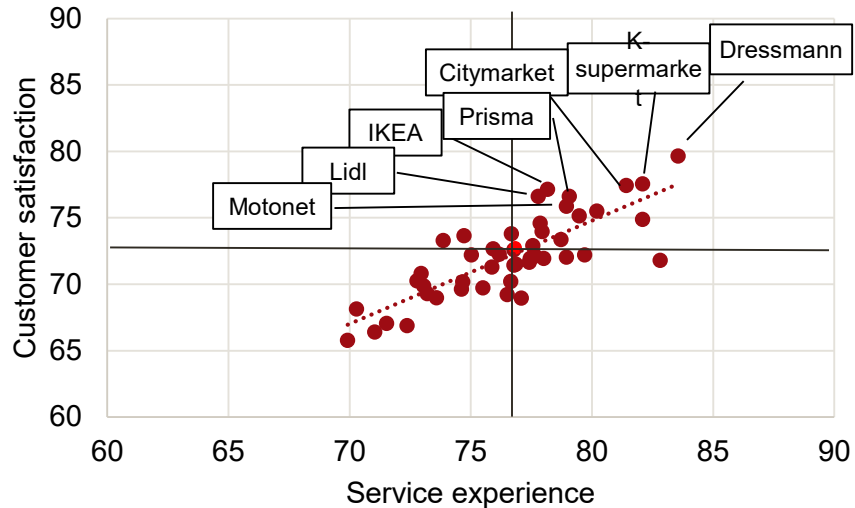
Impact of price experience on customer satisfaction

- If the relative price experience by customers in two different stores is the same, customer satisfaction will be 0.696 index points higher for the store where service is experience to be one index point better.
- Stores above the regression line create better customer satisfaction than the average store that creates the same service or price experience.
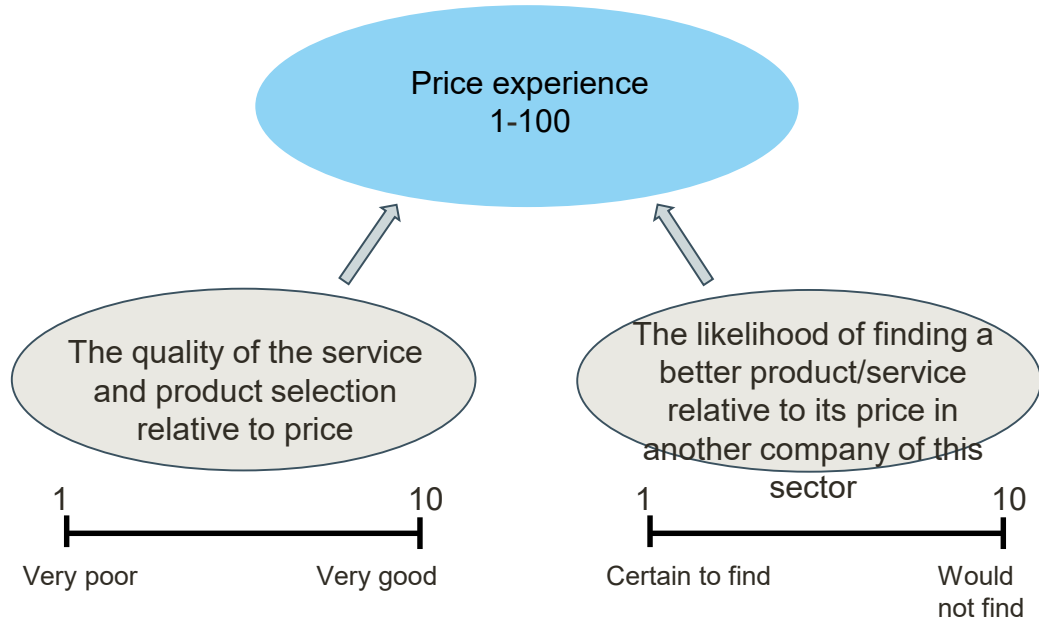
Price experience

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The two factors of price experience
78 companies, 13,635 evaluations

Price experience
1-100

The quality of the service and product selection relative to price

The likelihood of finding a better product/service relative to its price in another company of this sector

