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IMPACT OF CUSTOMER SATISFACTION ON CUSTOMER
LOYALTY IN A SMALL ACCOUNTING FIRM

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The purpose of the thesis was to study how customer satisfaction impacts on customer loyalty in small accounting firm and what is the relationship between customer satisfaction and loyalty. Main focus of the research was to determine how satisfied the customers are and how likely they are to stay or become loyal.

Primary data was collected by conducting a customer satisfaction survey and survey questionnaire was sent to 88 people. In total 41 responses were received and survey provided useful data for the accounting firm. Survey was conducted in April 2015 and data was analyzed the same month.

Research shows that there are many different factors that need to be taken in to account when researching customer loyalty. Only measuring customer satisfaction is not enough when trying to predict the future behavior of the customer. The findings in this research can be used when studying the customer loyalty in similar industries.

TABLE OF CONTENTS

1	INTRODUCTION.....	4
1.1	Background and motivation.....	4
1.2	Case company.....	5
2	RESEARCH OBJECTIVE AND RESEARCH QUESTIONS.....	5
3	RESEARCH METHODOLOGY.....	6
3.1	Research process.....	6
3.2	Research method and data collection.....	7
3.3	Reliability of research.....	8
3.4	Validity of research.....	8
4	SERVICE.....	9
4.1	Service.....	9
4.2	Services in an Accounting firm.....	10
5	SERVICE QUALITY AND CUSTOMER SATISFACTION.....	10
5.1	Service quality.....	10
5.2	Customer satisfaction.....	11
6	CUSTOMER LOYALTY AND RELATIONSHIP MARKETING.....	13
6.1	Customer loyalty.....	13
6.2	Relationship marketing.....	15
7	SERVICE QUALITY IN ACCOUNTING FIRM.....	15
8	CUSTOMER SATISFACTION SURVEY.....	16
8.1	Customer satisfaction survey for the accounting firm.....	16
8.2	Data gathering objectives.....	17
8.3	Questionnaire.....	18
9	RESULTS.....	19
9.1	Analysis.....	24
9.2	Customer satisfaction and customer loyalty.....	25
9.3	Improvement suggestions.....	25
10	CONCLUSION.....	26
10.1	Suggestions for future research.....	26

1 INTRODUCTION

Customer loyalty is something that all businesses should be concerned about. It is not enough to measure whether the customer is satisfied based on the recent interaction with the company, but the company should be interested whether the customer is going to come back. Also customer loyalty means more effective word-of-mouth marketing, which makes it even more valuable for the company.

This thesis focuses on the customer satisfaction and customer loyalty in a small accounting firm. Accounting firms offer professional services for other businesses and they aim to build loyal based, long lasting relationships with their customers. This particular company hasn't conducted any kind of customer satisfaction survey before and therefore previous data did not exist to compare with the new one. However the survey offered useful information for the company and for this research.

This research studies and explains some connections between customer satisfaction and customer loyalty. Understanding the relationship helps to understand how loyalty is achieved in customer relationships and also prevents companies to misinterpret satisfied customer as a loyal customer.

1.1 Background and motivation

When I started to think about my research topic, I already had a case company and I was asked to perform a customer satisfaction survey for them. Customer satisfaction is highly interesting topic for me and I have studied it before too, mostly customer satisfaction in service industry. I had a great opportunity to go deeper with the topic and in the very beginning I realized that even though customer satisfaction is essential in order to create customer loyalty, satisfaction does not guarantee loyalty. I wanted to research this relationship closer because customer loyalty was, after all, what my case company were more interested in.

I also had little experience of working in an accounting firm and I have been able to see closely how strong a relationship the company usually has with the customers.

1.2 Case company

Jokilaakson Tili- ja Yrityspalvelu Oy is an accounting company established in 2013 by Johanna Mikola and Tiia Virtanen. Owners worked in the same company earlier until they decided to start their own business together. The company is located in Harjavalta and most of the customers are also located in the same area.

The company has customers from different industries and they have been growing relatively fast. They have different types and sizes of companies and organizations as customers and therefore they offer very individualized services. The company has two owners and one employee working at the moment, and they have also had two interns during the first two years.

2 RESEARCH OBJECTIVE AND RESEARCH QUESTIONS

This thesis focuses on two main concepts: customer satisfaction and customer loyalty. It discusses about what these two concepts mean, what affects customer satisfaction and customer loyalty, and what the relationship between them is. Different literature and previous researches are used to support the research. Data is gathered by conducting a customer satisfaction survey for the case company. Based on the whole research, the case company's customer satisfaction and customer loyalty are analyzed, and the company is also offered possible improvement suggestions.

Research questions are:

1. How does service quality and customer satisfaction impact on customer loyalty?

First these concepts are discussed separately and main factors that affect those concepts are explained. The connection between them is searched and this connection is reflected to a small accounting firm.

