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**POTENTIAL CUSTOMER SEGMENTATION. CASE STUDY OF  
FINNISH UNIVERSITY STUDENTS**

Bachelor's thesis

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Tallinn 2016

I declare I have written the bachelor's thesis independently.

All works and major viewpoints of the other authors, data from other sources of literature and elsewhere used for writing this paper have been referenced.

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## ABSTRACT

This bachelor's thesis is about researching whether the Finnish students in Estonia could be a potential customer segment for the ferry companies operating between Tallinn and Helsinki. Also the travelling habits and customer loyalty of Finnish students in Estonia towards ferry companies operating between Tallinn and Helsinki was researched. The research tries to give an answer to the research problem which is "How ferry operators between Tallinn and Helsinki can customize their services for the needs of students?" The research problem was supported with the following research question "Which qualities are students satisfied with in ferry-related services and what qualities are important to them?". The object of the research is Finnish students studying in Estonia.

The research method used was an on-line questionnaire, distributed on social media and through email. The eventual sample size, after a three-week period of collecting answers, was 144. The questionnaire consisted of 24 questions, of which some were demographic questions, some measured customer loyalty and the rest of the questions focused on travelling on ferries between Tallinn-Helsinki seaway in general. Seaway was the only considered form of transporting between the two countries.

The main findings included that students felt, they are not taken into account by ferry companies in any way, even though they are already a big customer group in Estonia of almost a thousand students and who use ferries very frequently. The results and findings are relevant in the ferry and cruise ship sector and can especially be applied on Tallinn-Helsinki ferry traffic.

This bachelor's thesis is divided into two parts, the first one explaining the theories and concepts that are important for understanding the base of the research and the case. The second part illustrates the case behind the research, and it introduces and explains the research itself that was conducted.

Keywords: *customer segmentation, travelling by ferry, Finnish students, questionnaire, customer loyalty*

# INTRODUCTION

The topic of this bachelor's thesis is could Finnish students in Estonia be a potential customer segment for ferry companies operating between Tallinn and Helsinki. The number of students with Finnish citizenship in Estonia has grown very fast and it is still growing. From a student's point of view, travelling on ferries between Tallinn and Helsinki is a common thing. Some of the students travel a couple of times in a semester, whereas some do it every week during a one semester of studies.

The topic was chosen from the author's own interest and driven by close experience and familiarity in this theme, which the author has gained during the time of studies in Tallinn. The topic of this research is timely, because like previously mentioned, the number of Finnish students in Estonia is growing and a new group of freshmen has just started their studies. Finnish students don't study only in Tallinn, but also in Tartu, which is a city in Central Estonia. The universities that were included in this case were Tallinn University of Technology, Tallinn University, Estonian Business School and University of Tartu. The ferry companies on the other hand were Tallink, Viking Line, Eckerö Line and Linda Line.

The aim of this research is to give suggestions to the ferry operators regarding how to serve students as one customer segment, which on the other hand, could enhance the conditions of students. As the object of this research are the Finnish students studying in Estonia. The research problem of this bachelor's thesis is "How ferry operators between Tallinn and Helsinki can customize their services for the needs of students?" The research question is "Which qualities are students satisfied with in ferry-related services and what qualities are important to them?"

This bachelor's thesis is a case study and a quantitative research method was used, namely a questionnaire. It was conducted online and shared via social media and through email. Considering students as the target group, the online-based survey was the quickest and the most effective way to conduct this research. It was delimited to concern only Finnish students studying in Estonia and seaway travelling was the only considered form of transportation between the two cities. There has not been done any previous researches regarding this specific topic, but under

another view has been done a similar kind of study, which title is “The development of service on passenger ships between Helsinki and Tallinn – Eckerö Line case” done by Salla Toitturi and Piret Tramm in Laurea University of Applied Sciences, in Finland 2013. The study was about suggesting new forms of service concepts for Eckerö Line’s new ship back in the year 2013. The research was based on finding what services do commuter and day cruise passengers want to receive during their journey onboard.

This bachelor’s thesis is divided into two main parts. The first one explains the theory and concepts which are relevant for understanding the case and the research that was conducted. Concepts and theories of customer loyalty, customer satisfaction and loyalty programs are explained first and then the focus is directed towards customer relationship management (CRM) and customer segmentation. The second part is the case, which includes relevant background information regarding Finnish students in Estonian universities, the universities which were contacted by the author and the respective numbers of Finnish students in each of the universities. Also student discounts are presented briefly, both in general and in Finland and Estonia, in relation with the case. The second chapter continues with questions that the author sent to three of the ferry companies operating between the two cities and it includes a table with the corresponding answers. At the end of the second part, the research method that was used – a questionnaire, will be presented, as well as the purpose of the research, the research question and the result and the main findings.

The author would like to acknowledge the people who shared their precious thoughts and time, contributing in creating and constructing this thesis. Help and cooperation made this thesis much more meaningful than it would have ever been without.

# 1. THEORETICAL FRAMEWORK

In this chapter, the theory that the case and the research is based on, will be introduced. At first customer loyalty, customer satisfaction and loyalty programs are presented. The chapter continues with introducing customer relationship management (CRM) and other concepts like market segmentation, customer value creation and loyalty marketing, which are closely linked to it. The theories and concepts are explained and illustrated from company's point of view.

## 1.1 Customer loyalty

In today's competitive world, the term customer loyalty has become a key part in all types of businesses, regardless of the size of a firm. One reason for this is an examined fact, that the effect of customer loyalty, in most cases, has a positive correlation with higher profitability. So, what actually is customer loyalty and how are companies trying to create it?

The term customer loyalty could be defined as, a purchase behavior that a customer possesses when nonrandom purchases are expressed over time by some decision-making unit. The term nonrandom is key. A loyal customer has a specific bias about what and from whom to buy. The term loyalty connotes a condition of some duration and requires that the act of purchase occur no less than two times. Finally, the term decision-making unit indicates that the decision to purchase may be made by more than one person. (Griffin, 1997)

Two important conditions associated with loyalty are customer retention and total share of customers. Customer retention describes the length of relationship with a customer and a firm's share of customer denotes the percentage of a customer's budget spent with the firm. As an example, a firm captures 100 percent, or total, share of a customer when the customer spends his or her entire budget for the firm's products or services on that firm. Whenever a firm's competitor captures a percentage of the customer's budget, then the firm has lost that portion, or "share" of the customer. (Griffin, 1997)



In the definition, it is important to understand that a customer's purchase is not a random event. It is an elaborate decision a customer has made. From a firm's point of view, this is something, that everyone would like to know, on what are these decisions based on in customers' minds. One factor clearly linked to customer loyalty, and where companies focus on when trying to create it, is customer satisfaction.

### 1.1.1 Customer satisfaction

Customer satisfaction has become an important measure for firms in the means of retaining customers. Traditionally, it is expected that customer satisfaction and customer retention are in relation with customer loyalty, and together will lead to greater profitability. F. Buttle has defined customer satisfaction the following: "Customer satisfaction is the customer's fulfilment response to a customer experience, or some part thereof." (Buttle 2012, 44). Customer satisfaction is a pleasurable fulfilment response and dissatisfaction, on the other hand, is the opposite, namely an unpleasurable fulfillment response. Customer is satisfied if his or her perceived expectations are met and if the expectations are underperformed, which means that expectations were not met, customer will be dissatisfied. (Buttle, 2012)

In order to retain customers, many firms have focused their attention on increasing customer satisfaction levels. As illustrated in Figure 1. (Page 9) customer satisfaction is expected to lead to greater retention, which, in turn, leads to greater profit. (Kumar & Reinartz, 2006) In order to reach this sequence in real business, you need to have a compelling product or service, which influences on customers buying behavior positively, shown as "Attribute performance" in Figure 1. The author agrees this point and indeed, if you have received good service or the new product you bought is outstanding compared to the previous ones you have used, why would you change the company or brand. Also Kumar and Reinartz have debated about this and stated, that "Despite the almost self-evident nature of these positive links, the empirical evidence from a number of years of research shows only mixed support." (2006, 157).

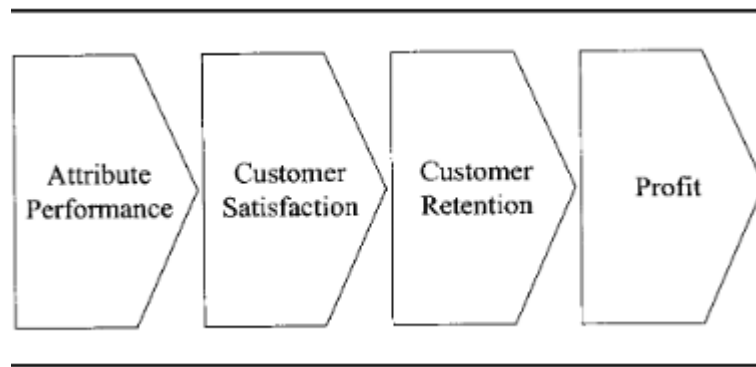


Figure 1. The satisfaction-profit chain

Source: (Mittal & Anderson, 2000)

The author points out the customers' variety of choices or the possibility to choose from many brands or companies. There hasn't been anything to tie customers to the specific product or service or to motivate them to continue being loyal. Customer satisfaction itself is not enough to keep customers motivated, because they are not being offered anything in exchange for their loyalty by companies. That is why new tools have been taken into use in businesses, such as loyalty programs in order to offer customers something back and keeping them motivated. Also customer relationship management focuses on these same issues of loyalty.