1   10

Very poor   Very good

1   10

Certain to find   Would not find

The greatest changes in customer satisfaction 2018–2020

Sectors	Change 2018–2020 Index points
Chain restaurants	-1.0
Hotel chains	-3.9
Companies	
Stark	+4.7
Scandinavian Outdoor	+3.2
Budget Sport	+3.1
Kotipizza	+3.1
Burger King	+3.1

The greatest changes in price experience 2019–2020

Companies	Change 2019–2020 Index points
Alepa	+3.6
Biltema	+3.6
Kookenkä	+3.5
Terveystalo	+3.2

The COVID-19 pandemic has likely deteriorated the price experience of many physical stores with the increase in buying online

Price experience: Price-quality ratio and competitive strength of price
78 companies, 13,635 evaluations

Price experience (price-quality ratio and competitive strength of price) decreased the most for hotels and increased the most for medical centres.

In the commerce sector, the greatest individual increases included Alepa, Biltema and Kookenkä

Lidl

IKEA

Dressmann

Health centres

86
81
76
71
66
61
56

Daily consumer goods trade | Department stores and household goods | Sporting goods | Clothing | Hard-ware | Hotels | Restau-rants and cafés | Domestic long-haul transpor-tation | Medical centres
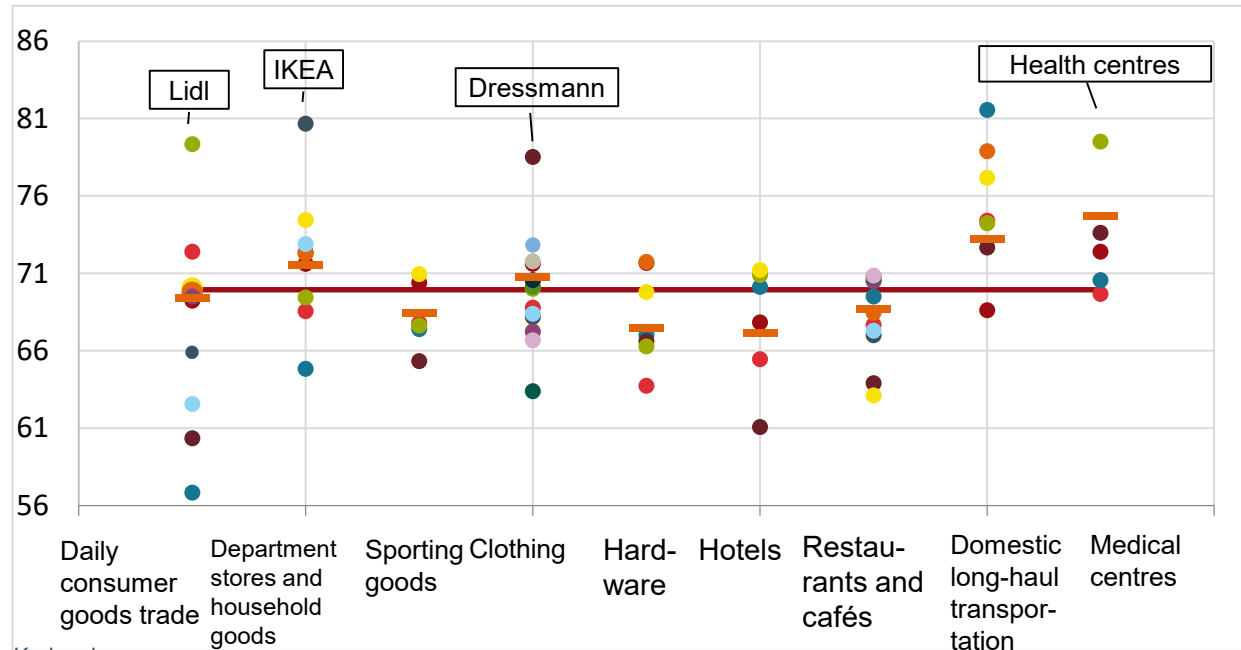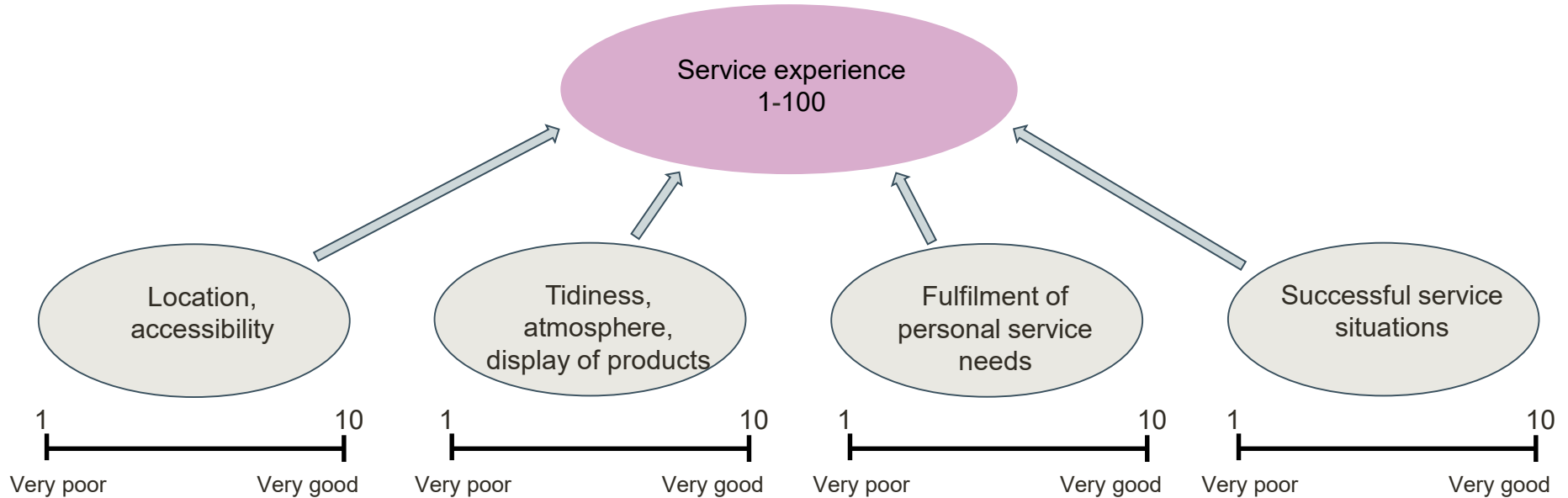
Service experience

