# MEASURING DIFFERENCES IN SERVICE EXPECTATIONS BETWEEN B2B AND B2C CUSTOMERS

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APPENDIXES

APPENDIX 1: Results of the research (Finnish)

# 1 INTRODUCTION

Service companies often face problems with different expectations customers have about the level of the service they want or are going to receive. This bachelor's thesis is about figuring out how these expectations could be measured. This subject has been chosen since it will give the company tools to differentiate their service to fulfil these different needs by providing the service different customer groups might expect.

The importance of this research derives from the fact that in developed countries the importance of services has increased. It does not matter what product the company offers if the service around it is not well managed. Due to the growth of productivity and growth of income following it, people are demanding more service instead of spending their own time and effort doing something that is out of their field of expertise.

Especially in services there might not be big differences between competitors in the final result, and the only way of getting and keeping the demanding customer is to fulfil the demands and assumptions the customer has about good service.

One of the problems companies face is the variance in expectations the different customers might have. The main point of this study is to create a tool which Avis could use to find out whether there are significant differences in service expectations between two customer groups, business and consumer customers. Avis Jyväskylä will probably find the tool useful since they provide the same service to both B2B and B2C customers.

## 1.1 Research problem and target of the research

Presumably there is difference in expectations between the two groups, since when considering Maslow's hierarchy of needs (1940) it could be assumed that the business customers that are hiring a car for a business trip are fulfilling the need of

safety, whereas the customers hiring a car for holidays could rather be fulfilling the need of actualization. With the result of this study Avis will be able to find out whether these differences actually exist and modify the service to satisfy the possible different expectations of the groups.

The research question of this study is: How are the differences in service expectations between two different customer groups measured?

Even if the study in the end shows that there are no remarkable differences in customer expectations between these two groups, the form is going to be designed so that Avis will be able to gather with valuable information of their customer's service expectations otherwise. Derived from that the sub questions of the research are: what are the elements of service expectations and how can a questionnaire to clarify the expectations be designed?

Aside from slight discussion about consumer behaviour in services the thesis will be strictly limited to concern service expectations. There are several researchers who have previously studied service expectations, perhaps most known of them Zeithaml, V. Bitner, M. (2003) and Parasuraman, A (1988). Their researches are going to be the resources for the basic information on the main subjects; consumer behaviour and service expectations. The knowledge gained from their researches will be deepened by using scientific articles and other literature sources.

**1.2 Theoretical framework of the research**
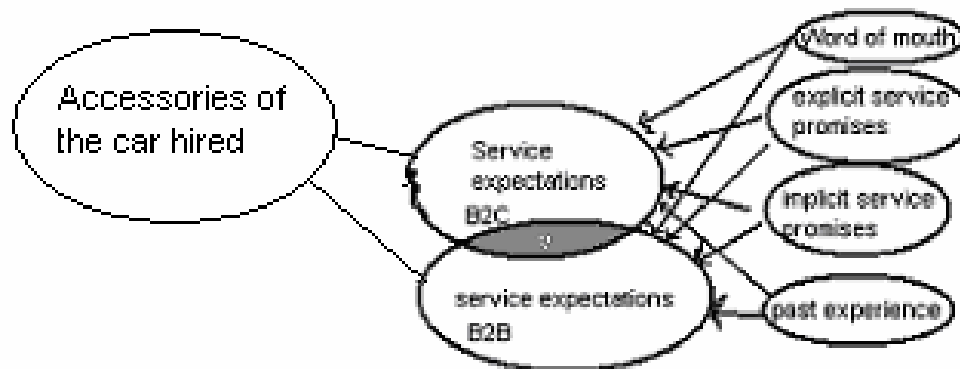


Figure 1. Framework of the research.

The research framework- figure is about issues affecting service expectations. The aim of the study is to design a questionnaire in which all of these issues are taken into consideration so the presumably existing differences between these two customer groups can be found out.

The issues affecting service expectations of consumers are word of mouth, explicit service promises, implicit service promises and past experience (Zeithaml and Bitner 2003, 73). Effect of these towards the service expectations of business and consumer customers as well as different expectations towards the accessories of the car hired will be catered for in the questionnaire.

**1.3 Key concepts**

Services - Services are performances and actions rather than objectives. They are heterogeneous and simultaneously produced and used. They can be provided as a part of goods or as a single process. (Zeithaml and Bitner 2003, 20)

B2B and B2C - In this study the B2B customers are ones whose employers have a contract with Avis according to which, instead of using their own cars for business trips, employees hire one from Avis which then charges the employer. B2C

customers are the private persons who hire cars for a week end or some other personal use.

Survey - Survey research is known for that the information collection method is standardized. This means that all the questions are asked the same way from all the respondents. (Hirsijärvi, Remes and Sajavaara 1997, 189)

Service expectations – Service expectations are customer's beliefs about the service delivery. The service experience is evaluated against these beliefs. For the service provider it is essential to know these expectations, otherwise even if the service process goes as planned from provider's point of view, the customer might not be satisfied. (Zeithaml and Bitner 2003, 60)

## 1.4 Research methodology

Methodology means the methods of how to gain knowledge. The aim is to discover ways of collecting knowledge that presumably exists. When the methodology has been decided the methods of discovering the knowledge have to be designed. (Metsämuuronen 2005, 200)

The research is a literature research of how to conduct a survey about service expectations. A quantitative research to discover service expectations of 2 different customer groups can be conducted based on the results of this research.