### 1.1.2 Loyalty programs

In recent years, many companies have introduced loyalty programs (LPs), frequency reward programs, and customer clubs, and they are currently available in many consumer markets. A loyalty program (LP) can be defined as a marketing process that generates rewards to customers based on their repeat purchasing. Consumers who enter a loyalty program are expected to transact more with the focal company, thereby giving up the free choice they have otherwise. In exchange for concentrating their purchases with the focal firm, they accumulate assets (e.g. points), which are exchanged for products and services, typically but not necessarily associated with the focal

firm. Therefore, LPs have become an important CRM tool used by marketers to identify, award, and retain profitable customers. (Kumar & Reinartz, 2006)

The benefits of a LP for a company are manifold. A loyal customer will concentrate its purchases on the specific firm and therefore generates less costs associated with marketing compared to a one-time customer. Based on one's experiences, a loyal customer knows, what he or she can expect from the company and its product(s), in which case there is less dissatisfaction and complaints. A customer engaged to a certain product or company, will forgive mistakes and errors from the company-side easier. (Bergström & Leppänen, 2015)

The benefits for a customer, depending on the nature of a LP, are somewhat similar as Bergström and Leppänen mentioned for companies (2015, 437). A customer more or less knows, what kind of service and quality he or she will be receiving based on the earlier experiences with the company. In most LPs, a customer also gets to collect some kind of points or recognition of being a profitable customer for the company (i.e. assets), and receives extra benefits from the company. These benefits could be in the forms of tangible or intangible gifts, better discounts and price reductions or invitations to different events organized by the focal firm.

The nature of a loyalty program and the benefits for a customer are completely up to the company to decide. The fundamental source for the existence of LPs is to encourage existing customers to increase their purchases. The author agrees with the benefits of LPs for both the companies and customers, but a new problem arises along with the LPs, that these days there is a large number of loyalty programs, and it is still rapidly increasing. This poses a threat to companies, how to have a visibly different LP from others – differentiation plays a big role, and how will be customers able to find it. On the other side of the spectrum are the customers. Due to the large number of loyalty programs, some customers have started to consciously avoid joining new LPs, because they usually find them unnecessary or value proposition is unclear. That is why it is important for companies to listen what the customers actually want out of the loyalty program after joining to it.

### 1.1.3 Customers' motivations and expectations in loyalty schemes

The first thing, that comes to everyone's mind regarding both the motivations and expectations of customers' joining loyalty schemes, is to get some kind of immediate monetary benefit i.e. price discount or a free premium e.g. a gift or the second product for free. Incentives and lower prices definitely motivate customers to shop from one store, but what if the next week you can receive the exact same products, as you bought this week, at even lower price from another store or shop? This is a common problem for customers these days, because most companies have a loyalty program of some type and if you are a member, you will get discounts. Very commonly businesses operating in the same respective field, have loyalty programs, where the level of differentiation is low rather than high. This motivates customers to buy only one time, from the store which has the lowest price and doesn't oblige the customer any kind of commitment towards the company he or she buys from. Also Bergström and Leppänen have made the same notion saying, that using only a discount as a benefit, motivates and ties a customer to a product only momentarily (2015, 437-441).

A study done by consultation company Vectia, in Finland 2007, examined the most influential loyalty programs in Finland, which included 28 companies. In the study they found out, that most of the loyalty programs focus on monetary remuneration of customers, based on the volume they have bought with. As the most important competitive advantages of loyalty programs, the respondents considered, were the clarity and comprehensibility and the relevance of a program. (Taloussanommat, 2015) By interpreting this finding in the study, it is very important for a company to design its loyalty program in a way, that the customer understands what the LP is about and how one can get the benefits and use them. Firstly, the customers expect and also require, that the LP is easy to understand. Secondly, the LP needs to be relevant and offer value for the customer. According to the study, one aspect why the LPs were criticized on was, that the LPs focused on monetary remuneration of customers, based on their purchasing volume, instead of focusing on, for example, generating higher-valued services for the key accounts (Taloussanommat, 2015).

Companies should think of ways through differentiation, how to offer their customers better value in loyalty programs in a way, that would ease the decision of customer to stay loyal for the

company and this way increase the customer retention rate in companies. The author agrees the point which was shown in the study, that rewarding customers with discounts is not enough to retain them and to motivate towards loyalty, but agrees only partially the point about the clarity of a LP. Understandably, it is more convenient if a LP is made clear and simple, but there is a risk that if it is too simple, it might be that the benefits are not that interesting e.g. discounts and yet again it is not so motivating to stay as an active member. If a LP is broader, perhaps a multi-level program, then loyalty marketing plays a bigger role in order to introduce the various member benefits in a clear and a simple way. Sometimes it is also about people's perception, what is perceived as clear and simple.

## 1.2 Customer relationship management (CRM)

Customers are the core resource for every company and by consuming products and services, they ensure business operations to continue. Without customers, there could be no businesses and that is why, it is important to serve target customers well and try to create relationships with them in order to increase revenue and turnover, and ensuring the continuance of business operations.

The term customer relationship management (CRM) was born in the mid-1990s, when companies started moving from transaction-based marketing to customer-based marketing. It means that the focus of marketing changed from maximizing the volume and efficiency of one-time sales to developing relationships with customers. This led to increasing need for collecting, storing and analyzing customer-level information. (Kumar & Reinartz, 2006) Since then, CRM has undergone a lot of changes and even new types of CRM have been identified. Hence, it is not an easy task to define CRM in only one way. Because of its recent emergence, it is not surprising that CRM is sometimes understood incorrectly. One could understand it as an IT issue, because most CRM implementations require the deployment of IT solutions. This is only partly true, because customer relationships are managed by people with right competencies and attitudes, using the right strategies and enabling technologies. IT is only the backbone when it comes to successfully implementing CRM in organizations. (Buttle, 2012)

However, F. Buttle has defined CRM as the core business strategy that integrates internal processes and functions, and external networks, to create and deliver value to targeted customers at a profit. It is grounded on high quality customer-related data and enabled by information technology. (2012, 14-15) Explained in a simpler manner, CRM is technology-enabled approach to management of the customer interface (Buttle 2012, 14-15). In order to illustrate how CRM can influence and enhance customer loyalty and their interlinkages, needs the concepts of market segmentation, customer value creation and loyalty marketing be explained.

### 1.2.1 Market segmentation

A company's market can consist of thousands, if not millions of buyers. Companies today recognize that they cannot appeal to all buyers in the marketplace – or at least not to all buyers in the same way. That is when market segmentation comes in useful. Market segmentation means dividing a market into smaller segments of buyers with distinct needs, characteristics, or behaviors that might require separate marketing strategies or mixes. (Kotler & Armstrong, 2014) The main purpose of market segmentation is to help marketers to identify, which parts of the market they can serve best and most profitably. Kotler and Armstrong also point out, that due to the emerge of market segmentation, companies can focus on customer segments that really matter and are important for the well-being of a company (2014, 214-215). This is called market targeting. By targeting, companies can instead of mass marketing, design marketing campaigns tailored to each segment. The author agrees the importance of market segmentation. Market segmentation focuses on dividing market into segments i.e. customer groups and also tries to find the most profitable customers. Also Buttle talks about market segmentation in CRM having a clear focus on customer value (2012, 127-128). On some level it focuses on finding loyal customers as well. If you take a look at customer database and see who has used the services or bought the most frequently, probably are also satisfied with the company and are most likely loyal for the company as well. This way marketers can make them a separate customer group and offer better-tailored benefits.

Sally Dibb in her article “Customer segmentation: strategies for success” has described the benefits of customer segmentation the following: “Although problems of measurement and control make it difficult to quantify the segmentation benefits, many qualitative advantages are cited. These

suggest that segmentation leads to better understanding of customers, greater competitive responsiveness and more effective resource allocation.” (Dibb, 1998). Despite the advantages, Dibb had also found some flaws too. These included that market segmentation, in a simplistic way, is too general, in terms of dividing customers into groups. This is also true, and like the author earlier discussed about customer segmentation having focus on some level on finding loyal customers, on some level it doesn't. It also could be that the customers who use frequently your services aren't only loyal for your company, but might be for some other too. Maybe the real loyal customers are those people, who don't buy from you often but when they do, they buy a lot and spend a lot. This is a problem with customer segmentation, although it has many positive sides too.

### 1.2.2 Customer value creation

Value is the fact that really matters to a customer in any product or service. If customer feels, that a specific product or service has less value compared to another one or has no value whatsoever, the customer will most likely decide not to consume it. Understandably, this is bad for company, because it means less income. Another key term in relation with customer value creation is value proposition.

