

**Understanding the customer: Customer-perceived value  
from a customer relationship management perspective  
– Singa Karaoke**

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<b>Degree programme</b> International Sales and Marketing	
<b>Report/thesis title</b> Understanding the customer: Customer-perceived value from a customer relationship management perspective – Singa Karaoke	<b>Number of pages and appendix pages</b> 38 + 4
<p>An empirical case study for a Finnish karaoke-software company, Singa Karaoke, that understands how important customer relationship management is for successful business. However, the supplier and customers perceptions do not always match, leading to the customer feeling dissatisfied with the relationship. This can especially happen within the software industry, which is an abstract term, and thus, value is even more challenging to measure. The supplier should be aware of which factors create value for the customers in a b2b relationship because it is just as relevant for software companies to focus on the increased importance of a relationship between two companies.</p> <p>According to literature the customer-perceived value is very complex to understand especially within the software industry. The perceptions of value are also constantly changing meaning it is necessary to keep up to date of how customers perceive value, and companies must update the information on a regular basis. Value will be considered from the perspective of customer relationship management. Gap Model of Service Quality presents four gaps that have a negative impact on value delivery within customer relationship management, causing customer dissatisfaction.</p> <p>Qualitative research with semi-structured interviews will be conducted to Singa's customers to find out whether Singa's understanding of important aspects match with their customers perceptions, and whether Singa has managed to avoid the Gaps in their value delivery to appear.</p> <p>Results from the qualitative study match very well to the Gap Model of Service Quality, meaning that customer satisfaction is strongly tied to different value creating aspects. If any of these factors would be missing it would at some level lead to customer dissatisfaction, but often it seems like customers put more value on certain factors, meanwhile communication and customer involvement shows a bigger importance than what the theory reveals.</p>	
<b>Keywords</b> Value, customer-perceived value, customer relationship management, B2B	

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# 1 Introduction

The objective of this thesis is to understand customer-perceived value in business-to-business relationships from a customer relationship management perspective, and to know the meaning that the relationship itself has for customers of a software company. The study also attempts to understand whether certain aspects are more important for customers considering value. The thesis will start by discussing the complexities of understanding customer-perceived value in the software industry, since software is an abstract phenomenon, and value is often measured only in the mind of the customer. Following this, Singa Karaoke's customer relationship management model will be described through the journey from when a potential customer becomes a customer for Singa. Lastly, the study strives to understand if Singa's current customer relationship management model provides value for their customers on all possible aspects that the Gap Model of Service quality suggests should be included to achieve customer satisfaction.

Singa is a Finnish start-up software company established in 2015 and is currently one of the fifty fastest growing start-ups in Finland. Based in Helsinki, Singa operates internationally, providing a digital karaoke solution for bars, nightclubs, restaurants and many more. Singa was established to bring karaoke into a new light with a high-resolution system that includes a broad song catalogue and other beneficial features such as an advertising display and background music integrated into the system. Singa's success is highly dependent on its software but nevertheless, the success is also dependent on the value they attempt to provide through their relationship with their potential customers and customers. Value creation at Singa begins from when a contact is yet just a potential customer, to when they become an actual customer for Singa. Currently Singa's biggest market is Finland where they began their operation. Afterwards they have expanded to Sweden and other Nordic countries along with United Kingdom. At 2021 Singa was also released to America, which is predicted to be the biggest opportunity for Singa because of the many opportunities that await on this untouched market.

Singa believes they understand the aspects of value and they attempt to put all the required resources to make the customers feel that they are valued. Singa believes it is the best way for their business to grow and differentiate itself as a software company. However, a suppliers' understanding of value does not always match the customers perception, which often leads to a dissatisfied customer. This study can help to gain a better understanding of the customers point of view and ensure that Singa responds to these demands. This is important considering the fast phase that Singa is growing, whereas it becomes important to ensure the current customer relationship management model satisfies

customers on as many aspects as possible. This also helps to understand how to develop the current customer relationship management model to keep customers happy also in the future.