Excerpts from the survey.

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The four factors of service experience
78 companies, 13,635 evaluations

Service experience
1-100

Location, accessibility

Tidiness, atmosphere, display of products

Fulfilment of personal service needs

Successful service situations

1	10
Very poor	Very good

1	10
Very poor	Very good

1	10
Very poor	Very good

1	10
Very poor	Very good

16 November 2020   Jaana Kurjenoja

The greatest changes in service experience 2018–2020

Sectors	Change 2018–2020 Index points
Daily consumer goods trade	+1.2
Hotel chains	-2.7
Companies	
Alepa	+6.8
RTV	+4.8
Kotipizza	+4.0
Burger King	+3.9
Citymarket	+3.4

The greatest changes in service experience 2019–2020

Companies	Change 2019–2020 Index points
Alepa	+6.6
Burger King	+4.1

Daily consumer goods trade has the best service experience in the commerce sector

Service experience: Location, atmosphere, service needs and succeeding in service situations

78 companies, 13,635 evaluations
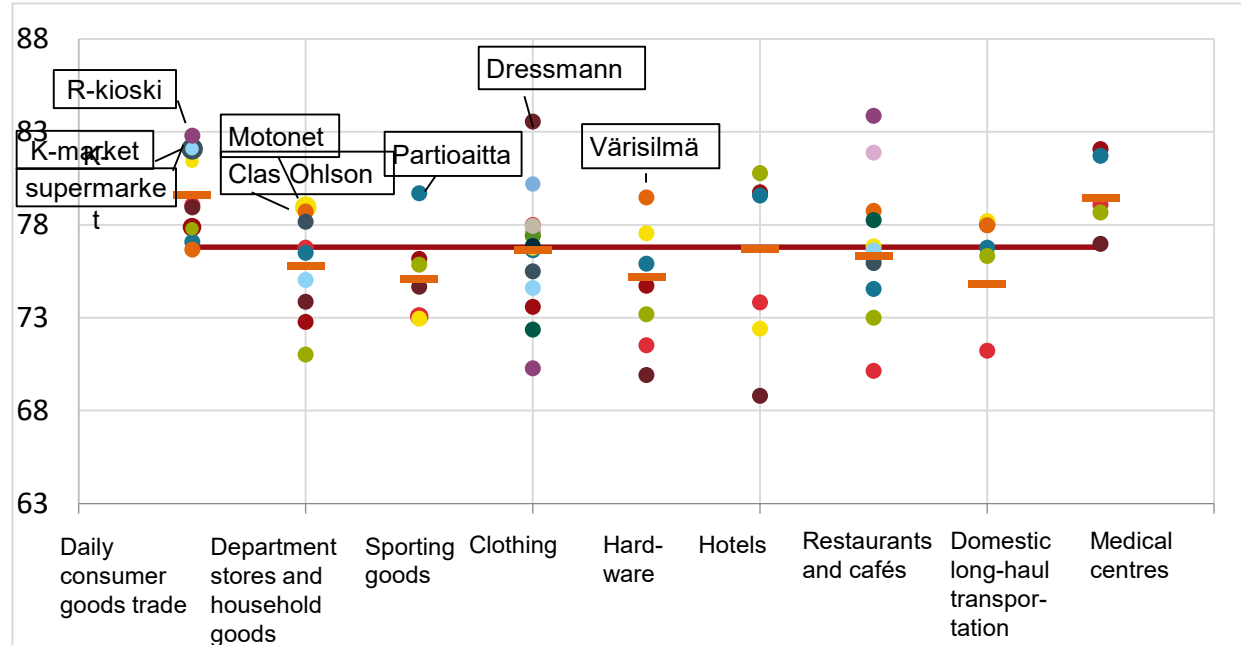
A good location is especially effective in enabling a good service experience.

In the commerce sector, companies that have improved their service experience the most include Alepa, Prisma and Biltema.

Loyalty

Excerpts from the survey.

The full report is available to members of the Finnish Commerce Federation in the members' section at Kauppa.fi within the Research section.

The two factors of loyalty

78 companies, 13,635 evaluations

Loyalty
1-100

Primary place of
purchase next time

1 — 10
Very improbable — Very probable

I want to avoid the place
of purchase in the future!

1 — 10
Agree completely — Disagree completely
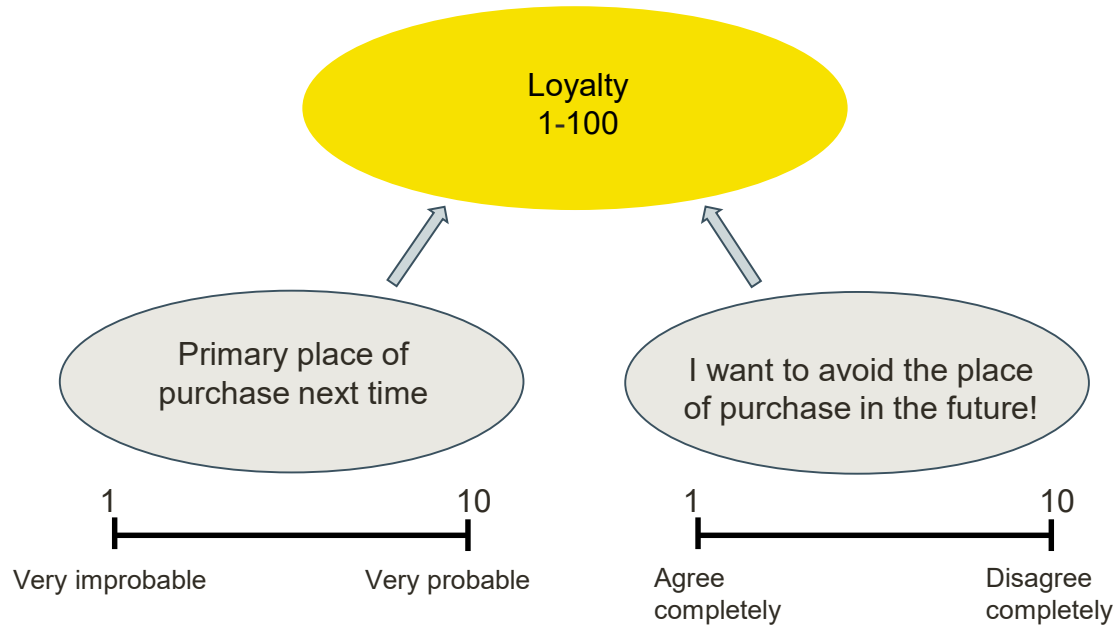
The greatest changes in loyalty 2018–2020