2. How satisfied are case company's customers and how their customer satisfaction can be improved?

Loyalty is extremely important in the case company's area of business but they also need to define how satisfied the customers actually are and what they can do in order to improve the customer satisfaction. Even though text will explain later why customer satisfaction is not good indicator for predicting future behavior, research requires first determining how satisfied the case company's customers are. After this, information gathered about the connection between customer satisfaction and customer loyalty can be used to create suggestions for the accounting firm. These suggestions can help the company to maintain their customers' loyalty and guide them to build loyalty based relationships with the new customer too.

3 RESEARCH METHODOLOGY

This chapter presents the whole research process and the research method that was used in this research. Also data gathering method is explained and the reliability and validity of the research is analyzed in this chapter.

3.1 Research process

The whole research process started when the case company expressed a need for a customer satisfaction survey. Before starting to build the questionnaire it was important to find all the necessary background information about customer satisfaction and customer loyalty. Thorough literature review helped finding the right questions to ask from the customers, and also to determine how an effective and clear questionnaire should be build. Also similar researches conducted in the past by other authors helped with the research process.

Next phase after literature review was planning the email survey. Questionnaire was tested three times before it was sent to the customers in order to collect feedback. This helped correcting the questions in such form that they were clear and easy to understand.

At the end of the research, all the data was analyzed and presented to the case company. The data gathered from the customer satisfaction survey was put into a simple form and written report was given to the owners of the company. Report also included the improvement suggestions that were created based on the results of the survey.

3.2 Research method and data collection

Case study was chosen for the research method. This method includes designing a case study, collecting data and analyzing it. At the end the results are presented and reported. (Yin 2012, 3.) The case can be a bounded entity like for example a person or organization. (Yin 2012, 6.) In this research the case was defined and modified during the literature review, but the case company, Jokilaakson Tili- ja Yrityspalvelu Oy was decided in the very early stage of the research.

Primary data means data that researchers gather by themselves for their research. Primary data focuses directly to the research question and it can be collected for example via mail, interviews or from internet by using questionnaires, forms or observations. Secondary data is data collected by another party to another purpose than the research. These sources can be for example statistics, books, databases, newspapers or articles. (Vilkka 2007, 33-34)

Quantitative research is a research method that provides a general understanding about the relationships and differences between variables. It answers questions how much, how many and how often. Researcher gets data in numerical. It is suggested that in quantitative research there are at least 100 respondents in order to get reliable results. (Vilkka 2007, 13-17)

Quantitative method was decided for the method of gathering the primary data, because the customers wanted to be offered a possibility to answer the questionnaire anonymously, with a small effort, and one main goal was to gather responses from as many customers as possible. Those companies that are not operating currently or customer that are very new, were excluded from the survey. Also some customers had informed that they didn't want to be included in the respondents. It was already decided that email would be the chosen channel for sending the questionnaire and based on the good reviews, Survey Monkey was chosen for creating the survey.

3.3 Reliability of research

Reliability in research means that same results can be obtained regardless of the researcher. (Vilkka 2007, 149.) Basically this means that if same research is made by two different people they both get the same outcome. Questionnaire was only sent to 88 people since many of the customers were excluded from the survey. However 41 responses were received which means that 47 % of all who received the questionnaire responded. Most likely the same results or at least close to same would be obtained regardless of who conducted this research. This research was reliable but the reliability would have been increased if more customer were included in the survey or if more responses were received. The biggest conclusions were made based on the answers of the most dissatisfied and satisfied customers, however there were only few dissatisfied. This means that some of those respondents might have filled the questionnaire without reading the statements carefully and the conclusions would be based on wrong data, and therefore reliability would be affected.

3.4 Validity of research

This research was supposed to study the customer satisfaction of the company and the survey conducted offered a good understanding of company's current situation. Also enough responses were collected in order to get reliable results. The validity was quite good even though many responses were not collected. The survey were tested three times before sending it to the actual respondents and this increases the validity. The

research doesn't offer a clear connection between customer satisfaction and customer loyalty in accounting firm and this lowers the validity.

4 SERVICE

This chapter explains what a service is as this research is created to study a company that operates in service industry. First the basics of a service is discussed and common definitions are searched. Also main services, that accounting firms offer are defined.

4.1 Service

BusinessDictionary.com explains service as “A valuable action, deed, or effort performed to satisfy a need or to fulfill a demand”. (www.businessdictionary.com N.d.) These actions, deeds or efforts are intangible, but something that brings value to the customer. Another feature common in services is that the production and consumption happen at the same time. However there are different kinds of services and therefore it is difficult if not impossible to give an exact definition of service, and focusing too much on the definition might be unnecessary. (Bryson & Daniels 2007, 4).

Intangibility means that customer cannot see, taste, feel, hear or smell the service before buying it. (Kotler & Armstrong 2004, 299) However even though products are seen more tangible and services more intangible, service can include components that are tangible. For example a fast-food restaurant operates in service industry, but includes tangibles like food and packaging. Peter Walter Daniels explains service as an exchange of commodity which does not usually have a tangible form. (1985, 1.) Also products can be turned in to services if business is aiming to offer a customer a detailed solution that meets customer's expectations. (Grönroos 1998, 49-50.)