Qualitative research dives deeper into how Singa's customers perceive value in this relationship because value is an ever-changing factor, and a supplier's perceptions of value should be updated regularly to ensure the perceptions match with the customers. Often it is not expected from software companies to have a relationship with their customers, since there is an underlying assumption that a software minimizes the effort to manage a relationship. Understanding if several elements are all equally important as the Gap Model of Service Quality stresses, can further help to acknowledge if Singa's operations need modification to suit even better the customer's needs. Semi-structured interviews will be conducted with Singa's current customers to enable free discussion of how these organizations perceive value and what they expect from the relationship with Singa?

As a worker for Singa I will also describe my observations of how value is delivered by Singa to their customers from a customer relationship management perspective, beginning from the first outreach to a potential customer to when they become a customer for Singa. A potential customer is the term for a contact that matches Singa's Ideal Customer Persona and is considered to have potential to become a customer for Singa. A customer is a previous potential customer that has signed a contract with Singa and is currently using Singa at their venue. I will take initiative from the processes within my role as a Sales Development Representative for Singa's Nordic market. I will describe typical tasks performed by an Sales Development Representative that are from Singa's perspective expected to create value for potential customers. The statements of Singa's process to deliver value in the different stages of interaction with the potential customer and customer, are referred to Nick Ellis's *Business to Business Marketing: relationships, networks, and strategies*, which discusses the management both from a sales and marketing aspect. Mattson & Parvinen's: *Best cases in B2B sales management* goes more into sales management and Buttle and Maklan: *Customer Relationship Management – Concepts and Technologies* focuses on customer relationship management.

Although the research question focuses on the relationship between Singa and their current customers, the process of communicating with a potential customer is also considered important because it is the first stage of interaction with a customer, and thus, a meaningful part of customer relationship management. This study focuses only on the industry where a karaoke software is the product, whereas no other software products are considered. It is also applied to 11 Singa's Finnish and Swedish customers. Furthermore,

the study focuses on value solely from the customer relationship management perspective to narrow down the topic.

## 2 Value definition and its complexity in software business

Value as a term is quite broad and vague and can mean different things depending on the context. Value can be determined from a hypothetical perspective referring to literature, whereas Buttle and Maklan (2019) define value from customer relationship management (CRM) perspective. CRM according to Buttle and Maklan (2019) is a basic structure or guideline for how suppliers keep discipline to handle their relationship to their customers, and value is perceived by customers as the outcome or balance between the sacrifice and benefit between a product or service. Meanwhile, Arslanagic-Kalajdzic and Zabkar (2015) define value as the worth of the offering by also considering its benefits and sacrifices. This perspective puts higher weight on the price, which tells that the definition of value can vary much also depending on who is answering. Within the software business, Helander and Ulkuniemi (2012) state that while a software and its related services are being exchanged, benefits and sacrifices are realised during the interaction process between a supplier and buyer. They highlight how the overall delivery process should be considered to create value for a customer.

Value can also be called the ratio between give and get, which can be demonstrated with a weight scale (figure 1) between benefits and sacrifices (Mattson and Parvinen 2010, 257; Ellis 2011, 267). Customer value is being created when benefits are always slightly bigger than the costs. Value can also be experienced from different perspectives by a customer. It can be experienced as value-in exchange, whereas the value is embedded in a product when the customer uses it. This indicates the benefit that the customer gains from using the product. Value-in-use is when a customer interacts with the product, for example when a consumer uses a streaming service like Spotify or Singa and enjoys it. Value-in-experience is another factor for value which is often present in the form of customer service. A company providing good customer service can provide ultimate feeling of value for the customer (Buttle & Maklan 2019, 170).