## 2 CONSUMER BEHAVIOUR IN SERVICES

The primary objective of satisfying the need of the customer is the same for service providers as it is to goods providers. Customer expectations in services have not been studied as much as expectations with products and due to that often service providers assume that the customer expectations about the service are formed the same way as expectations with products. (Zeithaml and Bitner 2003, 35)

Since there is no product that can be provided during the service, the service process itself is the product. The customer perception of the quality is derived from both, the event of the service and the outcome. (Grönroos 2000, 57) When choosing service consumers go through 5 different stages; need recognition, information search, evaluation of the alternatives, purchase and consumption and post purchase evaluation. It is important for service provider to figure out how the customer evaluates the service in all of these stages. If not there will be a service gap. (Zeithaml and Bitner 2003, 36)

## 2.1 Decision making process

As mentioned above customers go through 5 different stages when they evaluate service; need recognition, information search, evaluation of the alternatives, purchase and consumption and post purchase evaluation. When purchasing products this usually is the order in which the process is evaluated, but with services this order may vary where the focus could be on the information search and evaluation of alternatives. (Zeithaml and Bitner 2003, 37)

2.1.1 Need recognition

The process of purchasing a service begins with need recognition. As mentioned earlier, the needs are physiological needs, safety and security needs, social needs, ego needs and self actualization. (Zeithaml and Bitner 2003, 37) Even though Maslow's (1940) category of needs has been criticized since in extreme conditions people do not always follow the order of the pyramid, the categories themselves are quite correct and in normal conditions people tend to fulfil the needs in Maslow's order.

2.1.2 Information search

When searching information about services or products people use personal sources such as friends and experts in the area and nonpersonal sources such as mass media. Unlike in products where these two sources are equal, when searching information about services, people tend to rely more on personal sources. (Zeithaml and Bitner 2003, 39) Social influences are remarkable when customers are making decisions; even if it is not about looking for information, the opinions of people close to the decision maker have great effect on the final decision. (Konsompong 2006) Nowadays in some businesses the internet is considered as the most important source of information, for example a research conducted in 41 countries stated that for example 60 % of British people consider the internet their main purchase influence when making a holiday choice. (Charles 2006)

Problems in purchasing services are mainly derived from the intangible nature of services. Services cannot be standardized so there is always uncertainty about the result of the service. Usually there are no warranties or guaranties in services so in case the customer is not satisfied with the service it might just be wasted money. (Zeithaml and Bitner 2003, 41)

Cultural factors, especially individualism and collectivism have also been studied in the airline industry. The result of the study shows that for collectivists, internal sources are more important when searching information about services. On the other hand individualists tend to rely more on external sources. For example when a German person is buying a new car he/she tends to look for information from magazines, whereas an Italian customer relies more on the word-of-mouth. (Laroche, Kalamas and Cleveland 2005) It could be possible that there was some difference between consumers and business customers from this point of view, since business customer might be more influenced by the organization and opinions of co-workers when making these decisions.

2.1.3 Evaluation of alternatives

In services the group of alternatives is often smaller than in goods. This is since service providers usually do not offer competing brands of services as stores offer for example different brands of cereals. Also in certain geographical area there usually are not many different service providers. The third reason is that typically it is hard for a customer to obtain adequate prepurchase information about services, due to that they only look for few options. This often drives the consumer to choose the first option they find out without comparing providers against each other. Nowadays the internet has widened this set of alternatives. (Zeithaml and Bitner 2003, 42)

Often a service provider is competing against the customers themselves, since many tasks such as cleaning and food can be made by customers (Zeithaml and Bitner 2003, 42). Avis is less vulnerable than the companies providing services in these non-professional categories. Their consumer customers might not buy their own car even if the service was not very good, but if a consumer using a car very rarely could be convinced of how much easier and even cheaper it is to hire the car, it might be possible to convince them to lose their own car and start using services of Avis. For example Andrew Valentine, the owner of the British company Streetcar, has argued that using streetcar service costs one third of purchasing and maintaining an own car (Marketing Week 2006). The business customers can easily compare the costs by looking at the kilometre allowance and prices of Avis, so the most important thing is to keep their personnel satisfied with the service quality and prevent them from complaining to their superiors.

Problems with getting the customers mentioned above derive from the incompatibility with their existing values. If the customer is used to use their own car, it might be hard for them to start using Avis instead since it would require a change in habits and possibly even in values and behaviour. (Zeithaml and Bitner 2003, 48)

2.1.4 Purchase, consumption and post purchase evaluation

In service situations emotion and mood of the customer and service person has great effect on the whole situation, also this often effects on the service experiences of other customers too. (Zeithaml and Bitner 2003, 43) This might have effect to the results of the conducted study, since presumably customers hiring the car for business trip might be tenser than the customers hiring the car for vacation.

Since in services the customer often has essential part in the result, in case the customer is not satisfied with the result of the service they might blame the service provider or themselves for not communicating the needs clearly enough or choosing the wrong service provider. (Zeithaml and Bitner 2003, 48)

**2.2 B2B and B2C consumer behaviour**

Even though it could be assumed that B2C consuming decisions are made independently; the families and consumer groups tend to make these decisions collectively as in case of organizational consuming. The difference is in level of organization. Where as in case of a family all the members might have opinion and some part in the process, in organization different departments and individuals have clear roles in the process. (Zeithaml and Bitner 2003, 55)

**3 SERVICE EXPECTATIONS**

Customer's service expectations are based on search qualities they can find before using the service, whereas experience qualities are gained after using the service. (Gilbert, Gao 2005) For the service provider it is essential to know the expectations, otherwise even if the service process goes as planned from providers point of view, the customer might not be satisfied. Also there is a change that the provider spends money on features that do not add any value to the customer. It is essential for a service provider to find out what are the service expectations, how they are formed,

how does a customer change expectations and how can the company meet or exceed these expectations. (Zeithaml and Bitner 2003, 60) The service processes should be well planned and run smoothly, but the more important thing is the customer experience. Even though for example the functioning of invoicing or some other process in the service might be very important to the customers, it is an unessential point compared to the whole service experience. (Arussy 2006)

It has been studied that seldom the reason for service disappointments is extravagant service expectations. More often disappointments are caused by customer distrust and intolerance due to inflated service claims, broken promises and insufficient care. (Gilbert and Gao 2005)

When comparing different studies about service expectations (Gilbert and Gao 2005; Michel 2004; Komsompong 2006; Devlin, Gwynne and Ennew 2002) it can be concluded that expectations concerning a single business cannot be formed based on theoretical information.