In order to understand the whole value creation concept, a couple of key terms has to be defined first. Buttle has defined value the following, “Value is the customer's perception of the balance between benefits received from a product or service and the sacrifices made to experience those benefits.” (2012, 187-189). In fact, if you think of the definition offered by Buttle, you are always sacrificing something, which is usually either money or time used for searching, but at the same time you'll gain something which can be perceived as a benefit. Also Bergström and Leppänen have discussed about this topic and mentioned, that if the perceived value i.e. benefits overcome the sacrifices made, the patronage will be on a more sustainable foundation (2015, 23-28). The author points out that from companies point of view, this can be conceived as a strategy how to create the most perceived value for customers. There are two main ways, either by emphasizing on the benefits or trying to decrease the sacrifices of customers. Either way choosing the strategy, the benefits should always overcome the sacrifices. In order to create a foundation for customer loyalty, it is company's responsibility to be able to offer the product or service with

perceived value higher than the sacrifices. After this criterion is met, it is the marketers turn to create a compelling value proposition, which is a promise of value by a company that the specific product or service will deliver to customer (Buttle 2012, 191). Though value of a product or service is perceived as an important factor, it is not the biggest influencer of customer loyalty, rather it is a basic requirement set by customers, which should be met.

### 1.2.3 Loyalty marketing

Loyalty marketing is a branch of marketing and an important CRM tool used by marketers, in which a company focuses on growing and retaining existing customers through offering special deals and/or free things, also known as incentives. Loyalty marketing is usually directed towards loyal customers e.g. members/clients of a loyalty program and key accounts i.e. the most important customers for a company. In loyalty marketing, customers are being informed about new goods and services and they are encouraged to keep buying and consuming in the future too. That's why it is important to keep in touch with your customers within a suitable frequency. (Bergström & Leppänen, 2015)

Loyalty marketing is done both electronically and traditionally through mail. The benefits of electronic loyalty marketing messages are, that they are inexpensive to compose, they can be changed and altered quickly and modified regarding the specific target customer group. Many different communication channels are used simultaneously, however customers should have the possibility to choose how they are being approached. Loyalty marketing communication could be, for instance receiving a regular newsletter, a journal for members of a loyalty program or a text message to your mobile phone. It could also mean a mutual social media channel for customers, a forum or a blog on company's website. Different events for customers or a situation, where you just simply meet a customer can be also accounted for as loyalty marketing communication. (Bergström & Leppänen, 2015)

About today's customer communication, Bergström and Leppänen bring out also the concept of communality saying it is very important (2015, 441-443). Basically, what it means in this relevance is that customers are being organized with a possibility to exchange experiences and



to chat or talk with each other and most importantly, to share thoughts with a representative of a company. The author agrees this point as being important and probably today it is even more important than it has ever been, because today all the services are either more or less automated, electronic or both. By this the author means that, because of the high portion of automation and electrification today, it is harder for customers to contact the actual people working in the respective company, if necessary. Customers need to be able to contact the actual representatives of a company, in order to fulfill the basic needs of feeling safe and being able to trust the other party i.e. the company. If these needs are met, building loyalty between the customer and the company can take place. Another aspect that communality enables is, that people can share actual experiences they've had with a company, with each other on real time. Bergström and Leppänen indicate that communication is no longer just a monologue of a company, but instead it is rather a dialogue with a customer and between customers (2015, 441-443).

## **2. THE CASE – FINNISH STUDENTS IN ESTONIA AND THE FERRY OPERATORS BETWEEN TALLINN AND HELSINKI**

In this chapter the author explains the case behind the research that has been conducted. It includes the background data of Finnish university students in Estonia, what universities there are, how many Finnish students are in each university and the ferry companies operating between Tallinn and Helsinki. Also benefits for students are presented in general and examples of them and questions regarding students directed to the ferry companies asked by the author. The chapter also includes and introduces the research method used, the theory behind it and presents an overview of the results. A quantitative research method was used in this thesis, namely a questionnaire. The chapter concludes with a discussion of the results and findings and gives recommendations based on the results received.

### **2.1 Overview of Finnish university students in Estonia**

Estonia lies approximately only 80 kilometers South from Finland and is part of the Baltic countries. As far as its capital – Tallinn, which is located on the shore of Gulf of Finland and has a population of approximately 400,000 people. Estonia is the nearest country by culture to Finland, also the people have a lot in common and even the both languages originate from the same Finno-Ugric language group. (Facts about Estonia, 2015) These are also some of the most common reasons why Finnish students these days come to study in Estonia. In addition to the reasons previously mentioned, the international study programmes in Estonian universities are offered in English and are internationally accredited degrees. These are facts that are also accounted as reasons for Finns to come study in Estonia.

The most popular Estonian universities among Finnish students are Tallinn University of Technology (TUT), which is the biggest state university in Estonia, Tallinn University (TU), Estonian Business School (EBS), which is also situated in Tallinn and University of Tartu (UT) in Central Estonia. Since Finnish students are the object of this research, it was important to find out

some more background data and facts regarding the numbers of Finnish students currently studying in Estonia. To determine, which students were accounted as Finnish students, the student had to have Finnish citizenship and he or she had to be full degree student, studying in one of the four previously mentioned Estonian universities and enrolled for the Autumn semester 2015. Exchange students from Finland were not included. The author contacted each of the four universities through email and was interested in knowing only the number of Finnish students studying in these universities. The email sent to each of the four universities can be found in Appendix 1. First, the author contacted Tallinn University of Technology and as an answer received, that there are 410 full degree students with Finnish citizenship studying at TUT in Autumn 2015 (Piht, 2015). Next the author contacted University of Tartu – the number of Finnish students there is 132 (Roosimäe, 2015). In Tallinn University, the number of Finnish students is 270 (Tomson, 2015). Finally, according to K. Meibaum, there are 161 Finnish students in Estonian Business School (Meibaum, 2015). In Figure 2. the number of Finnish students in each of the four universities are presented. According to the responses received from the representatives of the respective universities, there are in total 973 Finnish students studying in Estonia a full degree programme in Autumn semester 2015.

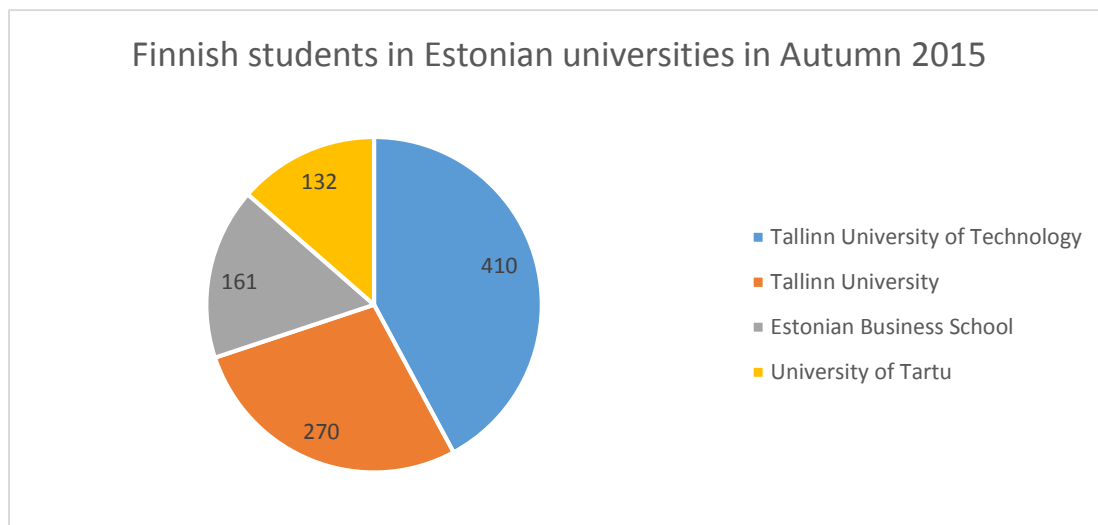


Figure 2. Number of Finnish students in Estonian universities

Source: Author's interviews

The author also contacted the biggest Finnish student organization in Estonia, namely Tallinnan Suomalaiset Opiskelijat RY (abbreviated as TSOJ), which in its unofficial English translation is “Organization of Finnish Students in Tallinn”. The purpose was to find out, how many Finnish students studying in Tallinn are members of the student organization. The answer received was, that 461 students are members of TSOJ currently in November 2015 (Tallinnan Suomalaiset Opiskelijat RY, 2015). Relying on this data, the author can point out that more than half of the Finnish students in Tallinn are members of TSOJ.

The author was interested in also estimating, what might be the possible trend of Finnish students to come study in Estonia. In this matter, the author contacted only Tallinn University of Technology, which had the most Finnish students compared with the other three universities. The author contacted the representative of TUT, Aime Piht, the second time and received the following numbers presented in Figure 3. (Piht, 2015). The numbers in diagrams in the figure are presented in the time span of two years.