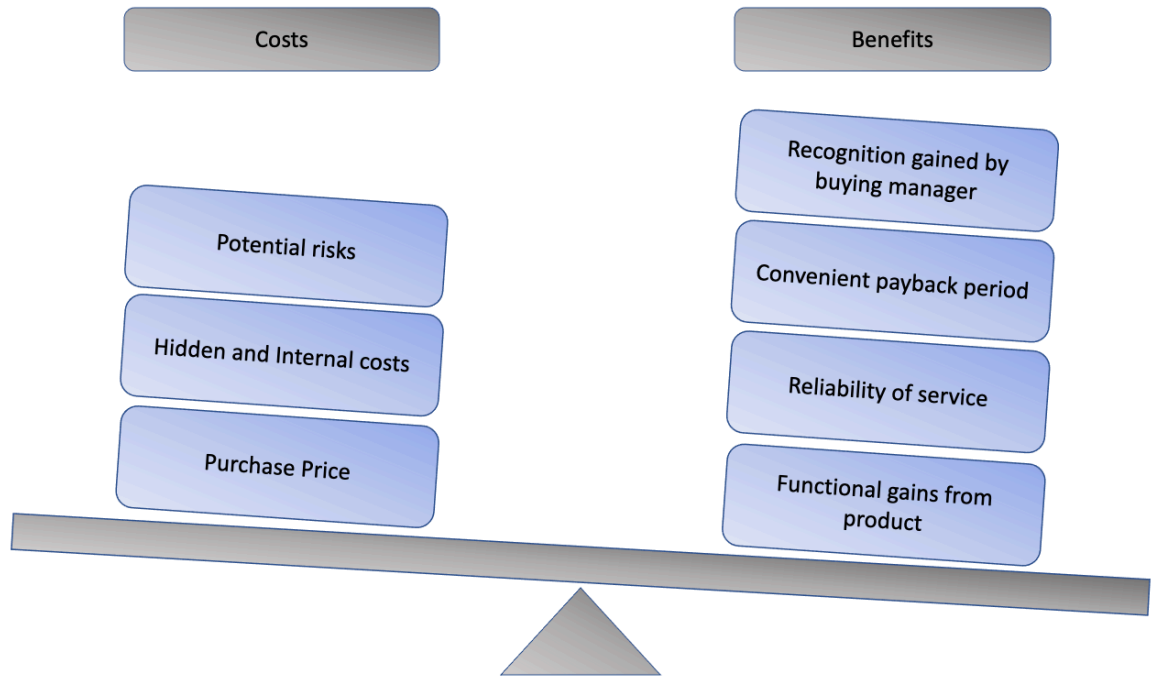


Figure 1. Scale of costs and benefits (adapted from Ellis, 2011, 267)

Sacrifices are another important factor to determine value, as it is a factor subtracted from benefits, from where the result is value. Sacrifices can be money, transaction costs, or psychic costs. Transaction costs is the process when a customer searches for a new solution, negotiates about it and lastly, receives the goods or service to their workspace to be integrated there. It could be called the transformation that a benefit requires. Psychic costs can be referred to as the potential risks that the customer believes the product can draw with it. Money indicates the amount of money it requires to be transacted to receive the benefit. (Buttle & Maklan 2019, 168)

## 2.1 Complexities of value-perception between a customer and supplier

Sales pitches can often become mainstreamed and supported by vague promises, which the customer rarely perceives as valuable. This can be inefficient for converting a potential customer into an actual customer, and it can also be inefficient for maintaining an existing customer. Any relationship requires constant nurturing and most importantly, value delivery, which is a driver of customer satisfaction, loyalty, and retention (Töytäri et al. 2011.). Without value a customer is likely not happy nor loyal to the supplier. Jeff Bevis (2019) writes that businesses often target unsuitable companies which benefits neither party, which can be a reason why it is challenging for some companies to reach valuable relationships. According to Pro Motion only 29% of business-to-business customers are en-



gaged, which can be a cause from this. Value perceived by the customer is changing constantly, and it is hard to define specifically for one customer type as it can be defined so differently.

## **2.2 Complexities of value-perception in the software business**

The software industry has a considerable impact on the world economy now days, since everyone is in some way surrounded by it. However, the software industry can be an even more challenging area to understand value perception due to various reasons. Helander and Ulkuniemi (2012) state that the value-perceptions between the supplier and customer in the software industry very often do not match with each other because value is hard to measure since it is only measured by the mind of the customer. The software industry itself is also an abstract term which does not make the task any easier. Research which has studied around customer-perceived value leaves the definition unclear since there are no clear definitions of value for each market or industry. Customer expectations are also constantly changing; thus, it is important to constantly update your knowledge about the ever-changing value the customer desires (Arslanagic-Kalajdzic & Zabkar 2015; Zhang et al. 2010).