4.2 Services in an Accounting firm

Accounting firms provide services for other companies. These services usually include accounting, tax returns, payroll calculations, cost control, budget control, preparing annual accounts and billing. Companies also offer advices to their customer and consultation. Services can also include business administration, management services and education. Every customer chooses services that are most convenient for them. (Website of Association of Finnish Accounting Firms.) Accounting firms clearly operate in service industry and offer intangible services. However they also offer different kinds of reports and present information to the customers in paper form, and therefore also offer tangibles for the customer.

5 SERVICE QUALITY AND CUSTOMER SATISFACTION

This chapter focuses on two main topics of the research. First is explained service quality and how it can be evaluated. Also all items from RATER model developed by Zeithaml, Parasuraman and Berry are explained and basics of customer satisfaction are discussed. Customer satisfaction can be explained in different ways and different point of views are presented. The method of three C's of customer satisfaction is also explained as research has shown it to be successful.

5.1 Service quality

Service quality means how delivered service meets the expectations of a customer. Companies in service industry monitor service quality in order to improve the quality of their services and also to identify quickly possible problems. (<http://www.businessdictionary.com> N.d.) Service quality can vary depending on who provides it (Kotler & Armstrong 2004, 299). This means that company should have same policies and rules for every employee so that the service quality is as high as possible no matter who provides it.

Zeithaml, Parasuraman & Berry developed a quality management framework for evaluating how a customer perceives a service, and this tool is called SERVQUAL. SERVQUAL focuses on the main components of high quality service. First ten elements were identified but later model were refined as RATER, the five things customers generally consider important in service; reliability, responsiveness, assurance, empathy and tangibles. (Parasuraman, Zeithaml & Berry 1998, 12-40)

Reliability in service quality means delivering service as promised accurately and on time. Responsiveness means that employees are willing to help and they want to provide prompt service for the customer. Assurance in five dimensions of service quality is inspiring confidence and trust. Empathy means that company treats customers as individuals and customers get individualized attention from the company. Lastly, tangibles are what represent the company physically. This can be for example physical facilities, equipment that company uses or communication materials. Even though customers find all dimensions important studies have shown reliability to be to most important and tangibles to be the least important. (Valarie & Zeithaml 1990, 28)

5.2 Customer satisfaction

According to Richard L. Oliver, there are different definitions for customer satisfaction and not everyone agrees what the concept of “customer satisfaction” is. One way to look at customer satisfaction is to think that customer is satisfied when a service, or a product provides the customer what is being “enough” to fulfill customer’s needs and expectations. (2010, 6.) What is enough for the customer might be complicated to measure since there are many factors that determine what is “enough” for a customer in a specific situation.

According to Kotler and Armstrong “customer satisfaction depends on the product’s perceived performance relative to buyer’s expectations”. If performance doesn’t match the expectations, customer will be dissatisfied, and then again matching the expectations means that customer will be satisfied. (Kotler & Armstrong 2004, 17). Like mentioned, when a customer receives what is enough to fulfill the expectations, he will be satisfied.

When service quality focuses the five dimensions of service, customer satisfaction is affected by service quality, product quality and price. Also personal and situational factors have a major impact on customer satisfaction. (Parasuraman, Zeithaml & Berry 1998, 12-40.) Measuring customer satisfaction helps company to understand how well they are performing and are they fulfilling customers' needs as hoped.

It is clear that customer satisfaction is highly important for company in order to keep old customer and to find new ones. Satisfied customers are less sensitive to increase in the price and are also more likely to share their positive experience with other people. Customer satisfaction has a positive impact on customer loyalty and satisfied customers remain loyal for a longer period. (Kotler & Armstrong 2004, 19.) However satisfied customer doesn't necessarily mean a loyal customer because loyal customer might require more than that. Micah Solomon explains this: "It depends on giving the customer a reason to come back" (2014). Fulfilling the needs might not be a reason for the customer to come back and company needs to search for different methods to follow Solomon's advice.

Pulido, Stone and Strevel introduced the three Cs of customer satisfaction as "secret ingredients" of customer satisfaction. Three Cs stand for Customer-journey consistency, Emotional consistency and Communication consistency. It's clear that businesses need to work hard to provide customers excellent service and consistency in every interaction can be ensured by having rules, policies and good supporting mechanisms. Customer-journey consistency in common customer interactions is an important predictor of overall customer experience and customer loyalty. When it comes to emotional consistency, positive customer-experience emotions were major drivers of customer satisfaction and loyalty in most industries. Communication consistency means ensuring that customers recognize the delivery of promises that business makes. According to the research conducted by authors, it shows that in order to find more predictive information, organization should focus on measuring satisfaction on customer journeys instead of measuring the satisfaction for each individual interaction. (Pulido, Stone & Strevel 2014)

6 CUSTOMER LOYALTY AND RELATIONSHIP MARKETING

This chapter discusses customer loyalty and relationship marketing. Both topics are very close to each other, and also very close to the case company. Loyalty based relationships with customers are essential to accounting firms and relationship marketing helps them create long-lasting relationships.