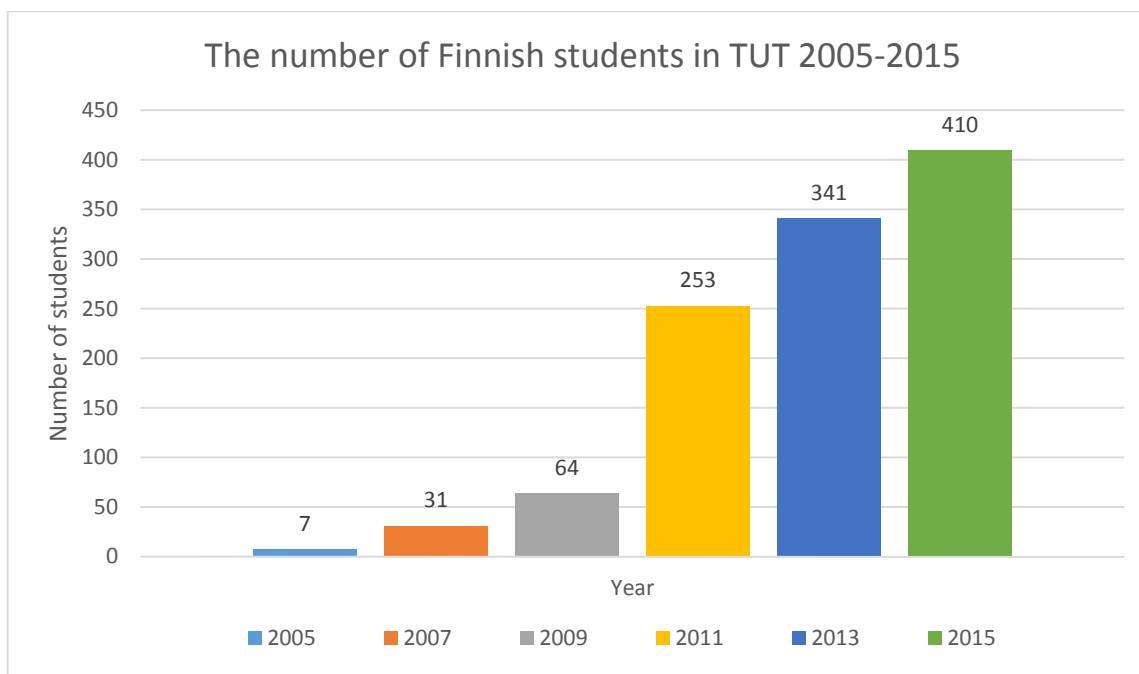


Figure 3. The number of Finnish students in TUT 2005-2015

Source: Aime Piht, Head of Division for Tallinn University of Technology

By looking at the numbers presented in Figure 3. one can see, that the trend has been positive at least for the past ten years. Especially in the past four years the increase has been significant and the number of Finnish students in TUT has exploded. By relying on this data, one could forecast that the growth will stay positive and number of Finnish students will increase in the near future, maybe not only in TUT but also in the other three universities earlier mentioned.

## 2.2 Discounts for students in general

Generally known, there are some certain cohorts or groups of people who are eligible for discounts, for example pensioners, children, youth, soldiers and students. A student discount is usually either a predetermined fixed sum of money or percentage deducted off from regular price, that a person with student status is eligible for. Students are generally-known group worldwide and have benefits directed to them in many countries in the world. In order to receive benefits and discounts, a student has to be able to prove his or her status as being a student. Usually the proof is in the form of student card, issued by the respective academic institution of a student or student organization.

One of the most influential and well-known student card issuers is the ISIC Association, which offers the International Student Identity Card or better known as ISIC card. The ISIC card is the only internationally accepted proof of bona fide student status. Bona fide means of proving someone's or something's authenticity. With the ISIC card, students gain preferential and discounted access to products, services and experiences relevant to all aspects of student life, from software licenses and cinema access, to bookstores, public transport, cafés and eateries. The ISIC card is issued to students in over 130 countries today, also in Finland and Estonia. (The ISIC Association, 2015)

In general, students are also allowed to discounts in public transport and other forms of transport like on buses, trains and air service. In Finland, for example, students are allowed for student discount in national train service offered by VR, which is approximately -50% (VR, 2015). In national bus transportation offered by Matkahuolto, students are allowed for discount

(Matkahuolto, 2015). In Estonia, for instance, the national train service provider Elron also has accounted students eligible for discounts (Elron, 2015).

### 2.3 Ferry companies operating between Tallinn and Helsinki

The seaway between Tallinn and Helsinki is very lively, not just during summer time but throughout the year. There are in total four ferry companies operating with multiple ferries between the two cities at the moment. These ferry companies are Eckerö Line and Viking Line, which are Finnish ferry operators and the other two are Estonian companies, Linda Line and Tallink. Some of the operating ferries are smaller, carrying only passengers, but mainly they are larger, carrying both passengers and cars. From Helsinki ferries to Tallinn departure from three different terminals, there is Katajanokka Terminal, where Viking Line departs, Linda Line from Makasiini Terminal and both Eckerö Line and Tallink from the West Terminal (Port of Helsinki, 2015). From Tallinn, on the other hand, the ferries to Helsinki depart also from three terminals, Eckerö Line and Viking Line from Terminal A, Tallink from Terminal D and Linda Line from Linnahall Terminal (Port of Tallinn, 2015). Throughout the year, there are in total, at least, 22 departures combined from each of the ports every day, unless some ferry is docked. This number yet doesn't include Linda Line's departures, because they do not operate throughout the year, due to their seasonal business operation.

Next the author will introduce the four ferry companies separately. From each of the companies, relevant background information is presented, such as with how many ferries they operate between Tallinn-Helsinki seaway, what type they are, how often they depart and the respective pricing methods, discounts and loyalty programs.

Viking Line is a Finnish shipping company, providing freight, car and passenger transportation between Finland, Sweden, Estonia and the Åland Islands. The company is operated from the Åland islands. Viking Line operates between Tallinn and Helsinki with one vessel - M/S Viking XPRS, which carries both cars and passengers. It takes approximately two and half hours to reach from city to city and there are two departures a day from both Tallinn and Helsinki. The

first departure of the day is at 8 o'clock in the morning from Tallinn. The second departure is later at 11.30 from Helsinki and after reaching Tallinn, the M/S Viking XPRS is staying in the quay till its second departure from Tallinn at 18.00. On Sundays, instead of departing at 18.00 from Tallinn, the departure is at 16.30. The last departure of the day is from Helsinki at 21.30, except on Sundays when it is already at 20.00. (Viking Line Webpage, 2015)

Viking Line uses dynamic pricing method in its sales, therefore prices may vary greatly between different weekdays and departures. Viking Line doesn't have any student discounts, but it has its own loyalty program, namely the Viking Club. Joining is easy and free of cost, members do not collect any points, but instead they get an instant price deduction from the price of the journey. Also passengers with S-Etukortti receive a small discount from the price of the journey, but it is less compared to the Viking Club discount. (Viking Line Webpage, 2015) S-Etukortti is the benefit card of Finnish cooperative S Group, which in 2014 had over 2.1 million members (S Group, 2015).

AS Tallink Grupp or Tallink is an Estonian ferry operator, that operates between Tallinn and Helsinki with two car and passenger carrying vessels. It takes two hours for M/S Star and M/S Superstar to go across the Gulf of Finland. Tallink has also a cruise ship, namely M/S Baltic Queen departing twice a day and it is also possible to go only one way from city to city. Tallink's vessels departure 14 times a day with all three vessels combined. Tallink is the biggest ferry operator on Tallinn-Helsinki seaway in the means of market share, because it has two ferries and a cruise ship going every day throughout the year and thus can transport the most passengers. (Tallink Webpage, 2015)

Tallink's pricing method is dynamic and that is why prices fluctuate on daily and departure basis. The company has its own loyalty program called Club One, which is a multi-level program where members of it collect bonus points. The Club One consists of three levels, the Bronze level which is the lowest, the Silver level and the Gold level being the highest. The higher the level, the better the benefits. Member of it can collect the bonus points from bookings and purchases on board. Also accommodations in Tallink Hotels increment Club One bonus points. After collecting enough points, a member can utilize them by paying the next booking partly with bonus points and partly in cash. (Tallink Webpage, 2015)

Eckerö Line OY AB is a Finnish ferry operator providing car and passenger transportation services between Helsinki and Tallinn with one vessel, namely M/S Finlandia. It is a subsidiary of Rederiaktiebolaget Eckerö, which is the parent company operated from the Åland islands. Eckerö Line campaigns its ferry M/S Finlandia as being the only truly Finnish ferry, as it is flagged under the Finnish flag and most of the crew being Finnish. It departs four times a day, first in the morning from Helsinki, then at noon from Tallinn, during the day from Helsinki again and finally in the evening from Tallinn. It takes approximately two and half hours for M/S Finlandia to go across the gulf. (Eckerö Line Webpage, 2015)

Eckerö Line has quite standard prices with no big fluctuations in price compared with the other three companies' pricing methods. Eckerö Line doesn't have discounts separately for students, nor it has a loyalty program, but if you have a S-Etukortti you receive a small price discount, and from the booking's price and purchases onboard you will receive S-Bonus points. (Eckerö Line Webpage, 2015)

Linda Line Express is an Estonian ferry operator between Tallinn and Helsinki. It operates with two high speed crafts, which make several trips in a day between the two cities. It has the smallest vessels both in size and passenger capacity compared with the other three ferry operators introduced in the earlier subchapters. Regardless of having the smallest vessels, the company focuses on offering fast, convenient and safe passenger transportation. In fact, it has the shortest time of travel between the two cities, approximately an hour and 45 minutes. Linda Line focuses only on passenger transportation and is not offering any kind of freight carriage, nor car transportation services. Based on this fact, Linda Line's service concept is the most differentiated, compared with the three other ferry operators. The negative aspects are, that the reliability of departures is not guaranteed, because the company has to take weather conditions into account, before deciding whether to leave or not. Another downside is the seasonality, that the company and its vessels do not operate around the year, but approximately from beginning of April till the end of October. (Linda Line Webpage, 2015)

About its pricing strategy, it is quite clear and understandable, although the company utilizes dynamic pricing method. It has no loyalty program or discount card(s), but is the only



company to offer a student discount, which is a clear indicator of their strategy, as taking students into account as one market segment. It is also able to compete with its competitive-priced serial tickets with the market's longest validity of two years. (Linda Line Webpage, 2015) From a student's point of view, Linda Line could be a likely alternative for travelling, because of its speed time-wise and recognizable orientation in marketing towards students, but cannot compete with other ferry operators, in the means of services offered onboard and reliability regarding departures and being on time.