Software being an abstract industry can allow several new viewpoints to the subject in matter. A company can always value their own operations related to how they believe each of the steps in their business model delivers value to their customers. If they are facing issues in creating value for the customer, it would be important to understand where a software business can go wrong.

A business should according to Zhang et al. (2010) reduce the effort for service elements with low customer perceived value, and instead save those resources into the high impact elements. This statement does not particularly support the statements by Helander and Ulkuniemi (2012), where all aspects within the delivery process should be considered when creating value for the customer. Helander and Ulkuniemi (2012) further examine the complexity of perception of customer-perceived benefits and sacrifices within the software business. They present a framework to examine how business logics impact the customer perceived value perception from the viewpoint of a product and project logic business in the software industry. They highlight how the abstract nature of software can mean it becomes more challenging to understand the customer needs than in more traditional industries. In software, the non-monetary factors can be difficult to determine and thus, create challenges in the buying decisions due to complexities related to multifaceted benefits and sacrifices.

Having that said, an abstract concept such as software naturally also contains intangible elements, which Helander and Ulkuniemi (2012) state to easily lead to false perceptions of value, not to mention the effects of a software are not immediate or easy to predict. As for Singa's potential customers, when a pub takes the karaoke system into use, they will not see increases in revenue immediately. They must monitor the development in revenue for a while until a noticeable change can be seen.

### **2.3 Complexities due to business type**

Helander and Ulkuniemi's (2012) research further seeks to understand how customer-perceived value (CPV) can be understood in the software business, and how the business logic is connected to customer value in two business logics. Product and project logic. The two business types enable a comparative analysis between companies that offer a product and companies that offer a service. It also demonstrates how the business type can influence on the complexities between customer and supplier-perceived value. A service company is here referred to as the project company, where the service can be consultation. Singa is more of a product company, with a concrete product being Singa's software. Helander and Ulkuniemi (2012) suggest that a business model had a clear impact on the value perceptions due to the different results in value perception. In the product business case, the relationship showed to be far more difficult because the perceptions of the cooperation showed to be different. In the product business the customer was required to take more responsibility themselves that they had originally agreed on.

The product business provided benefits that were easy to perceive by the buyer, and therefore, it was easy for them to perceive the value that this relationship carried for the buyer. Perceived sacrifices were much heavier, but luckily, they did not overcome the formerly mentioned benefits. Sacrifices were also hard for the customer to understand because it required more effort from the customer to solve problems. There seemed to be different perceptions of the expectations of the communication and relationship overall between the product business and their customer. It was hard to commit the supplier to the cooperation because there was an underlying idea of the business logic: "Software exchanged as a standard product would minimize the effort to manage the relationship with the supplier". Would this indicate that it is not expected for a software company to have any type of relationship with their customers? After all, the customer felt that there would have been a need for closer cooperation, if not for the relationship but for the future development of the software.