## 3.1 Emotions of the customer

It has been considered that emotions are a major differentiator of customer satisfaction. According to study of Gilbert and Gao (2005) it has been argued that by understanding the emotional content, the customer satisfaction can be explained better. It has been researched that even though emotions do not have big role in service situations, a positive emotion is usually caused by exceeding the line of adequate service with an extra effort by service provider. A negative emotion is usually a result of not meeting the minimum standard of a customer. (Gilbert and Gao 2005)

## 3.2 Brand

The brand of the company has great effect on customer's expectations towards the service. When the company has a good brand the customer can trust it and feel

secure that the company will be able to provide service that meets their expectations. (Gilbert and Gao 2005)

## 3.3 Should and will expectations

According to some researchers the customer expectations can also be divided to two categories; should and will expectations. Will expectations or predictive standards, mean the expectations the customer assumes the service will be like in reality. (Laroche, Kalamas, Cheikhrouhou and Cezard 2004) According to a study predictive service expectations are highly influenced by implicit service promises. The study also revealed that explicit service promises do not have significant affect on predictive expectations (Devlin et al. 2002)

Should expectations or normative standards are the expectations the customer thinks the ideal service would be like. (Laroche et al. 2004) Presumably should expectations are highly affected by the customer's own opinion about the price of the service. If the customer thinks the price paid for the service is high he/she might expect higher service quality than a person who thinks the price is very acceptable. The previous notion is also supported by the research of Devlin et al. (2002), which states that implicit service promises have more affect on these desired expectations than explicit promises have.

## 3.4 Functional and technical dimensions

There are two dimensions which customers use to make evaluations; functional and technical. For example for a hotel quest the room he or she is offered is a technical dimension and the interaction with hotel employees is functional. In their research about airline travellers Laroche et al. noticed that when forming expectations customers tend to rely more on functional than technical dimensions. (Laroche et al. 2004)

## 3.5 Script model

Scripts are forms that are cognitive structures which are developed by everyday experiences; these include what the person does and how the other persons involved in the function are assumed to perform. Scripts are also used to evaluate how other persons perform. (Hubbert, Garcia Sehorn and Brown 1995)

Situational script exist when group of persons are in same situation and expect the same outcome for the situation. In these situations every person usually takes some role according to which they perform. (Hubbert et al. 1995)

## 3.6 Zone of tolerance

Due to the heterogeneity of the service process, it cannot be standardized; there can always be changes in some part of the process. The customers have accepted this and due to that, instead of some specified level, they have a certain zone of accepted service. Even if the customer does not have any specific information about the service they always have some kind of "fuzzy" notion about what the service should or might be. (Gilbert and Gao 2005) This zone of tolerance is the area between desired service (also mentioned as "should expectations") and adequate service. Zone of tolerance can be considered as a range in which the customer does not particularly notice the service. Customer only notices if the service goes above or below this area. (Zeithaml and Bitner 2003, 62)
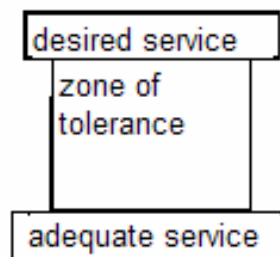


*Figure 2. The zone of tolerance. (Zeithaml and Bitner 2003, 63)*

Customers posses different zones of tolerance in different situations. For example when a customer is running late, they might not be as tolerant to a long service times as a person who has reserved time for the service and is not in a hurry. It is important for a company to consider not only the variations in zones of tolerance between customers, but also the variation depending on the situation of the customer. (Zeithaml and Bitner 2003, 64) For example in case of Avis it might be possible that the business customers can have tighter schedule than consumer customers and due to that they could react more aggressively to long waiting times.

The zone of tolerance of individual customer depends on many factors. Some of these are company controlled such as the price of the service since it affects on the customers expectations of the quality of the service. (Zeithaml and Bitner 2003, 64)

The Zone of tolerance can also vary between the parts of the service. In services there are different parts in the process and some of them are more challenging to the provider or not that important to the customers. When in one part of the service a customer might not tolerate any mistakes, for example the core service, in some less important factors their tolerance toward errors might be very wide. (Michel 2004) The amount of time spent on searching information about service also affects the expectations. (Kalamas et al. 2002)

3.6.1 Zone of desired service

Two issues most influencing desired expectations are personal needs and philosophy about service. Personal needs fall to four different categories such as physical, social, psychological and functional. These all vary depending on the situation of a customer, for example how hungry or angry the customer is. (Zeithaml and Bitner 2003, 67) Zone of desired service is defined as a level which the customer hopes to receive, it is derived from what the customer believes is a possible level of service and what it should be (Nadiri and Hussain 2005).