6.1 Customer loyalty

BusinessDictionary.com offers explanation for customer loyalty: “Likelihood of previous customers to continue to buy from a specific organization”. (www.businessdictionary.com N.d.) This explanation presents customer loyalty as a likelihood of customer to act in a certain way when Judith W. Kincaid explains customer loyalty as a behavior of a customer. This explanation is as follows: “Customer loyalty is a behavior, build on positive experiences and value. This behavior is buying our products, even when that may not appear to be the most rational decision”. (2003, 10).

Customer loyalty is a key objective when it comes to customer relationships. In the industry where the case company operates, service providers work hard to develop a strong and sustainable relationships with their customers. Then again customers expect to receive personal and flexible services from their provider. In financial management services, customer loyalty is especially important, since even losing a one customer might have big effect on small company’s revenues. According to Genesys Telecommunications Laboratories, Inc. and their report “The Cost of Poor Customer Service: The Economic Impact of the Customer Experience in the U.S.” the average yearly cost of losing a customer is \$289 and poor customer services costs \$83 billion for the U.S. economy. Report also shows that poor customer service is also the biggest reason for customer loss. (2009.) The cost of losing a customer obviously depends on the company and the type of business they are doing. For example a small accounting office might not have that many customers and some customers have bigger business than others. This means that losing one big client has a bigger effect than losing a small one, however losing a client of any size should always be prevented if possible.

When strong relationship is built, customers keep buying the service from the same company year after year. In order to grow, companies in this industry need to aim for customer loyalty from the very beginning of relationship with new customers. Customers need to feel like they can rely on their accountants and they can expect receiving individual attention from them whenever they need it.

As mentioned before, satisfied customer doesn't equal to loyal customer, but customer needs a reason to come back. Micah Solomon suggests that an effective way to get customer to come back is using methodology he calls "homebuilding". "This means building a customer experience that feels to your customer like an ideal vision of home". (2014.) For some businesses, like grocery stores, this might be too much effort but for companies like the case company this would be very suitable way to build customer relationships. Solomon describes it to have three parts starting from customer coming to the company and ends where customer is leaving. First part encourages employees to show that they are focusing completely to the customers and are dropping everything else for that moment. Customer is tried to make feel like he's comfort and success is the main concern at that moment. This can happen face-to-face, over phone or even over email, because how the communication happens doesn't matter. Second part focuses on how customer experiences the product or service, more specifically customer is wanted to feel like service is tailored to be most suitable for him. Goal is to make customer feel like he is getting something special, not just what is enough to fulfill the needs. For the last part, goal is to get customer feel like when they are leaving they are really wanted to come back and that the business with the customer matters. (Solomon 2014). Often customer satisfaction is not enough for ensuring customer to come back. When company can give extra consideration and employees can do the extra customer service work customer is not just satisfied but more likely will become loyal.

Customer loyalty is also hard to measure based on customer satisfaction because when customer satisfaction is backwards-looking metrics and it can grow fast but also just one bad experience can drop it. Then again customer loyalty is about future behavior and is therefore forward-looking. It grows and declines slower and is more effective to predict future behavior of a customer. (Klein 2013)

6.2 Relationship marketing

Instead of focusing only in selling and delivering products and services, many companies are targeting their marketing in developing and maintaining long-term relationships with their customers, and this called relationship marketing (Buttle 1996 Ch. 1) Goal is to build mutually satisfying and loyalty based relationships with customers that improves sales and work-of-mouth promotion. “Relationship marketing is a customer relationship management strategy designed to encourage strong, lasting customer connections to a brand”. Sometimes relationship marketing can even aim to emotional connection between the customer and company. (Rouse 2014). Customer relationship management means different principles and guidelines that company follows in customer interactions. Different kinds of technology and data gathering is usually involved in customer relationship management. (Investopedia N.d.) Relationship marketing includes main focus on loyalty since the goal is to get customer come back after every interaction between the organization and customer.

7 SERVICE QUALITY IN ACCOUNTING FIRM

Accounting firms tend to offer very similar services to their customers and their services are based on rules and regulations that every accounting firm needs to follow. When there are many companies in a certain area offering almost identical services, a high service quality might be only way to differentiate the company from others. (Hoffman & Bateson 1997, 299.) It’s clear that accounting firms need to measure their customer satisfaction to make sure that the service quality is maximized and customers don’t change their service provider.