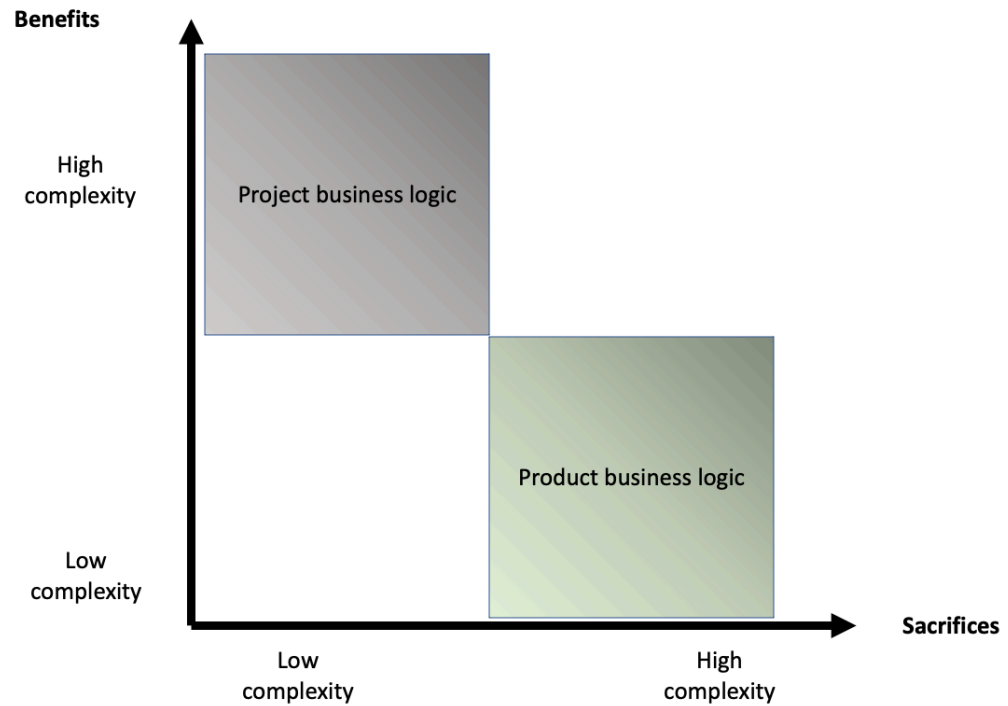


Figure 2. Complexity of customer's value perceptions in product business (adapted from Helander & Ulkuniemi 2012)

Helander and Ulkuniemi (2012) presented a framework as presented above (figure 2) to demonstrate how the perceptions are affected by the business logic, exploring the complexities related to both benefits and sacrifices. Low complexity defines situations or elements where the customer did not feel a need for major development from the supplier's side, meanwhile the high complexity caused the customer major challenges in solving the issues related to the value element. We can see that the product business shows high complexity for the sacrifices of the customer, meanwhile the customer often understands the benefits of the relationship. Vice versa for the project business. This means that in product businesses the customer often understands what benefits they receive from the product, but it is harder for them to interpret what they must give to receive this benefit.

Companies that place their focus into understanding the customer and addressing their needs will most likely profit greatly over other suppliers that fail to do the same, which indicates the increased importance of a relationship between businesses. Customer service is, therefore, an efficient way for suppliers to stand out since potential customers are much less likely to buy from a company with poor reputation of customer service (Team Support 2019.).

### 3 Singa's value delivery in customer relationship management

This chapter will follow by describing how Singa as a software company believe they deliver value through CRM, to their existing and potential customers. This demonstrates how a supplier believes they deliver value in a relationship, and it also presents the object that will be compared with the customers perceptions later. Value will be discussed only through a CRM view, since the term value is broad and already appears in so many contexts. All aspects related to CRM are probably not considered since CRM itself is also a broad and abstract term, but the most relevant topics for Singa are considered. Singa's CRM process is described by taking initiative from own observations and experiences, and statements are also based on how Singa has guided their workers to behave to deliver value through interaction within customer relationship management.

Singa's understanding of how they provide value through their CRM model to potential customers and customers will later be compared with Singa's customers perceptions, to qualify how well Singa's current CRM model provides value for Singa's customers.

Singa's potential customers are also part of Singa's CRM process since they are an important part of customer relationship management (Salesforce). Including their view in the results however is not possible. Creating value already in the first outreach to a potential customer is important for Singa as it is the first imprint Singa gives of themselves. The buying process of a typical potential customer for Singa often begins when the potential customer first discovers a problem which they want to solve. They might discover this problem either by themselves or after Singa has reached out to them and made the potential customer discover this problem. Most of Singa's business is done online, and according to Bialik's (2019) definition of the six stages for an online buying process of a software, Singa's potential customers buying process could look as following:

1. Pinpoint your problem
2. Define your software requirements
3. Identify how the software can help your business
4. Get team buy-in
5. Purchase your new software

A potential customer for Singa, for example a bar or a nightclub, can have several problems. It can be either that they do not have any current entertainment but would wish to have. They might also wish to have more variety on their entertainment. They could also wish to engage better with their customer or update their concept to a more modern. It might also be a company that uses old style karaoke and wish to update their karaoke arrangement to a more modern and easier-to-use. This was the first stage (1) Pinpoint your

problem. Next, they might discover from media and their neighbours that karaoke as a very trendy and engaging form of activity, that is becoming more and more popular between bars. It is especially good to attract a younger audience, but it has shown that all age segments are drawn to it.