Enduring service intensifiers are individual, stable factors that affect on the customers sensitivity about the service. The most affective of these are derived service expectations, which mean the effect of other people or group on service expectations of an individual. These usually occur in situations where individual person represents larger group and the service expectations of the other people in the group must also be taken into consideration. (Zeithaml and Bitner 2003, 68)

Another service intensifier is personal philosophy, which is the customer's general attitude about services and service providers. Somebody might have a general principle that it is outstanding if the waiter in the restaurant does not take the order within 15 minutes of arrival to the place, whereas someone else might accept even 20 minute delay. (Zeithaml and Bitner 2003, 68)

3.6.2 Zone of adequate service

The zone of adequate service is the lowest level the customer finds acceptable. When desired service expectations are derived from somehow stable attitudes, the adequate service expectations are more variable depending on the situation. There are 5 factors affecting the adequate service expectations: transitory service intensifiers, perceived service alternatives, customer self-perceived service role, predicted service and situational factors. (Zeithaml and Bitner 2003, 68) A study by Nadiri and Hussain (2005) concerning hotel business shows that customer's levels of desired and perceived service were in fact higher than their levels of adequate service.

Transitory service intensifiers are situations when people get an urgent need of service such as breakdown of a car or some other emergency when the need for service emerges unexpectedly. In these situations the zone of tolerance is often narrow. For example when the server of an internet –based company breaks down, the company usually does not tolerate any delays in the service of the maintenance company. (Zeithaml and Bitner 2003, 69)

It is important to do the service right at the first place, since customers appreciate reliability with services. Also problems with initial service can heighten the service expectations. In case problems occur it is important to do the recovery right. This brings us to service paradox; well managed recovery process can increase the customer's satisfaction with the service, even more than if it would have been done right at the first place. (Zeithaml and Bitner 2003, 69)

Perceived service alternatives are other potential alternatives that can provide the customer with the service. The existing competition increases customer expectations of the service. When the customer does not have other options he/she is more tolerant about the quality of the service. For a service provider it is important to figure out the services that are comparable, not just the ones that are competitive. (Zeithaml and Bitner 2003, 69) For example in case of Avis, there are plenty of competitors such as public transport, use of own cars, or for consumer customers, borrowing a car from a friend.

Also the customer's self-perceived role affects the service expectations. The self-perceived role means what the customers think they are supposed to do themselves in the service situations. Customer's participation also affects in situations when the service has failed; a customer that complains about it will be less tolerable than a customer, who does not. The customer's zone of tolerance usually expands when they feel they are not fulfilling their own roles. (Zeithaml and Bitner 2003, 70) For example in case of Avis, a customer who wants a car with powerful engine and emphasizes it when doing the reservation, will be more disappointed if the car they get is equipped with a small engine than a customer who does not mention it separately in the reservation situation. Customers usually understand that if they are not actively participating, the service provider might make own assumptions and the result might not be what they hoped for.

Situational factors are things which the service company cannot affect. These situations such as problems with telephone connections after the WTC attack on 9/11 when people blocked the lines, which was followed by poor connections, were forgiven to the companies since the problems were out of their reach of scope. Situational factors usually tend to lower the level of adequate service and widen the

one of tolerance in case the customer understands it was not possible for the company to prevent the problem. (Zeithaml and Bitner 2003, 71)

Final factor affecting the zone of adequate service is predicted service. This basically is the level of service the customer is likely to get. This is formed from the expectations of customer about how the different parts of the service are going to work. If the customer expects good service, the level of adequate service is going to be high. (Zeithaml and Bitner 2003, 71) These expectations can change according to the situations. For example a customer hiring a car from Avis Jyväskylä during thousand lakes rally might not expect as fast service as he or she might receive during normal weeks.

Predicted service expectations usually affect individual service actions, they do not affect the overall relationship with the company. The predicted service almost always indict of what will happened next time the customer is in contact with the company. Predicted service expectations often tend to be specified, such as waiting time for service encounter in minutes. This specifity is the same when comparing the quality of a single encounter to the overall quality of the firm. (Zeithaml and Bitner 2003, 72)

3.6.3 Sources for the whole zone of tolerance

When searching information about services, customers tend to rely on several active and passive sources such as asking from a friend or colleague, checking the internet, seeing advertisements on TV or by hearing an unsolicited comment from a colleague. In addition to these external types of information, a customer reviews internal information gathered to their memory about services. There are 4 main sources affecting both desired and predicted service expectations; explicit service promises, implicit service promises, word of mouth communications and past experience. (Zeithaml and Bitner 2003, 73)

To create a service that meets customer expectations, the customer segment must be known. After that it must be figured out how each of the factors mentioned above

effect on their expectations. The sources differ in terms of their credibility and the potential to be influenced by the marketer. (Zeithaml and Bitner 2003, 74)

3.6.4 Explicit service promises

Explicit service promises are statements made by the organization to the customer. These are both personal, communicated by for example sales people and nonpersonal, such as advertising. Explicit service promises are significant to the service provider, since they are the only sources of information that are completely in the control of the service provider. (Zeithaml and Bitner 2003, 73) A research conducted by Devlin et al. (2002) in the banking business does not support this view. The research states that explicit service promises do not have significant affect on predictive or desired service expectations. So it could be concluded that there are differences in service expectations depending on the business that is studied.

The challenge with explicit service promises is that due to heterogeneity of services it is hard to make a promise that will hold since conditions change. Often sales people might over promise by stating their best estimates about the service process. Even with advertisements the over promising often happens. By looking at the brochures people get pumped up about the perfect service which is impossible to carry out in practice. (Zeithaml and Bitner 2003, 73)

Explicit service promises have effect on both desired service and predicted service. They affect on what the customers generally desire and what will happen in the next service encounter. (Zeithaml and Bitner 2003, 73) On the other hand a study conducted by Kalamas et al. (2002) states that in the airline business explicit service promises do not have effect on service expectations.

3.6.5 Implicit service promises

Customers get implicit service promises by inferring from prices and tangibles associated with the service. From high price of the service and expensive looking

exterior of an office the customer assumes that the service also is good. (Zeithaml and Bitner 2003, 73)

A research conducted by Dewlin et al. (2005) supports this argument. According to the study, implicit service promises have affect on both desired and expected service expectations.