It is important that employees of the company are motivated and understand the power of their performance since their performance is what company is selling. In order to offer high-quality service for the customers, employee needs to be familiar with the individual needs of the customer and they need to tailor the services so that they are most suitable for the customer. All the customers have different backgrounds and their

area of business can vary quite a lot. Employees need to build a strong relationship with the customer which includes getting familiar with their business and also with the people they are associated with. Quality service also increases word-of-mouth communications and therefore might bring more customers. This all not only means more satisfied customers but also more rewarding and pleasant working environment. (Leonard & Parasuraman 1991, 11-12)

Carl L. Saxby, Craig R. Ehlen and Timothy R. Koski researched the relationship of service quality to client satisfaction in an accounting firm setting. They used five dimensions of service quality and came to conclusion that accounting firms should concentrate most on reliability and assurance in order to increase customer satisfaction. Authors suggest that accounting firms should be up to date accounting regulations and they should make sure that their customers know their level of knowledge. Accounting firm needs to be able to prove accurate information for the customers in order to achieve or maintain good customer satisfaction. Education plays important role when it comes to the knowledge of employees and therefore company should make sure that there is continuing education involved in employees work. Authors also suggest that employees should be encouraged to be sympathetic and reassuring to their clients. (Saxby, Ehlen & Koski)

8 CUSTOMER SATISFACTION SURVEY

8.1 Customer satisfaction survey for the accounting firm

For the questionnaire I used SERVQUAL and its 21 items as a basis in order to build simple but effective questions. From the five dimensions I focused on reliability, responsiveness, assurance and empathy, leaving the tangibles out of the survey, as the previous researches have shown it to be least important. I tried to avoid vocabulary that might cause confusion in the results because some words like availability might be interpreted differently by different people. (Hayes 2008, 57.) Instead of trying to

get only overall satisfaction, I tried to focus on things that are important to customers in this specific case. “The purpose of determining customer requirements is to establish a comprehensive list of all the important quality dimensions that describe the service or product”. (Hayes 2008, 11). My main focus was on the relationship between employee and customer which is very often even personal. Customers expect employees to be very familiar with their business and individual needs. I have little experience of working in an accounting firm but I also discussed with the employees to identify what are most important factors for their customers.

It's important to be careful with the questionnaire because it cannot be changed after respondents have received it. That's why all the corrections and confirmations has to be done beforehand. (Vilkka 2007, 63.) Before I sent my questionnaires to the respondents I made three test rounds by sending it to some people I know. I asked them to give me feedback and tell me if there was something unclear in the questions.

My case company wanted to ask their customers' permission to give out contact information before I conducted the survey. Their policy was that they don't give any information about their customer to people outside the company, and they wanted to make sure that their customers had the option to refuse to be included in the survey if they wanted. At the end I had 88 people that I included in my survey. I sent the questionnaire 21.4.2015 and offered a one week response time. I think one week was enough as all of the responses were received during first two days.

8.2 Data gathering objectives

Objectives in customer satisfaction survey were to measure how satisfied customers were in company's services and whether they were planning on staying company's customers in the future. It's important that company pays a lot of attention to their service quality, especially in the industry where most of the companies offer so similar services. I expected to find out whether there were any parts in the service that company should do improvements in.

8.3 Questionnaire

As I mentioned before, I used SERVQUAL to help me build my survey questions. However I formed the questions so that they are most suitable for my case company's area of business. Most of the customers communicate in Finnish the accounting firm and I conducted my survey in Finnish too. First six points focus on the performance of employees and service quality. Respondents are offered statements and they place their answers on a scale from 1 to 7, 1 being strongly disagree, and 7 being strongly agree. First six points were:

1. When an employee in the company promises to do something in a certain time, she does so
2. Employees in the company are always willing to help you
3. Employees in the company are never too busy to focus on your issue
4. Employees in the company give you individual attention
5. Employees in the company understand your specific needs
6. Employees in the company always give you reliable service

Next two questions were included in order to see how many customers are intending to continue as customers, and whether they would recommend company's services to other people too. For these two questions I only offered answers yes, no, and I don't know. The purpose of these questions were to help me see how loyal their customers are. The questions were:

7. Are you intending to continue buying services from this company?
8. Would you recommend this company to others?

Lastly I wanted to find out how satisfies customers are in company's performance overall. I gave options: unsatisfied, somewhat unsatisfied, not unsatisfied or satisfied, somewhat satisfied, and satisfied.

9. How satisfied are you with the company's services overall?

At the end of my survey I offered respondents a free area where they could give feedback for the company. Last point was:

10. Here you can freely write feedback for the company

9 RESULTS

As I mentioned in the beginning of this thesis, this questionnaire was sent to 88 people and 41 responses were collected. Every respondent answered in every questions except only few filled the feedback box. In this chapter I go through every point from the survey explaining the results and how the responses were divided.

1. When an employee in the company promises to do something in a certain time, she does so

Strongly disagree 1	2	3	4	5	6	Strongly Agree 7
3	1	0	1	1	8	27

27 respondents strongly agreed with this statement and 8 respondents placed their answer to 6th option. Three people places their answer on the first option, strongly disagreeing with the statement. The average of the responses in this statement was 6,1 which was highest from the six statements.