They then go online and seek for “karaoke for companies or “karaoke machine”, where Singa often appears first. There are other options available, but then the question arises: What is important for the software to include? Thus, the potential customer must (2) define their software requirements. They might be looking for a modern, reliable system that has the biggest song catalogue, where Singa is often the best choice for them. The third (3) phase is identifying what the product can do for them, and does it solve their key problems that were mentioned in phase one? In the fourth (4) phase they will also decide who will take care of the karaoke. They might wish to have a host, or otherwise someone from the staff will host the karaoke. In the final step (5) they sign the contract and get the credentials to log into the Singa app, so they can start using it. Here Singa will also provide the new customer an onboarding to the system, so the experience would be as smooth and comfortable as possible for them. This is more like how Singa’s customer buying journey would look like.

### **3.1 The meaning of relationship**

Singa believes customer relationship management has a remarkable impact for their business. Because product-oriented relationships are shifting towards relationship-oriented (Töytäri et al. 2011), Singa has begun to work on developing the relationships with their customers even deeper. Singa has implemented separate departments for customer service and customer success management. These departments can put their full focus in their assigned area so to enhance the customer experience and make the customers feel valued in every step of the customer journey.

A potential customer and customer of Singa must feel valued in every step throughout the relationship. This starts from when the sales developer (SDR) identifies a potential customer as an ideal customer persona (ICP) for Singa and makes the first contact. If the SDR qualifies the potential customer as being interested of having Singa, it becomes a Sales Qualified Lead (SQL). The SDR then moves this SQL to the sales executive, who then uses their expertise knowledge to further qualifies this SQL and qualifies what product suits best to their needs. Lastly, whether the potential customer is qualified as sales qualified, it becomes a closed deal and is moved on to the customer success manager (CSM). The CSM then onboards them to ensure that it is easy for them to start using

Singa. Furthermore, Singa's CSM continues to take care of the relationship with constant nurturing, for example by giving customers regular calls and checking up on them. They might also ask whether there is something Singa could improve at? These are small things but can be very valuable according to Singa. Customer service handles problems that might arise if customers have trouble with the system during a karaoke night.

### **3.2 Value proposition**

For Singa it has always been important to not come across as salesy. This means that instead of selling something in a traditional way, the salesperson does research on the potential customer, so they know the potential customer and possible needs they might have, before reaching out to them. Singa communicates the benefit that a company receives from the product, instead of only promoting the product as being good. It is a way of saying that the potential customers' needs come first. This allows to express the product in terms of possible problems that the potential customer might have, and offer the product based on those terms (Mattson & Parvien 2019, 281; Ellis 2011, 251). Next the salesperson lets the potential customer to do the talking, and they listen to what they have to say. Meanwhile, the salesperson can qualify whether the potential customer is in fact an ICP for Singa or not. Afterwards, the most targeted way to communicate with potential customers is to offer the product based on the elements that are most important for the potential customer's performance. This is also called the Resonating focus proposition (Ellis 2011, 186).

Two important value propositions for Singa are cost reductions and increased efficiency for the potential customer, which are often good things to mention since they are of benefit to the potential customers business. Cost reductions for Singa means that buyers save money by investing on a streaming system that includes all the necessary features, which also saves the potential customer the effort of dealing with licensing costs. It also saves the potential customer money from investing on large hardware which is hard to get rid of whether they wish to stop with karaoke later. Singa believe that a small investment as a streaming system for karaoke gives a variety of benefits for any bar owner. Eventually the little price a bar owner pays, pays itself back several times. Mentioning all of this in the discussion with a potential customer can show that Singa is there to help, and they care for the potential customers business. Singa believes showing you care for your customers success more than just the economy, is an important part of developing long-term, loyal relationships.

Increased efficiency for Singa can mean for example that venues have a wholesome package with Singa, including 100 000 songs, with integrated background music and a marketing display where these potential customers can show ads between songs. Singa also provides customers with their own marketing material which they are free to use in their own social media channels. This is a win-win situation whereas both get awareness, and the mutual benefit is highlighted, as Ellis (2011, 69) also mentioned being important for value creation.