3.6.6 Word-of-mouth

The word-of-mouth communication is one of the most important factors when forming expectations about service since it is usually perceived as unbiased, the other person usually does not have a financial motive. However importance of the opinions of others is affected by how closely these people are related to each other. (Kalamas et Al. 2005) Word-of-mouth statements are made by somebody outside the organization and they can be personal or sometimes nonpersonal, also expert opinions can be considered as word-of-mouth communications. Word-of-mouth is important source especially when the service in question is difficult to evaluate beforehand. (Zeithaml and Bitner 2003, 73) Study implemented by Devlin et al. (2002) shows that word of mouth does not affect on customers predicted service expectations, but has reasonable affect on desired service expectations. The research stated that word of mouth might not have effect on expectations in banking business since it might not provide an accurate assessment of what they should expect. On the other hand a study conducted by Kalamas et al. (2002) states that in the airline business word-of-mouth has great affect on both should and will expectations.

3.6.7 Past experience

People usually form expectations based on previous service experiences. Even if they do not have experiences with the company in question, they form expectations based on experience with other companies, perhaps not even operating in the same business. For example hospital patient might compare the stay in hospital to experiences of staying in hotels. (Zeithaml and Bitner 2003, 73) It has been noticed

that some service problems have occurred in the public sector since businesses are raising customer expectations in general (Beasty 2006). So it could be said that expectations are affected by companies that are not even competing directly.

A study by Kalamas et al. (2002), conducted on expectations in airline services implemented that previous experience affects both predictive and desired service expectations. A research about service in the fast food restaurants conducted by Johnson and Matthews (2005) also supports this argument. On the other hand study implemented by Devlin et al. (2005) states that previous experience in some cases does not have effect on predictive service expectations, but slightly affects on desired service expectations.

## 4 DESIGNING THE SURVEY INSTRUMENT

Marketing concept considers customer satisfaction to be the important issue rather than profit maximization. From this point of view it is important to know the needs and expectations of the customers and to fulfil them. Marketing research is an important part in achieving these goals. It provides managers information about customers so they can make the right decisions to keep them as satisfied as possible. Market research has a big role in managerial planning process. One of the tasks of market research is to detect problems and opportunities. Based on that information marketer can improve the product or service and fix what seems to be the problem to the customers. (Aaker, Kumar and Day 2001, 1, 4, 5)

There are 3 types of marketing researches. Programmatic research is performed to develop marketing options through opportunity analysis, segmentation or consumer attitude and product usage studies. Selective research is done to help decisions between alternatives, for example about which product alternative to launch. Evaluative research is to evaluate performance of different areas such as service quality, company brand etcetera. (Aaker et al. 2001, 22) The research Avis could conduct is the third option, evaluative.

**4.1 Survey**

The enquiry that will be designed here is called a survey research. Survey research is known for that the information collection method is standardized. This means that all the questions are asked the same way from all the respondents. (Hirsijärvi et al. 1997, 189)

A survey has been thought to be a good way of collecting data form a large group of respondents and ask many questions in same research. Data is also quite easy to analyse and combined with the straightforward questioning it saves time of the researcher noticeably. (Hirsijärvi et al. 1997, 190)

However survey research also has some downsides. First it is not possible to find out how seriously the respondents have answered the questions and how well the answer options have responded to their opinions. The researcher also cannot be sure of how well the respondents know the area and is it possible for them to answer the questions. In some cases the loss of responses can be quite high. (Hirsijärvi et al. 1997, 191)

**4.2 Research process**

Before the research can be made, several issues must be clarified. First the purpose of the research must be established. The management team that will be using the results must define the objectives of the research in order of getting result that they can use in the end. Next step is to define what research should be done to get the right data to solve the problem at hand. After this stage it must be figured whether the research is worth doing, in some cases the costs of collecting the information can be higher than the benefits of the research for the company. (Aaker et al. 2001, 40)

When the company has decided whether it is worth of doing the research, the ways of collecting the data should be chosen. In some cases the research can be made based solely on secondary data, but often a first hand research is needed. At this point the way of collecting the data should also be decided. Last stage of process

planning is to decide how the data is going to be used, for example how and who will analyse the data and what kind of recommendations for action might follow from it. (Aaker et al. 2001, 40)

Another aspect for the research process can be found from the book of Alkula, Pöntinen and Ylöstalo (1999). They suggest that the process should be divided to 5 stages. First is the planning process, then the tools to collect the data must be designed, third after the data has been collected it must be coded so it can be analysed by computer programs. The fourth step is the analysis after which the results must be reported.

## 4.3 Designing the question sheet

When collecting information about facts, behaviour and actions, knowledge, values, attitudes and beliefs a survey form has been noticed to be a good tool. What has to be remembered is that the questions should be very simple. Also since there are so many surveys people are asked to respond, it has to be designed well since people tend to skip the ones that are shoddily done. (Hirsijärvi et al. 1997, 193)

Designing a question sheet requires a lot of skills that can only be acquired by experience and it is impossible to give strict instructions about it. Anyhow there are some general instructions that can be listed. (Alkula et al. 1999, 130)

In the first place all the information that is going to be needed should be listed. This way important issues can be emphasized and unnecessary information can be sided. Length of the form usually does not allow too many questions and due to that not important questions should be excluded in the first place. Question sheet is not a random collection of questions, it should be considered and outlined ensemble. Functionality of the sheet will be noticed later on several different stages of the research and analysis. When the sheet is being designed, also the target group of the questionnaire must be considered, so the questions can be designed based on the basic knowledge of the group. (Alkula et al. 1999, 130)