2. Employees in the company are always willing to help you

Strongly disagree 1	2	3	4	5	6	Strongly Agree 7
5	0	0	0	1	8	27

In second statement, the responses were divided very similarly as in the first statement. 27 respondents strongly agreed with the statement and 8 respondents chose the 6th option. However in second statement five respondents chose strongly disagree which

was two more than in the first statement. The average of responses in this statement was 6,0.

3. Employees in the company are never too busy to focus on your issue

Strongly disagree 1	2	3	4	5	6	Strongly Agree 7
4	1	1	2	5	9	19

In this statement the responses were spread more widely an only 19 respondents strongly agreed with the statement. Four respondents chose strongly disagree for this statement. The average of responses was 5,6, being the lowest average of the six statements.

4. Employees in the company give you individual attention

Strongly disagree 1	2	3	4	5	6	Strongly Agree 7
4	1	0	2	1	11	22

In this statement 22 respondents chose strongly agree and 4 respondents chose strongly disagree. Also 11 respondents chose the 6th option and the average of responses were 5,8.

5. Employees in the company understand your specific needs

Strongly disagree 1	2	3	4	5	6	Strongly Agree 7
2	3	0	0	4	16	16

In this statement 16 respondents chose strongly agree and 16 respondents also chose the 6th option. Only two people chose strongly disagree, but three people chose the 2nd option which was the next one from the strongly disagree. The average of responses in this statement was 5,8 which was the same average than in the previous statement.

6. Employees in the company always give you reliable service

Strongly disagree 1	2	3	4	5	6	Strongly Agree 7
5	0	0	0	3	10	23

In this statement 23 respondents chose strongly agree and 10 respondents chose the 6th option. Five respondents chose strongly disagree which was the same amount than in the second statement. The average of responses in this statement was 5,9.

All the responses summarized:

Strongly disagree 1	2	3	4	5	6	Strongly agree 7	Responses total	Average
1. When an employee in the company promises to do something in as certain time, she does so								
3	1	0	1	1	8	27	41	6,1
2. Employees in the company are always willing to help you								
5	0	0	0	1	8	27	41	6
3. Employees in the company are never too busy to focus on your issue								
4	1	1	2	5	9	19	41	5,6
4. Employees in the company give you individual attention								
4	1	0	2	1	11	22	41	5,8
5. Employees in the company understand your specific needs								
2	3	0	0	4	16	16	41	5,8
6. Employees in the company always give you reliable service								
5	0	0	0	3	10	23	41	5,9

7. Are you intending to continue buying services from this company?

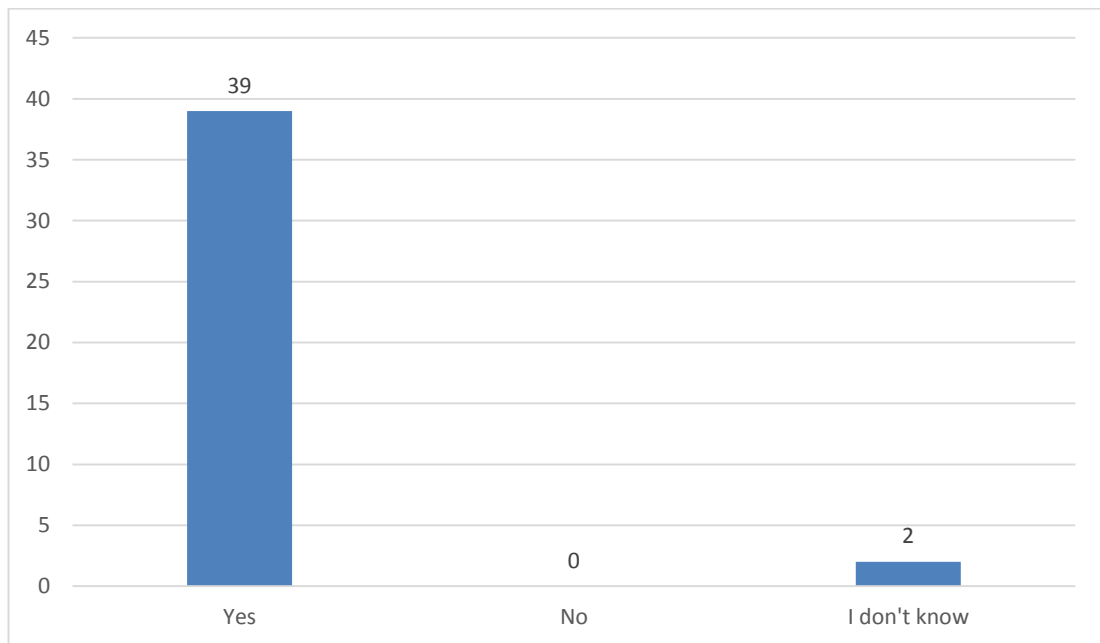


Diagram 1 How many is intending to continue buying services from the company

From 41 respondents 39 answered yes when they were asked whether they were going to continue doing business with the company. Two respondents chose the option “I don’t know” and no one chose the option “no”. This means that 95 % of the respondents will continue buying services from the company.