## 2.4 Questions regarding students directed to ferry companies

In order to figure out whether Finnish students in Estonia could be a possible customer segment or group for the ferry companies, the author had to resolve whether students already are considered as a customer group in the four companies. If the respective companies are taking students into account, it was important to find out how they do it, for instance in their marketing operations or whether they have some benefits directed towards students. The author took contact with Tallink, Viking Line and Eckerö Line but not with Linda Line, because after first observing the websites of the four companies, Linda Line was the only company that had any kind of orientation towards students as a customer group. This was indicated in their discount policy, where they had discounts separately for students.

The author contacted the three companies through email and asked four questions specifically related to students and how they are taken into account in the three companies. You can find the email and the questions presented to the three companies in Appendix 2. The questions were the same for each of the recipients. In Table 1. you can see the four questions asked on the top row and the corresponding answers by the ferry companies on the lower cases.

Table 1. Corresponding answers of the ferry companies to questions regarding students

| Answers to the questions       | 1) Do you take students into account in your marketing operations? If yes, how? | 2) Do you have benefits, discounts or specific services onboard directed to students?              | 3) If you don't have benefits, discounts or special offers directly for students, what could be the possible reasons for it? | 4) Could you consider doing cooperation with Finnish student organizations in Estonia?             |
|--------------------------------|---|--|--|--|
| Tallink<br>(Antikainen, 2015)  | Students are not separately taken into account in our marketing operations.     | Student discount - 10% off from regular price of the ferry ticket. No other benefits for students. | Tallink's loyalty program has already good benefits and it is recommended for everyone to join.                              | It is possible, but we would like to receive first the suggestions from the student organizations. |
| Eckerö Line<br>(Uimonen, 2015) | No marketing directly towards students.   | No separate student discounts, because of already inexpensive ticket prices.                       | Already inexpensive ticket prices.   | Yes. In that case, the benefits would be directed to one-way journeys.                             |
| Viking Line<br>(Smulter, 2015) | No marketing directed to students.  | No discounts separately for students.  | Members of Viking Club receive the best benefits and joining is recommended also for students.                               | Absolutely. We are ready to negotiate about new cooperation opportunities.                         |

Source: Author's interviews

By interpreting the results, one can see that the companies have not targeted their marketing towards students or have no significant benefits for students if at all. As the main reasons for this the companies' representatives pointed out to be inexpensive ticket prices either in general or offered in the loyalty programs. Another alternative reason offered by the author might be the lack of knowledge that the companies possess. They simply are not aware of students being a relatively big customer group and thus have not directed their marketing or benefits towards them. Although

the companies mentioned not having benefits for students, they were positively indicating their willingness for cooperation with Finnish student organizations in Estonia. These findings give base for the research to take place, in order to find out what Finnish students in Estonia think of the ferry companies, their services and travelling with them.

## 2.5 The purpose of research and the research questions

The purpose of this research is to give suggestions to the ferry operators regarding how to serve students as one customer segment through surveying the travelling habits of Finnish students studying in Estonia between Helsinki and Tallinn. This would give better understanding to people working in these four ferry companies, what kind of customer group the Finnish students in Estonia are, what is important to them when they travel with ferries between Helsinki and Tallinn, when do they travel and how often. Depending on the results and how ready the people working in ferry companies are to react, the students could benefit in the future due to the impact of this study and receive better conditions on travelling between the two countries.

There is one research question stated for this particular research. The research question is “Which qualities are students satisfied with in ferry-related services and what qualities are important to them?”. The research question tries to seek an answer especially for what matters for students the most, and what do they like and don’t like in travelling with ferries.

## 2.6 Research method used – Questionnaire

As a research method for this study the author decided to choose a questionnaire. A questionnaire is a list of carefully structured questions, which have been chosen after considerable testing with a view to eliciting reliable responses from a particular group of people. It can be distributed by post, by telephone, on-line, face-to-face or in groups, each method having its own strengths and weaknesses. The aim is to find out what the respondents think, do or feel. (Collis & Hussey , 2009) The questionnaire was distributed on-line and through email and it was open for

responses for three consecutive weeks from the mid November until the beginning of December 2015. Questionnaire was chosen, because of its benefits of being quick to complete for respondents and thus is not very time-consuming either. Questionnaire is a rather easy way to collect data and responses and as it was on-line based, it was easy for the target group to find and respond. The target group of this questionnaire was Finnish university students in Estonia.

The questionnaire, presented in Appendix 3., consisted a total of 24 questions. In Appendix 3. you can see that the last question is numbered 25., because there occurred a small error in the numbering of the questions. Question number four has been missed in the order. Four of the questions were demographic questions like age, gender, hometown in Finland and place of study in Estonia. One question was about degree of studies and another one about which form of transport each respondent uses in Finland. This was the only non-obligatory question. Five of the questions focused on customer loyalty e.g. to which of the four ferry operators, the respondents are loyal to. There was one open-ended question and the rest 12 questions focused specifically on travelling with ferries. The language used in this questionnaire was Finnish, since the target group was Finnish students.

## 2.7 Results and discussions

A total of 144 people responded eventually to the questionnaire, which was a positive surprise for the author as well. The results presented here are based on the results received from the questionnaire in Appendix 3. 84 of the respondents were studying in Tallinn and 60 in Tartu. Roughly 62% of the respondents were female and the rest 38% male. Age varied greatly from 20 to 30, but over 84% of the respondents were under 26 years old, presented in Figure 4 (Page 28).

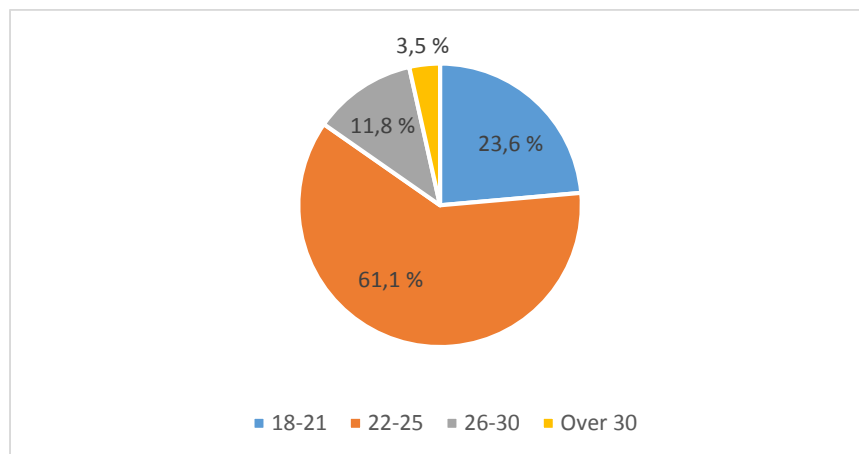


Figure 4. Question 1. Age of respondents

Source: Author's study

The respondents were from many different cities and places in Finland, not only from the capital area, which consists of Helsinki, Espoo and Vantaa. About half of the respondents lived outside of the capital area in Finland. Because of the fact that there are almost a thousand Finnish students in Estonia this Autumn semester 2015, the question number 8. presented in the Figure 5. was one of the most relevant questions asked.

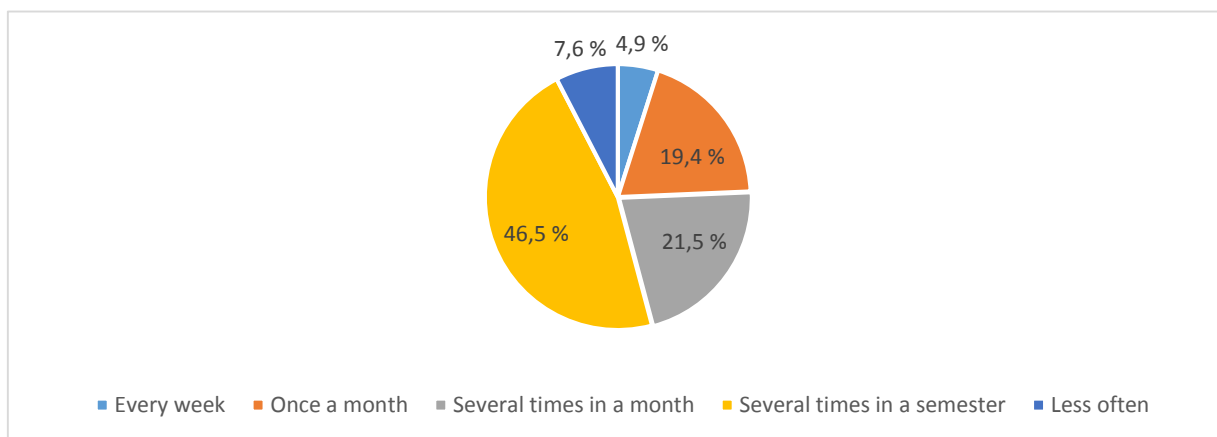


Figure 5. Question 8. How often do you travel between Tallinn and Helsinki

Source: Author's study

Out of all the 144 respondents, 133 had answered that they travel at least several times during a semester. Only 7,6% or eleven students had answered to travel less often than that. Travelling every week or several times a month had answered in total 38 students i.e. 26,4%.