Sectors	Change 2018–2020 Index points
Department stores and household goods stores with a large range of goods	+1.5
Domestic long-haul transportation	+1.5
Hotel chains	-4.8
Companies	
Kotipizza	+7.3
IKEA	+4.9
Alepa	+4.7
Scandinavian Outdoor	+4.6
Sokos	+4.4
Citymarket	+4.2
VR	+3.6
Burger King	+3.5
Partioaitta	+3.3

The greatest changes in loyalty 2019–2020

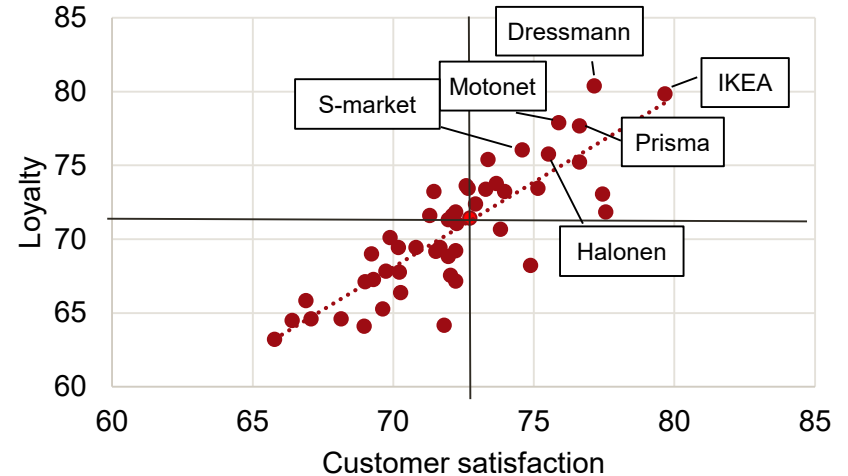| Companies	Change 2019–2020 Index points
Alepa	+5.7
Kotipizza	+4.7
Hesburger	+3.6
IKEA	+3.3
Citymarket	+3.2

Customer satisfaction and referral intent impact loyalty

Loyalty = -6.136 + 0.299 * Recommendation + 0.824 * Customer satisfaction

<u>48 commerce sector companies</u>, 10,105 evaluations
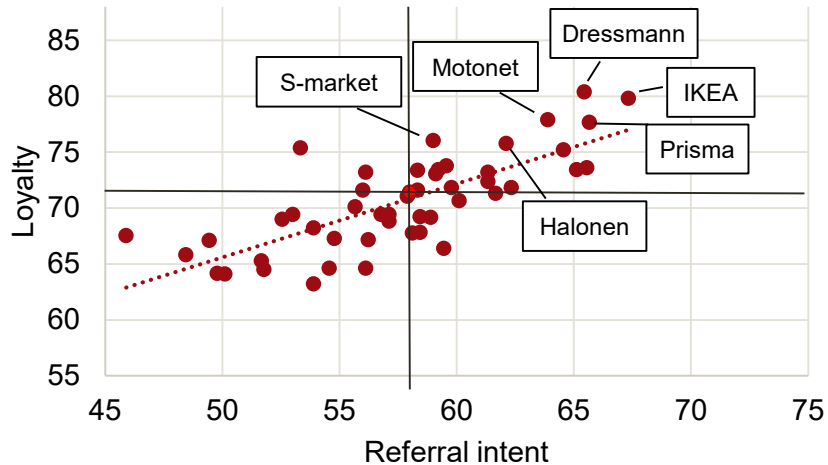
- The increase of customer satisfaction by one index point increases loyalty for the store by 0.824 points. Stores above the regression line manage to create more loyalty with the same customer satisfaction than companies below the line.
- The increase of referral intent by one index point increases loyalty by 0.299 index points. Different loyalty programs that increase customer commitment may decrease the impact referral intent and customer satisfaction have on loyalty.