The “all benefits approach’ is used to list all the possible benefits the product might have for the potential customer, but this method might end up making claims that are not actually relevant for individual potential customers (Ellis 2011, 185). It can be used when reaching out to several potential customers through email, but it has seemed like the outcome is not as good as if you would personalise your messages. Personalising provides more value for a potential customer no matter what the case is. This also allows emails to be shorter which often get more open rates and are more likely to provide results. Potential customers receive massive amounts of emails, so salespeople must stand out and communicate their favourable points of differences to their competitors and focus their value proposition to the potential customer as an individual (Ellis 2011, 185). Considering their interests alone provides a remarkable set of value for the potential customer as they feel they are treated as an individual. SDR’s can send out personalised emails manually which allows room personalization, but it requires time.

When there is a potential customer that shows interest by opening an email several times or clicking on attached links in the email, it can indicate of an SQL. Now the SDR reaches out by calling or emailing, to qualify whether the potential customer is a suitable SQL to move over to the sales executive (SE) for further qualification. Before the call the salesperson again does research about the business, to know how to form a personalised value proposition that is relevant and suits the potential customers business. This is important for positioning the offering and serving the potential customers and customers better (Mattson & Parvinen 2011, 281).

### **3.3 The role of a CRM software**

The CRM system is considered very important for companies that do not necessarily always do sales in person with the potential customer, except for occasional meetings. This is very common for companies that Internationalise and show fast growth. A CRM system is useful to help with contact- and sales management, agent productivity and giving an overview of your customers and potential customers. A salesperson can fill in details of

each contact in the CRM, which helps them to prepare for an upcoming sales call (Salesforce). From there, the SDR, SE or marketer can create lists including potential customers with similar properties. For example, “bars that have live music”, which salespeople can use to create personalised emails to be sent out to these potential customers based on their properties. Updating the contact properties at Singa has been beneficial for personalising both marketing and sales campaigns. Properties in the CRM system can be for example: A bar where it is filled that they have quiz, live music, and shuffleboard. This is when the marketing email can be written based on something that is known about the contact. For example: “Hey! I noticed you have included quiz, live music, and shuffleboard to your entertainment offering! Have you heard about the increasing trend of karaoke, and how several bars have combined karaoke with other activities to respond to the increasing demand to have various types of activities to enhance customer experience?”

There is still a risk worth to remember that sending marketing emails to several contacts might result to them ending up to inappropriate contacts, whether the lists are not accurate (Ellis 2011, 309). This is where it becomes important for Singa to constantly update the information. Since Singa has been updating the contact properties, the marketing has become more personalised since they now know something more about the potential customers, and thus, know how to better communicate with them. Customer knowledge is a big competitive advantage these days (Amadeo 2022), and this is a good way to respond to it.

### **3.4 Personal, social, and strategic value benefits**

Related to personal and social value benefits, trust has throughout Singa’s customer relations been extremely important in every interactive moment with the potential customer and customer. From having observed the workers at Singa for quite some time, they are highly motivated, and they also transfer that motivation onto their potential customers and customers. The team spirit overall is great both within the organisation and with outer stakeholders. The “Grey area” which Mattson & Parvinen define as elements that are not specifically either social or economic but instead a mixture of those two. This is as far as this research will go towards transactional benefits, because it is not part of CRM directly, but it has a big impact for value delivery for the customer.