When in the open question number 23. the author had asked “How you as a student wish, that ferry operators should take students into account?”, a staggering 114 had responded to wish student-priced ferry journeys, like bus companies do and VR – the Finnish national railway provider. The answers to the open question number 23. can be seen in Table 2. and the number of times mentioned in parenthesis.

Table 2. Answers of open question

|  |
|--|
| 23. How you as a student wish, that ferry operators should take students into account?   |
| <ul style="list-style-type: none"> <li>• Student-priced journeys (i.e. cheaper ticket prices, student discounts etc.) (114)</li> <li>• Workspace (28)</li> <li>• A properly working Wi-Fi connection (18)</li> <li>• Inexpensive food or discount off food’s price for students (8)</li> </ul> |

Source: Author’s study

The four far most popular answers were student-priced journeys, need of workspace, a good Wi-Fi connection and a possibility to eat onboard with less expense. Also in many responses was stated, that the ferry companies are not taking students into account as a customer group in any way. Students also felt that the ferry tickets and also price of food on board is priced beyond student’s budget – regardless of membership prices. As it was mentioned in one of the responses, at many times the journey to Finland is sidelined because of the high prices. Many students would delightfully eat on board, instead of having only a cup of coffee or energy drink, which they can afford to. From the responses to the open question, it came also clear that many students would like to have some peaceful workspace away from the noise of bars, where one could focus on

studying. As if a lounge, where would be seating and tables, power outlets and a faster and better Wi-Fi connection. More seating space was also one of the most general wishes. Some of the students, especially ones in Tartu, mentioned of having pets like dogs, for instance. These students, on the other hand, wished for student priced cabins, where one could travel with a pet more comfortably.

Things less important for students, according to the answers were tax free selections, which can be explained by relating to more inexpensive price level in Estonia, entertainment on board and good service. Entertainment can be explained by the need of travelling, when entertainment is not what the students are looking for on board and level of service is not relevant, since the journey lasts only for a short period of time. Relating to the question number 9, shown in Figure 6., it came clear, that regardless of place of study in Estonia, the Finnish students travel on specific days of the week from Tallinn to Helsinki and vice versa. The most popular days to travel to Helsinki were Wednesday and especially Thursday and Friday. The total percentage is more than 100%, because it was possible to pick maximum three most common days to travel. The day and the evening departures are more popular than the morning departure.

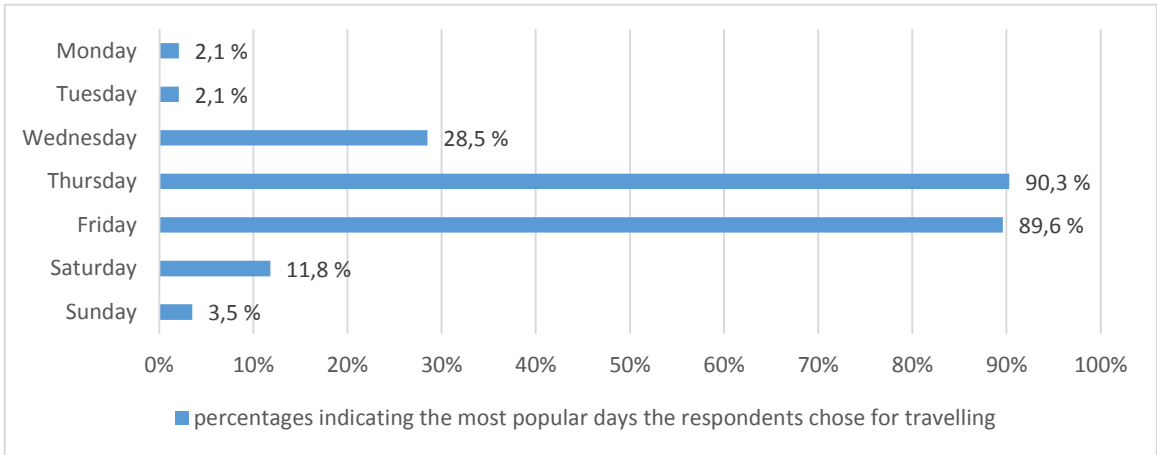


Figure 6. Question 9. On which day/days of the week you travel to Helsinki?

Source: Author’s study

After the weekend spend in Finland, students like to return to Estonia on Sunday or on Monday with day or evening departures, as presented in Figure 7. Even some proportion had answered returning only on Tuesday. Commonly the students travel either alone or with a friend.

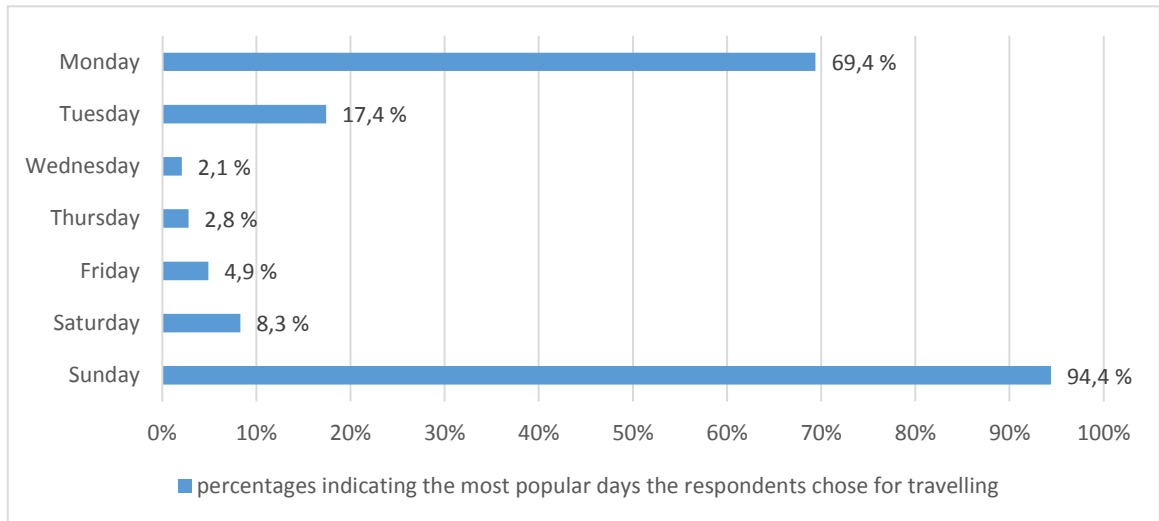


Figure 7. Question 11. On which day/days of the week you travel Tallinn?

Source: Author's study

When Finnish students come for the first times to Tallinn or Estonia and start their studies in Estonian universities, they tend to book the first ferry trips within quite arbitrarily manners. After a student tends to the customs of a specific ferry company, they most likely will become loyal to that company and use their services the whole time from the start of the studies till the end, if nothing unexpected or unpleasant occurs. One of the main reasons influencing on with which operator to travel seems to be the loyalty program. Very commonly a student travelling between Tallinn and Helsinki has at least one membership card of ferry operators' or S-Etukortti. In Figure 8. (page 32) are presented which membership cards the respondents had.



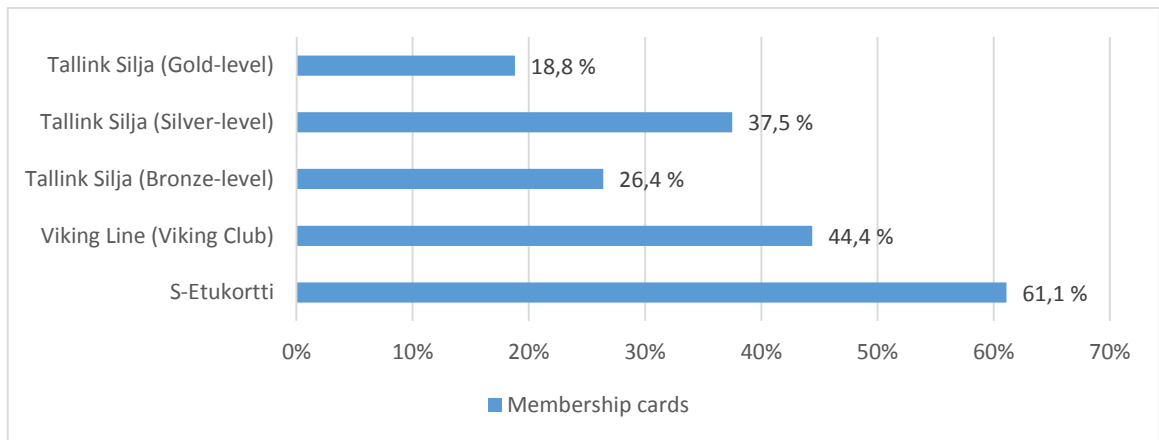


Figure 8. Question 14. Which of the following membership cards do you have?