Loyalty for hotels has crashed

Loyalty for company: Primary place of purchase the next time, future avoidance intention

78 companies, 13,635 evaluations
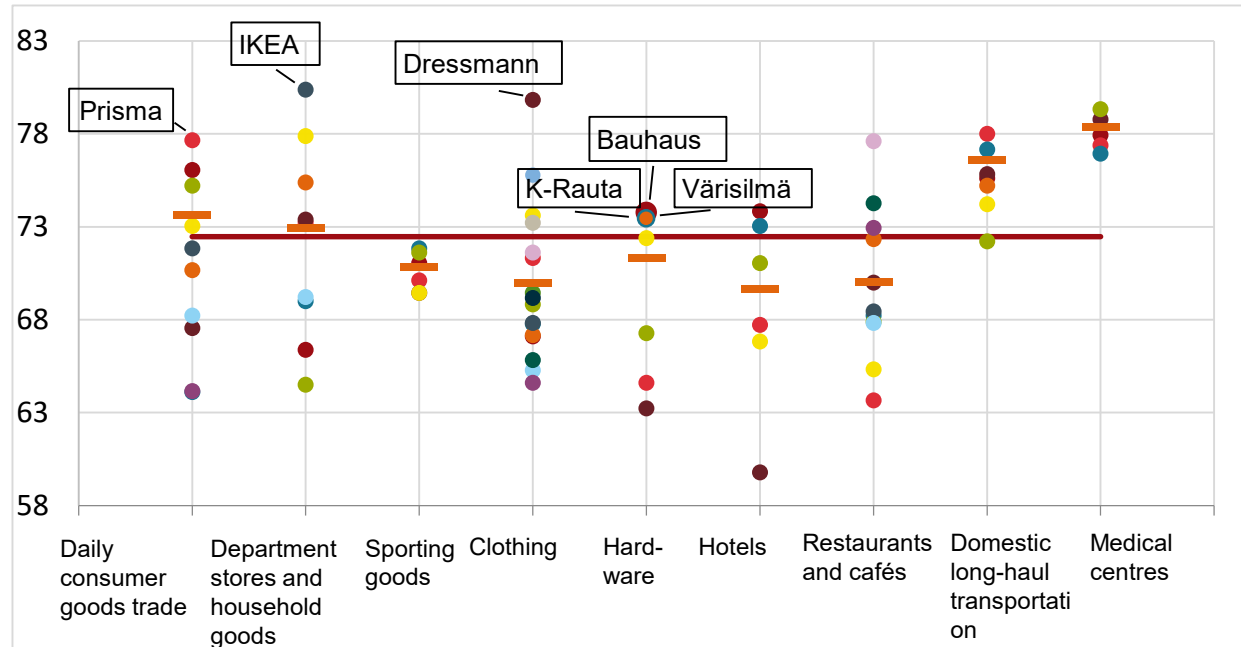
Although loyalty is created by customer satisfaction, it is also affected by factors such as loyalty programs, occupational health care in health care services and long-distance traffic routes.

In the commerce sector, Alepa, IKEA, Citymarket and Halonen increased loyalty the most.

Prisma

IKEA

Dressmann

Bauhaus

K-Rauta

Värisilmä

Daily consumer goods trade — Department stores and household goods — Sporting goods — Clothing — Hard-ware — Hotels — Restaurants and cafés — Domestic long-haul transportation — Medical centres

Four factors as possible predictors of customer intent to switch their service provider:

A closer look at retail trade

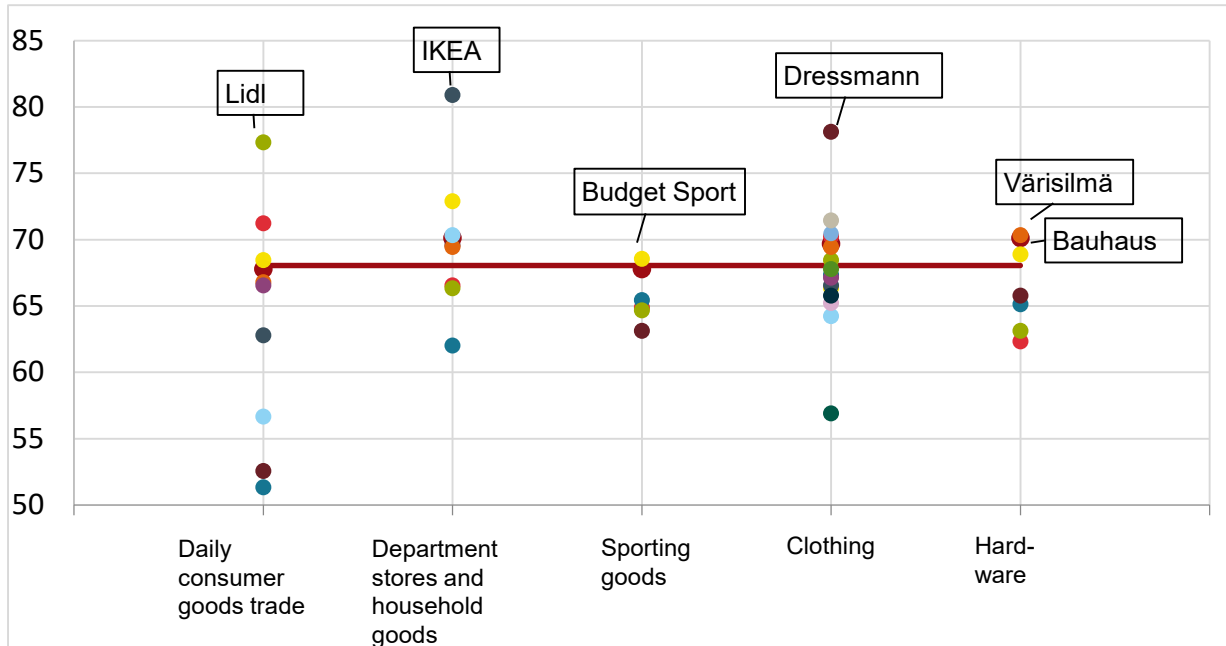# Price competitiveness of product or service