8. Would you recommend this company to others?

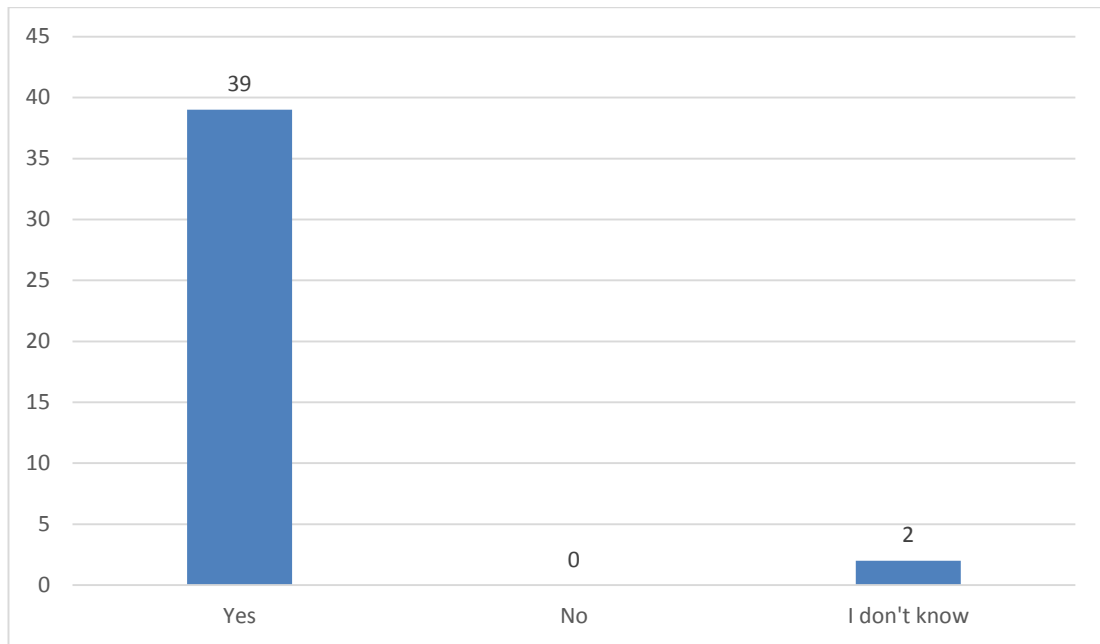


Diagram 2 how many would recommend the company to other people

In eighth questions the responses were divided exactly the same way than in the previous questions and 95 % of the respondents would recommend the company to other people.