After the planning process is completed the questions can be made. First rule when making a question is that it should be as simple as possible and only include one issue. When making questions, the researcher has to know what kind of information is needed. The questions should be simple and clear enough so this information can be acquired. Also the questions should be in clear order so the person responding can understand what the point of the questioning is. The outlining of the form does not have any affect compared to the quality and the structure of the questions. (Alkula et al. 1999, 131)

When making multiple choice questions all the possible answering options should be presented, but the respondent should only be able to choose one option. These options should be implicit and exclusionary. Amount of options varies according to the question, but especially when asking about opinions, there should be several options, people often are not completely for or against. Also the quality of the measuring is often a question in quantitative analysis. It is not enough that two issues can be separated from each other, also how much more people are against something than for it, should be measured. In these studies the answer options form a scale. The most known of these scales are Likert and Guttman scales. In Likert scale the distances between options are the same for example 1, 2, 3,4,5,6 and 7 with 4 being the neutral option. (Alkula et al. 1999, 132-135)

The Likert scale is mostly used in questionnaires where attitudes and motivations are measured. In these the respondent is asked to evaluate their own opinions about the content of the question. The options in the scale are from strongly disagree to strongly agree. (Metsämuuronen 2005, 61)

Usually the questions are collected to the form into series, one reason being the shorter length of the form and second reason being that it is easier for the respondents since the answering options are the same to all the questions. These questions should also be in logical order so the respondent can easily understand what the questioning is about. Also the form should have clear instructions of how to answer the questions and how to fill it. (Alkula et al. 1999, 135-137)

A covering letter should be included, explaining what is the reason for the study, who is conducting it and what are the answers going to be used for. Also the reason why the respondent has been asked to participate should be announced. If the covering letter states that all the answers will be analysed under confidentiality, the privacy protection law regulates and limits the handling, usage and storaging of the answers. (Alkula et al. 1999, 135-137)

In the beginning of the research it was decided that the questioning sheets will be sent to the customers after they have reserved a car, but before they have actually picked it up and had the service experience. Due to that for example Servqual (Zeithaml and Bitner 2003, 135) questions can not be used straight for this study. Instead some questions are adapted from it and revised for this questioning. Also Avis requested that some questions should be specialised to solely consider the hiring process aside from the general service quality questions.

## 4.4 Designing questions

When creating the questions for the form, there are several issues that have to be noticed in order to make the questioning attractive to the respondents.

The form has to be clear and the options should mean same to all the respondents. Ambiguities such as often, regularly, most and usually should be avoided since these definitions do not mean the same to all the people. (Hirsjärvi et al. 1997, 198)

Specific questions are better than broad questions since broad questions are more difficult to analyse. For example list of different magazines to choose from is better than a question "list the magazines you read yesterday". also short questions are better than long ones. It is easier for the respondent to understand short questions correctly. (Hirsjärvi et al. 1997, 198)

Questions that include double meanings should be avoided. It is difficult to answer two questions at the same time and due to that only one issue should be asked at the time. (Hirsjärvi et al. 1997, 198)

An option "no opinion" should be possible. It has been noticed that people often answer even if they do not know the subject. Due to that they should have an option to not answer instead of forcing them to pick one. It has been noted that from 12 to 30 % of people do not answer all the questions if this option exists. (Hirsjärvi et al. 1997, 199)

Multiple choice options should be used rather than strict agree/disagree options. Agree and disagree options include a characteristic which is called social desirability. It means that people tend to choose the option they assume is expected and is generally desirable. (Hirsjärvi et al. 1997, 199)

The amount and order of questions should be delicately considered. As a basic instruction the general and easily answered questions should be placed in the beginning of the form and more specific ones closer to the end of the form. Also delicate questions such as age and income should not be asked precisely since some people do not feel comfortable in submitting this kind of information. Instead these timid issues can be presented in different scales such as 45-55 years old or 2000-2500 Euros per month. (Hirsjärvi et al. 1997, 199)

Selecting the right words is also important. Professional "jargon" and technical terms the respondents might not understand completely should be avoided. Also leading questions should not be used. (Hirsjärvi et al. 1997, 199)

**4.5 Pre-test of the form**

When the form is pre-tested issues mentioned in the chapter above can be checked and formation of the questions can be changed before the actual research. When the form has been prepared it should look easily answerable and the outlook should be flawless. (Hirsjärvi et al. 1997, 200)

Often first drafts of questionnaires are too long, lack some important variables and the questions are double barrelled, ill-defined or ambiguous. In the pre-test stage the

researcher should first look at the questions from the respondent's point of view and correct the possible mistakes before the actual pre-test. (Aaker et al. 2001, 319)

When choosing participants for the questionnaire, what has to be remembered is that they should somehow represent the target group of the research. For a short and straightforward research only a small sample of 10-15 people is necessary. Based on that many of the possible problems can be solved and the understanding of the questions can be ensured. Even if the survey itself is done by mail or via internet, the pre-test should be done by phone or personal interview so the feedback would be direct. (Aaker et al. 2001, 319)

Personal interview can either use protocol or debriefing approach. In debriefing approach the pre-test is conducted like normal responding would be and the interview takes place after the respondent has finished the form. (Aaker et al. 2001, 319)

In protocol approach the interviewer asks the respondent to think aloud as the questionnaire is being filled. These remarks are being recorded and clarifications should be asked after the questionnaire is filled. (Aaker et al. 2001, 319)

Despite the fact that pre-tests should always be conducted, a study that was conducted about error notification in pre-tests suggested that respondents were virtually unable to detect loaded questions. Most of the respondents did not recognise when questions were ambiguous or response alternatives were missing. When the pre-test has been done the questions have to be reviewed one at the time again and in case if the changes made are crucial the pre-test should be conducted again. (Aaker et al. 2001, 321)