Would you have gotten a better product or service selection relative to price from some other company of this sector?
48 companies, 10,105 evaluations

Product and service selection in relation to service needs
How does to company's selection of products and services match with your needs?
48 companies, 10,105 evaluations

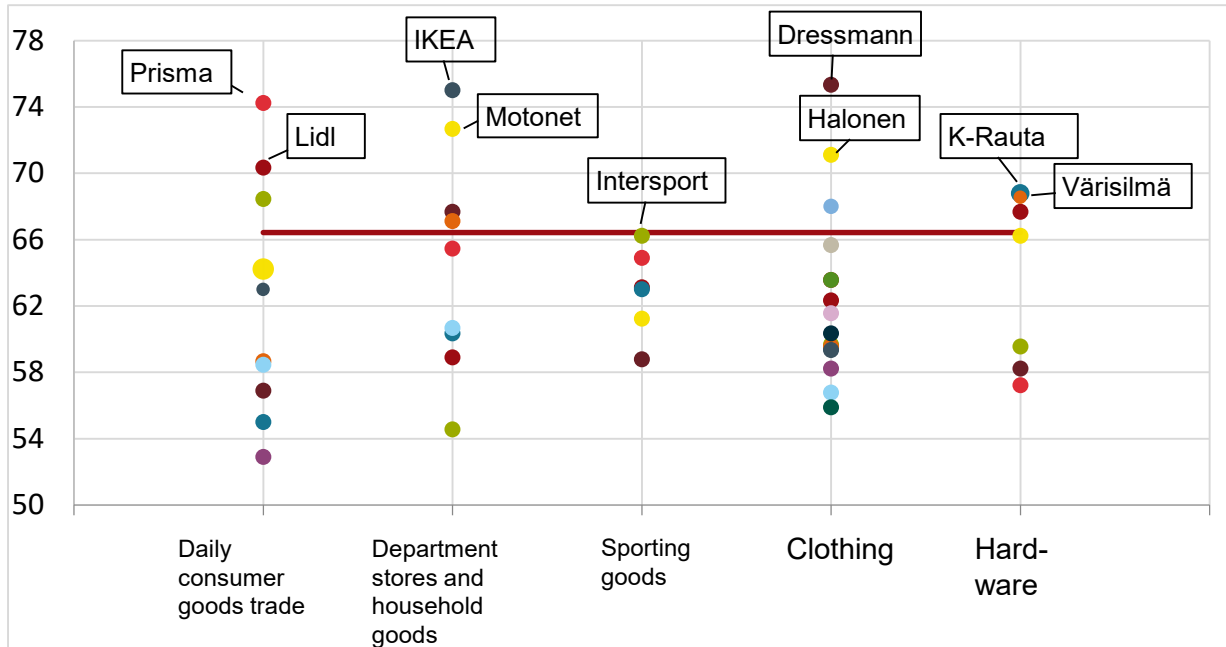**Overall satisfaction with recent service occasions**
Satisfaction on a scale of 1–10
48 companies, 10,105 evaluations

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