Source: Author's study

The membership and loyalty program are considered as an important factor, even though the benefits received from them are not considered to be good enough or inexpensive for students. To the question number 19. "Are you loyal to some ferry operator/operators?" almost 70% had said yes and in addition, about some proportion had mentioned to be loyal for one or two operators. On a company basis, the percentages were the following: Tallink 74%, Eckerö Line 38%, Viking Line 29% and Linda Line 28%. The total percentage is more than 100%, because it was possible to pick more than one option or company. Presented in Figure 9. (page 33) are the most important drivers for loyalty, where 106 i.e. 73,6% of students had mentioned to be good earlier experiences, 71 i.e. 49,3% had said that loyalty program is also important and only a few had said that recommendations of fellow students' influence on their decision-making on some level. As other important loyalty factors were listed, for instance, suitable departure times.

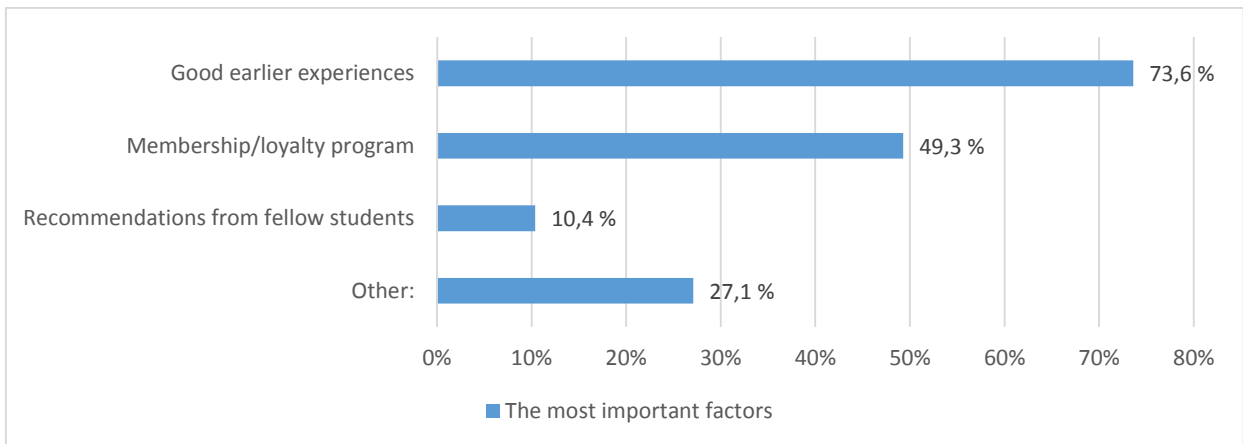


Figure 9. Question 22. Which are the two most important factors that drive you towards loyalty?

Source: Author’s study

Even though the ticket prices are considered as being expensive, even for the members of loyalty programs, the most suitable prices were thought of Eckerö Line to have, according to the results. This could be based on pricing system they have, where the prices are on a quite standard level all the time and do not fluctuate much. If we compare this, for example, to Tallink where they have dynamic prices and prices may fluctuate a lot sometimes, the results indicate that even though respondents also considered Tallink to have good prices, they were in the question number 17. considered also as having the worst kind of prices i.e. too high.

## 2.8 Findings and recommendations

In this research a lot of new information and viewpoints were discovered. Information, experiences of students and wishes, that the ferry companies could utilize in their marketing and for designing new services, especially for the needs of this potential customer group, that would delightfully travel home more often to see family and friends, if the ferry companies could be more flexible in this sense. The recommendations listed here are prior to concern the Finnish students in Estonia, but they can be applied to concern all students as well. The companies could offer new

kinds of travelling packages or products, which for instance, could consist of the journey and a meal or breakfast in a cheaper total price or price combination. For example, one could offer a dinner voucher to buffet or cafeteria combined with a round trip that includes return as well with a decreased total price. Another idea could be a small group package, which would consist of a couple of passengers, namely students and a cabin would be included with a better price combination. One idea could be, like some of the students also wished, was to have a special offer on serial tickets for students only. For example, serial tickets between Tallinn-Helsinki-Tallinn route -30% for students, for a limited time only.

The ferry companies should take into account the days of the week when students most likely would travel. For instance, Sunday and Monday departures from Helsinki or Wednesday and Thursday departures from Tallinn are quite quiet days on ferries with small amounts of people and not likely days for people who work to travel or to go on a cruise either. Students less often travel on weekends, when the ferries are more crowded and neither they tend to travel during the busiest hours for commuters to travel home. For these specific days when students most likely travel, could be sold by ferry companies, some kind of more inexpensive serial tickets or food and beverage packages, which are worth of some certain sum and could be used in any of the restaurants on board. One more option could be to cooperate with the ISIC organization or some of the Finnish student organizations in Estonia, for instance.

## CONCLUSIONS

The topic of this bachelor's thesis is could Finnish students in Estonia be a potential customer segment for ferry companies operating between Tallinn and Helsinki. The first part introduced the theoretical aspects of this case, like customer loyalty and customer satisfaction, and customer relationship management (CRM) and its tools, like segmentation, loyalty programs and loyalty marketing. The second part introduced the case behind the research, presented the relevant background information regarding the Finnish students and the four ferry companies operating between the Tallinn-Helsinki seaway. The second part focused as well on the research that was conducted, it presented the research method, which in this case was a questionnaire, the results based on the responses received and brought forth the findings based on the results.

The number of Finnish students in Estonia is already quite significant – almost a thousand students and the number can be assumed to grow in the near future. From a student's point of view, travelling on ferries between Tallinn and Helsinki is a common thing. Some of the students travel a couple of times in a semester, whereas some do it every week during a one semester of studies. As the goal of the research was to find answers to the research problem “How ferry operators between Tallinn and Helsinki can customize their services for the needs of students?” and to the research question “Which qualities are students satisfied with in ferry-related services and what qualities are important to them?”.

The objective of the research was to find a solution to the research problem and that way give suggestions to the ferry operators on how to how to serve students as one customer segment. As a method of research a questionnaire was used and with the help of it the author got a diverse view of the wishes and needs of the current Finnish students in Estonia. The objective was achieved, thus the author was able to find, with the help of questionnaire, the preferences of Finnish students when travelling on a ferry with each of the companies. Also by contacting the three ferry companies the author was able to find out that the needs and demands of Finnish students in Estonia and the supply of travel services offered by ferry companies are not meeting that well.

Based on the results, the attributes and factors which are considered as important by Finnish students, when travelling with ferries between Tallinn and Helsinki were: as inexpensive price for the journey as possible, possibility to eat on board something that meets the budget boundaries of students and a possible workspace with outlets and enhanced Wi-Fi. Student discounts especially for Finnish students in Estonia were wished, because in general student discounts don't exist on ferry companies at the moment, except for Linda Line. Those students who are continuing their journey in Finland further from Helsinki especially wish for some better-priced eating possibilities on board. The buffet is way too expensive for students, as well as deli cafeterias, where you pay food by weight. As third, the students wished for peaceful workspaces or e.g. some kind of lounge area away from the noise of bars, where students could concentrate on studying together. A lounge area could consist of seating and tables, outlets for charging smartphones and laptops and faster working Wi-Fi.

If the ferry operators would like Finnish students to travel more often, they should have some kind of special offer or discount valid for only Finnish students who are studying in Estonia. For instance, a discount code of some kind when booking the journey online or on phone, or physical flyers or tickets. By doing this, the students would most likely travel more often home to Finland. Other suggestions on how the students would consume services onboard would be to offer a "travel package", which would include a cabin in the price of the journey, if you book at least 2-4 persons on the same journey. Another one could be to offer a dinner voucher to buffet or cafeteria combined with a round trip that includes return as well. Third one could be like some of the students also wished, was to have an offer on serial tickets that is only for students. Serial tickets usually are valid for 10 journeys and for a time period of one year.

If the ferry companies would notice the yearly increasing group of Finnish students in Estonia as a growing customer group and would target more offers and discounts on them, like the other industries do, e.g. bus companies, movie theatres etc., would the students visit their families and friends in Finland much more often than how it is at the moment. This way would many of them be more likely to use the services on board as well, than the current prices at the moment can enable.

Problems and topics that could still be researched might be more closely related on customer loyalty of students, namely which ferry companies they use and how much and how loyal they are towards each. One should especially concentrate on researching, how much do earlier experiences, loyalty programs and recommendations really affect on decision-making and how strongly these are linked to customer loyalty. What makes this research more difficult is the already existing environment that is very competitive, the services and ferries are quite similar among the four ferry companies and that the length of the trip is fairly short. That could be an area to study more thoroughly.