9. How satisfied are you with the company's services overall?

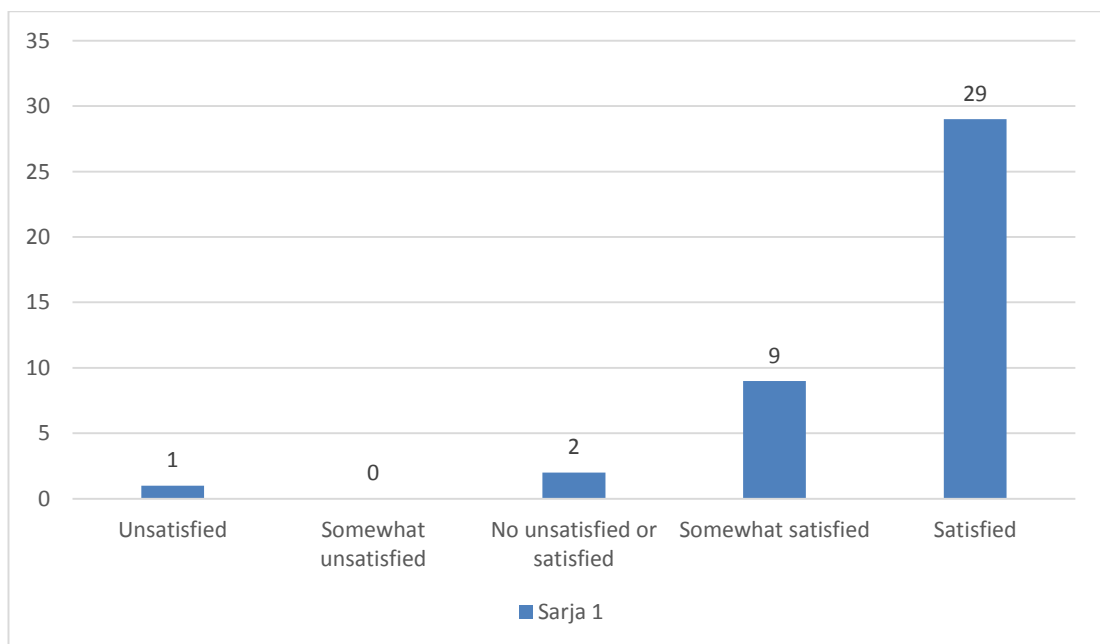


Diagram 3 the overall satisfaction of the customers

In last question 29 respondents chose satisfied when asked about the overall satisfaction. 9 respondents chose somewhat satisfied and 2 respondents chose no unsatisfied or satisfied. Only one respondent chose the option unsatisfied and no one chose somewhat unsatisfied. This shows that 70 % of the respondents were satisfied with the company and 93 % were either somewhat satisfied or satisfied. Since there were only one respondent who chose the option unsatisfied, this was only 2 % of all the responses. The average of all the responses was 4,6, which can be assumed to be high as the scale was from 1 to 5.

9.1 Analysis

The statements in the survey showed that there were respondents that did not perceive the quality of the performance to be very good, or good at all. The highest average was in the first statement which was “When an employee in the company promises to do something in as certain time, she does so” and the lowest average was in the statement “Employees in the company are never too busy to focus on your issue”. The statement with the highest average is in the reliability of the five dimensions of service quality which researches has proven to be the most important dimension. It is possible that these two averages are connected to each other. In other words the employees finish their tasks when they are supposed to but then they are too busy to focus on other issues. The employees in accounting firm have a lot of different deadlines and sometimes they are very busy so this conclusion is not surprising.

According to the survey, 95 % of the respondents are going to continue buying company’s services and would recommend the company to others. This shows that a large majority of the respondents are most likely to continue doing business with the company and therefore the loyalty of the customers is very high.

Even though the six statements showed clear lack of service quality in different areas, the overall satisfaction of the company was 4,6 on the scale of 1 to 5. It is also good to notice that the survey doesn’t show whether few respondents strongly disagreed with the statements or many different respondents disagreed with few statements.

9.2 Customer satisfaction and customer loyalty

Even though there were respondents who rated the statements in the 1st or 2nd places, one being strongly disagree, most of the respondents appeared to be loyal, based on the survey. Survey shows that there were no respondent planning to change the service provider and according to the survey, also no one answered that they would not recommend the company to other people.

I explained before, how customer satisfaction doesn't guarantee customer loyalty, and that customers might require more in order to become or stay loyal. However my survey shows that also dissatisfied customer can be a loyal customer. The way how one respondent answered the survey might have depended on different factors and some of them might be based simply on a one bad experience with the company. One person might usually be very satisfied with the services the employees offer but if the latest interaction has been very negative, they might have answered the questionnaire based on this particular experience. I also explained before that satisfaction can be seen as something that is enough for the customer, and therefore even though customer doesn't find some performance of the employee to be good, it can still be satisfying for the customer if it is enough for them.

9.3 Improvement suggestions

For the area where respondents were allowed to write feedback for the company, I was able to get some suggestions for them. Most of the feedback was positive and customers encouraged the company to keep going as they now are. However some feedback showed that there were concerns about the workstations being too close to each other and that customers would hear each other. Company is moving to bigger premises so I suggest that they pay attention in placing workstations far enough from each other.

Based on the responses gathered from the six first statements, there is clearly some very dissatisfied customers. I suggest that company has a discussion within the owners and employee to find out what the possible explanation for this is. There might be

some resent conflicts between the company and customer and those situations would be good to prevent in the future if possible. As it seems that employees are too busy to help some customers sometimes they should try to find out new methods to prevent this affecting the service quality.

I also suggest that the company will continue conducting customer satisfaction surveys in the future, once in a year or two years. It is important to make sure that the level of customer satisfaction stays as high as it is, and if possible it should be improved in the future. Especially since the company is growing fast and they need to build new relationships all the time. The quality of service can easily be decreased when company is too busy focusing on the new customer relationships instead of paying also attention to old relationships too. This survey showed that majority of the customers are most likely to stay as customers and therefore they are loyal. However it is important to measure this consistently, as the customer loyalty is essential and losing just a few customers can do large financial damage for a small company like this.

10 CONCLUSION

10.1 Suggestions for future research

There are a lot of researches that study the relationship of customer satisfaction and customer loyalty. Still as my survey shows there are possibly other reasons than just high customer satisfaction and pleasant customer interactions for accomplishing the customer loyalty. I also believe that the industry is a major factor in determining whether a customer will be loyal more easily. In different industries people expect different level of service quality and the expected features vary. It is clear that different kinds of people expect different kinds of things from their service provider. As my research shows, the respondents seem to be fairly satisfied with the company, even though their answers would claim different.

The survey used in this research didn't study the connection between the expectations and perceptions and I suggest that for another research. Also I suggest that future researches that concern the same industry focus more on the reliability and assurance of the five dimensions of service quality. Research shows that these two dimensions are most important for the accounting firms and therefore future researches should perhaps focus on them more than this research.

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