**4.6 Not responded**

Hardly ever all the people who have received the questioning respond, also sometimes everyone does not even get the questioning. This group that does not respond is called the lost group. Normally the amount of the loss varies from 20 to 30

% in the researches conducted via mail to 10 % in the researches conducted by universities. The amount of losses depends on the type of the research, if it does not seem interesting to the respondents the loss can be very high. This can be degreased by making the questions interesting and concrete enough. Also the sheet must be logical and professional. The respondents have to understand that the researcher wants to get the information they have. Also the length of the form can affect it; sometimes even a form that requires 15 minutes to be filled can be too long. (Alkula et al. 1999, 139)

Often people are motivated to respond to surveys to be helpful and friendly, interact socially when they are lonely or bored, and learn more about the subject or to experience something novel. Often people participate if they can win something or benefit otherwise. (Aaker et al. 2001, 218)

When the data has been collected loss analysis should be conducted. Not responding is seldom random and the group that has not answered should be analysed since they might have great impact to the results of the study, so the researcher has to be able to notice these when doing the analysis and conclusions. In practice loss analysis means assuming the amount of losses that have occurred in different stages of the research. (Alkula et al. 1999, 140)


## 4.7 SERVQUAL service expectations scale

SERVQUAL instrument was designed to measure service quality in the late eighties. It measures the gap between customer's service expectations and their perceptions of the actual service process. The researchers developed a 22 item scale for measuring service quality. These 22 items are divided into 5 different groups in accordance with the issues that had been noticed to affect the perceptions of the service. These five dimensions are reliability, responsiveness, assurance, empathy and tangibles. (Parasuraman, Zeithaml and Berry 1994)

In SERVQUAL scale reliability relates toward the actions of the company. It is about the ability to perform the service accurately and dependably but it also relates to

company's ability to react to possible problems. Responsiveness relates to employees ability to help the customers and provide prompt service. Assurance dimension is about the courtesy and knowledge of the employees. Also it measures their ability to create trust and confidence of the customer. Empathy dimension refers to the company's ability to provide caring individual attention towards individual customer. In this dimension both the company and the employees are evaluated. Tangibles dimension is about Physical artefacts. The appearance of the personnel, conditions and outlook of the facilities and equipment are evaluated in this dimension. (Parasuraman et al. 1988)

## 4.8 Designing the question sheet

The questions and the answers of 5 pre test customers can be seen in the appendix. Some of the questions asked from the customers are based on SERVQUAL and other existing instruments but also the need for specific information Avis has is also fulfilled. All of the questions are multiple choice, but in some of them also an open option was considered necessary. Some of the response options had to be designed according to the question, but the Likert scale (1-7) has been used as much as possible.

### 4.8.1 General information

As mentioned in the literature, first questions are about general information. These questions are partly based on the question samples in Alkula et al. (1999, 131, 133).

1. Place where the car was hired: (5 different locations)
2. Reason for hiring: Leisure, business or some other
3. Age: 21-25, 26-35, 36-45, 46-55, 56-65, 65-
4. Sex
5. Education: elementary school, high school, secondary modern, lower high school, university
6. Have you used services of Avis earlier?

4.8.2 How customers gain their information about Avis

The next questions were about how long time people have used to find out about the service and how they have gotten the information. This part was mainly about how customers have formed their expectations about the level of the service and which sources have affected these expectations most. Effect of these sources can be then compared to the level of expectations. Where possible, the scales used are Likert (Metsämuuronen 2005, 31).

7.  If you have used the services earlier, were you satisfied with the level of the service: scale from 1 to 7
8.  From where have you heard about Avis earlier: Friends, Co-workers, advertisements, internet, travel agency or other
9.  Choose one or two options that affected your decision the most: Friends, Co-workers, advertisements, internet, travel agency or other
10. How long time did you spend choosing the rental company: less than 15 min, 15-30 min, 30 min-1 hour, 1-2hours, more than 2 hours
11. Choose 2 or 3 issues that affected most to your decision to choose Avis: quality, reliability, price, location, contract, other

4.8.3 Performance of the employees

The following questions are about expectations towards the performance of the employees. The customers are asked to answer the questions based on their expectations. This dimension is used in SERVQUAL scale (Zeithaml and Bitner 2003, 136). Scale is from 1 disagree to 7 agree.

12.    -    Employees of Avis offer good and reliable service
       -    The promises given by an Avis employee can be trusted
       -    Employees react to possible problems quickly and professionally

- It is acceptable if employees are not able to respond to problems immediately

## 4.8.4 Time used in service processes

The next series of questions were about expectations of how long time should be spent during different stages of the service. These questions are based on the specific information needs of Avis.

13. I expect that picking up the car takes: 3 min, 5 min, 10 min, 15 min, 20 min
14. Picking up car should take: 3 min, 5 min, 10 min, 15 min, 20 min
15. When I am picking up the car I expected that I will be served in: less than 3 min, 3-5 min, 5-7 min, 7-10 min

## 4.8.5 General image of the service

Following series of questions is about general image people have about the service of Avis. This dimension is used in SERVQUAL scale, but the questions are categorized differently in this context (Zeithaml and Bitner 2003, 136). Again the scale is from 1 to 7 and customers are asked to answer according to their expectations.

16. - Prices of Avis are high
    - Price-quality ratio of Avis is good
    - Delivery times promised by Avis can be trusted

## 4.8.6 Expectations about the car

Following series of questions are about what the customer expects about the car. These questions are not about the quality of the service; they are more about what the customers expect from the cars. These questions are mainly since Avis was

interested in knowing the levels of requirements generally. Again the scale is from 1 not significant to 7 very significant.