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## APPENDICES

### Appendix 1. The email sent to the universities

Hello,

My name is Edi Kiviniemi, I am a bachelor student in Tallinn University of Technology and currently writing my final thesis in field of marketing.

My thesis is about Customer Relationship Management (CRM), customer segmentation and customer loyalty. As the object of research are the Finnish students in Estonia, their traveling habits on different ferry operators between Tallinn and Helsinki and customer loyalty towards ferry operators.

Hence, Finnish students in Estonia are my object of research, I would need to know how many Finnish students there are studying currently in Estonian Business School. I would use this information as part of my theoretical background in the thesis.

I would appreciate, if you could help me in this question!

Best regards,

Edi Kiviniemi

International business student, Tallinn University of Technology

edi.kiviniemi@gmail.com

Comment: “Estonian Business School” was replaced with “Tallinn University of Technology,” “University of Tartu,” and “Tallinn University” in respective universities the email was sent to.

(Source: Author’s study)

## Appendix 2. Questions regarding students directed to ferry companies

Hello,

My name is Edi Kiviniemi, I am an international business student in Tallinn University of Technology and writing my bachelor's thesis at the moment.

My thesis is related to CRM (Customer Relationship Management), customer segmentation and customer loyalty. As the object of the research are the Finnish university students in Estonia, their travelling habits between Tallinn and Helsinki with different ferry operators and their customer loyalty towards them.

I would like to hear, how you in Tallink Silja Oy take students into account in your everyday travel services and have you noticed students as a specific customer segment?

Students as a group, just as children and pensioners, are often eligible for specific benefits, for instance, price deductions in certain events and in public transportation. Also shops and restaurants usually have benefits especially for students.

As a student and a person using ferry operators regularly, I would ask the following questions in relation with my bachelor's thesis:

Questions:

1. Do you take students into account in your marketing operations? If yes, how?
2. Do you have benefits, discounts or specific services onboard directed to students?
3. If you don't have benefits, discounts or special offers directly for students, what could be the possible reasons for it?
4. Could you consider doing cooperation with Finnish student organizations in Estonia?

I would be very grateful, if you had time and interest to answer my proposed questions!

Contact information

Edi Kiviniemi

International business student, Tallinn University of Technology

Comment: "Tallink Silja Oy" was replaced with "Viking Line Abp," and "Eckerö Line Ab Oy," in respective companies the email was sent to. The original language was Finnish.

(Source: Author's study)

Appendix 3. Questionnaire regarding travelling of the Finnish students between Tallinn and Helsinki

## **Questionnaire regarding travelling of the Finnish students between Tallinn and Helsinki**

Hello! My name is Edi Kiviniemi, I study international business in Tallinn University of Technology with specialization in marketing. This questionnaire is in relation with my Bachelor's thesis. In this questionnaire, I study the travelling habits of the Finnish university students between Tallinn-Helsinki seaway and is delimited to concern only on Finnish students studying in Estonia. I would ask you to answer as precisely as possible and as soon as possible, although the latest on December 4th 2015. All responses are collected as anonymous. To respond takes about 5 to 10 minutes.

\* Required

1. Age \*

- 18-21
- 22-25
- 26-30
- Over 30

2. Gender \*

- Man
- Woman

3. Length of your studies \*

- Bachelor - 3 years
- Master - 2 years
- Bachelor + Master - 5 years
- Medical school - 6 years
- Other:

5. Place of studies in Estonia \*

- Tallinn
- Tartu

6. Home town/city in Finland \*

7. If your home town/city is outside of the capital area, which connection do you use?

The capital area (Helsinki, Espoo, Vantaa)

- Bus
- Train
- Own car
- Other:

8. How often do you travel between Tallinn-Helsinki-Tallinn? \*

- Every week
- Once a month
- Several times in a month
- Several times in a semester
- Less often

9. On which day/days of the week you travel to Helsinki? \*

Choose maximum 3 most common days

- Monday
- Tuesday
- Wednesday
- Thursday
- Friday
- Saturday
- Sunday

10. With which departure do you most preferably travel to Helsinki? \*

Choose maximum 2 options

- The morning departure
- The day departure
- The evening departure

11. On which day/days of the week you travel to Tallinn? \*

Choose maximum 3 most common days

- Monday
- Tuesday
- Wednesday
- Thursday
- Friday
- Saturday
- Sunday

12. With which departure do you most preferably travel to Tallinn? \*

Choose maximum 2 options

- The morning departure
- The day departure
- The evening departure

13. Do you usually travel... \*

- Alone
- With a friend
- With friends (2 or more)
- Other:

14. Which of the following membership cards do you have? \*

Choose maximum 3 options

- Tallink Silja (Gold-level)
- Tallink Silja (Silver-level)
- Tallink Silja (Bronze-level)
- Viking Line (Viking Club)
- S-Etukortti

15. Which of the following factors matter to you the most as a student when travelling on a ferry? \*

Mark only one oval per row.

|                        | Very important | Important | Less important | Not important<br>at all |
|------------------------|----------------|-----------|----------------|-------------------------|
| Price of the journey   |                |           |                |                         |
| Length of the journey  |                |           |                |                         |
| Good service           |                |           |                |                         |
| Place to sit           |                |           |                |                         |
| Workspace              |                |           |                |                         |
| Good food on board     |                |           |                |                         |
| Tax free selection     |                |           |                |                         |
| Entertainment on board |                |           |                |                         |
| Wifi                   |                |           |                |                         |
| Loyalty program        |                |           |                |                         |

16. On which ferry company the following criterions are fulfilled the best? \*

Mark only one oval per row.

Tallink Silja   Viking Line   Eckerö Line   Linda Line   I don't know

Best price

Length of  
journey

Good service

Good food on  
board

Amount of  
seating

Workspaces

Tax free  
selection

Entertainment  
on board

Working wifi

Reliability of  
timetables



17. On which ferry company the following criterions are fulfilled the worst? \*

In this question Linda Line is purposely delimited out of the options. (When travelling with Linda Line the services on board are more limited than compared with other companies.)

Mark only one oval per row.

|                           | Tallink Silja | Viking Line | Eckerö Line | I don't know |
|---------------------------|---------------|-------------|-------------|--------------|
| Best price                |               |             |             |              |
| Length of journey         |               |             |             |              |
| Good service              |               |             |             |              |
| Good food on board        |               |             |             |              |
| Amount of seating         |               |             |             |              |
| Workspaces                |               |             |             |              |
| Tax free selection        |               |             |             |              |
| Entertainment on board    |               |             |             |              |
| Working wifi              |               |             |             |              |
| Reliability of timetables |               |             |             |              |

18. Which overall grade would you give to the ferry operators you have used \*

On a scale from 5 to 1, in which 5 means the best and 1 the worst

Mark only one oval per row.

|               | 5 | 4 | 3 | 2 | 1 | I don't know |
|---------------|---|---|---|---|---|--------------|
| Tallink Silja |   |   |   |   |   |              |
| Viking Line   |   |   |   |   |   |              |
| Eckerö Line   |   |   |   |   |   |              |
| Linda Line    |   |   |   |   |   |              |

The following four questions measure Customer loyalty:

19. Are you loyal to some ferry operator/operators? \*

(Do you use some company's services more than the others')

Mark only one oval.

- Yes
- No
- I don't know

20. To how many companies do you think you are loyal to? \*

Mark only one oval.

- Just one
- Two
- More than two
- I am not loyal

21. To which company/companies do you think you are loyal to? \*

Choose maximum 3 options

- Eckerö Line
- Tallink Silja
- Viking Line
- Linda Line

22. Which are the two most important factors that drive you towards loyalty? \*

Choose maximum 2 options

- Good earlier experiences
- Membership/loyalty program
- Recommendations from fellow students
- Other:

23. [Open question] How you as a student wish, that ferry operators should take students into account? \*

For example, special offers for students, discounts from services on board, campaigns, discounts for small groups, separate workspaces etc.

24. Which ferry operator would you recommend? \*

Mark only one oval per row.

|  | I would recommend | I wouldn't recommend | I don't know |
|--|-------------------|----------------------|--------------|
|--|-------------------|----------------------|--------------|

|               |  |  |  |
|---------------|--|--|--|
| Tallink Silja |  |  |  |
|---------------|--|--|--|

|             |  |  |  |
|-------------|--|--|--|
| Viking Line |  |  |  |
|-------------|--|--|--|

|             |  |  |  |
|-------------|--|--|--|
| Eckerö Line |  |  |  |
|-------------|--|--|--|

|            |  |  |  |
|------------|--|--|--|
| Linda Line |  |  |  |
|------------|--|--|--|

25. How much do you approximately travel with each of the companies? \*

Percentages (%) on the top of the grid mean how much you approximately use each of the companies. E.g., if you use only Tallink, choose 100%. If you use Eckerö Line and Viking Line as much, denote for both companies 50% etc. The sum of the percentages need to match 100%. You can denote zero per cent (0%), if you use the specific company very rarely or not at all.

Mark only one oval per row.

100%      75%      50%      25%      0%

Eckerö Line

Tallink Silja

Viking Line

Linda Line

Comment: The original language of the questionnaire was Finnish.

(Source: Author's study)