17. - Make and model of the car matters
- Size of the car matters
- Price class of the car matters
- Accessories of the car matters
- Size of the car's engine matters
- Avis caters for special wishes well
- I appreciate the possibility to have the car delivered where I want it

The next series of questions are also mainly to fulfil the special needs of information Avis has.

18. I want Avis to yield with the pick-up time: 30 min, 1 hour, 2 hours, 3 hours, 4 hours or more

Question 19 refers to the tangibles dimension of SERVQUAL scale (Zeithaml and Bitner 2003, 136).

19. The car I hire can be driven for: 10 tkm, 20 tkm, 30 tkm, 40 tkm, does not matter

4.8.7 Trust towards Avis

The last two questions are also based on the requests of Avis, but they can also be used to measure customers trust towards Avis. These questions are also answered with the scale from 1 to 7 with one being not important and seven very important.

20. – It is important that the car is checked together when being returned
- It is important that I get a receipt of the returning and checking of the car

### 4.9 Pre-test of the form

As mentioned above, the form was designed in co-operation with the managers of Avis Jyväskylä. The form was first tested by an employee of Avis Jyväskylä. Some mild changes were done to some of the questions and the background colour was changed from yellow to white. By then the questions were kept the same since no reason for changes were found. Only the outlook and places for the meanings of the scales were changed.

In the next stage the form was commented by several people who had not participated with the research otherwise, 6 people in total. All of these were personal interviews during the conduction the questionnaire. The interviews lasted from 30 minutes to 45 minutes. 4 of them did not have any comments about the questions. According to them all the questions were easy to understand and the structure was easy to follow. Although one of the interviewees said that there should be an option to return back to previous questions.

The other two mainly had something to comment about structures of some questions. For example there was a problem with the explanation of the scale on question 12, the scale was 1 disagree to 7 completely agree and the comment was that the word "completely" was missing from disagree end of the scale. Also the word "claim" should have been added to statement questions. The question 13 could be reformed in first person to avoid misunderstandings: "When I pick up the car I expect that it takes less than 3 minutes etcetera". Also the first question in the series number 20 in one person's opinion could be clarified, adding a word "together" might clarify it.

Pre-test was also extended to include some responses from the customers of Avis. 5 randomly chosen customers of Avis answered the questioning in the internet and the results clearly state that the study should definitely be continued further. Based on these answers it is impossible to make statistical conclusions, but when looking at the variances in some of the questions the results gained seem quite interesting.

2 of the people who have answered have hired the car for free time use and 3 for business use. The respondents are from 26 to 45 years old males and their

education varies from lower high school level to university. All of them have previous experiences with the services of Avis so they base expectations partly on previously experienced service. All of them answered that the previous experiences are either very good or excellent.

The sources from where people have found information of Avis were quite the same, 2 had heard about it from friends and 3 from co-workers. In the end only one person had used more than 15 minutes when making the decision about the service provider.

Main reason for using services of Avis was reliability. From other reasons price, location and contract got quite the same amount of responses.

In the question series 12 about the trust towards employees, all the answers were agree or agree completely, except for the last one; "it is acceptable if employees of Avis are not able to respond to requests of customers immediately". It got responses from 1 to 6. Also with question 13 there were differences, one person expected that it takes less than 3 minutes to pick up the car, otherwise answers varied from 10 to 15 minutes. What was interesting is that expect for one 3 minute person everyone thought it could take longer than what they expected it will take.

With the question group 16 everyone expected that the service will be worth the money spent and Avis can be trusted, but with the question about prices the scale of responses was quite large. Same with the question group 17, the variances were quite high.

When asked about how long Avis should yield with the pick up time 1 and 2 hours were most common, but one person expected the yielding time to be more than 4 hours. Variance with the age of the car was also quite large. 2 people responded that it should be driven for less than 30 or 40 thousand kilometres and 3 people did not care about it.

The responses to question 20 cause problems to Avis since most of the people thought it is important or very important that the car is checked after the use and they

get a receipt for it. This is in some cases impossible since the employees do not have time to go and check all the cars when they are returned and presumably customers might leave wondering whether they are going to get a bill afterwards if some damage has been found from the car.

# 5 CONCLUSIONS

Based on the theoretical study it can definitely be said that service expectations vary regarding to the business and by the consumer. It is impossible to make general model that would cover all the service industries or even the patterns of a single customer. When studying the researches conducted in different businesses only conclusion that can be made is that service expectations vary.

All the dimensions mentioned in the research framework have effect on customer's service expectations, but the emphasis depends on the business. The theoretical issues are quite same and researchers agree on existence of most of them, but the situational factors have huge affect of them. It can be said that most of the theories found in the literature can be proved right, as long as the right business for the study is found.

When creating a question form it is important to use already existing and used forms as basis as well as studying the literature. Also what can be noticed is that the form will never satisfy everyone, even tough the designer might think it is somewhat ready and most of the pre-testers do not find any mistakes and understand it completely, always some small mistakes can be found.

For the future research the subject seems very interesting since the expectations of the customers are very important in designing and improving the services but especially from the perspective of the differences in expectations of B2B and B2C customers. In some of the questions the variations were quite wide and evenly fragmented to the both ends of the scales. In order of getting more responses there should be some kind of prize drawn between the participants. In case of Avis a free weekend car might be appropriate.

Limitations of this research are mainly derived from the timing of the questioning. Since customers possibly have not experienced the service before, their ideas about very good or very bad service can vary. On the other hand this problem can be eliminated by reflecting their expectations against the expectations of customers who have used the services earlier. If they vary a lot these answers could be left outside of the research and the research could be focused on the old customers.

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