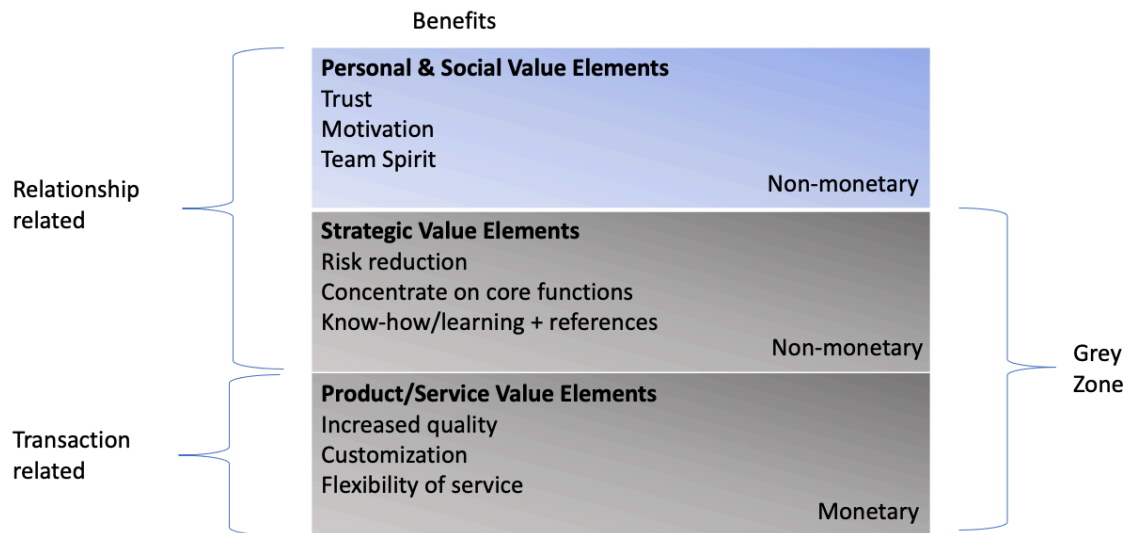


Figure 3. Value build-up in relationship (adapted from Mattson & Parvinen 2019, 262)

Singa has during covid offered flexibility in form of license pauses or converting the more expensive Unlimited license to the cheaper, OnDemand option. It is of course required that the license gets converted back to the original, Unlimited license once the situation for the customer allows it. This is again a part of a long-term perspective, ensuring that the customer is more likely to stick with Singa even after the difficult situation. Singa is aware that they benefit much more from the customers to keep them as customers instead of charging them full price for a couple of months because a contract states so. Offering monetary benefits that include social elements is about people understanding each other. Although transactional related value elements are not discussed in this research, they are shown in the figure (figure 3) to demonstrate that transactional related value elements and relational value elements are different, and relational elements are more considered to be part of CRM.

To lower the barrier for potential customers to join Singa, Singa attempts to make it as easy as possible for them. This is lowering the risk for them because bar owners have been more careful with investments due to covid, and it is important for them that a supplier understands and respects that. Examples to lower the risk for them can be to offer a period when the potential customer must not yet commit to Singa. It is important to have knowledgeable staff that can present the best value proposition according to the customer's needs and considering also their feelings.

### **3.5 Trust development**

It costs a lot more for a supplier to attract new customers compared to what it takes to nurture the already existing relationships and to retain them. A long-lasting relationship requires certain factors, whereas it is equally important for Singa to develop trust in each stage of the customer journey. Commitment, communication, and customer service are other important factors among the formerly mentioned (Ellis 2011, 69.). Trust for Singa means for instance transparent communication and honesty. An example can be how Singa always contacts their customers regarding a problem with the software that might have occurred. They rapport the type of the issue and what was done about it. When we talk about software, issues are always existent and out of anyone's reach. Whenever something like this happens, Singa's crew is ready to help their customers best way they can and be there for support no matter if it would be Saturday night. It shows that Singa's crew is determined and willing to work for customer satisfaction. There are much more than just transactional benefits behind this sort of relationship. There is trust developed through honesty and understanding each other. Trust develops between people and goes much hand in hand with loyalty and is another good driver to achieve long-term relationships. Several factors can go hand in hand with trust. A salesperson should not over-promise anything to the customer, but instead, be realistic and communicate a realistic timeline for when something is bound to happen. This can be about a feature that a customer of Singa wishes to be added to the system.

### **3.6 Customer involvement**

Focusing on factors that are valuable for customers and potential customers helps the business' service concept development and service outcome management, and furthermore, also guides investment decisions (Ellis 2011, 251). Singa has always worked close with their customers, as there is much to gain from customers (Walter et al 2001). Examples can be when Singa takes song requests from their business customers, puts them on a checklist and ads them as soon as possible. When Singa's customers present having issues with a feature related to the software, Singa strives to develop the software so it would serve the customer's needs, and so similar problems would be avoided in the future. An example can be when Singa added the feature of customers being able to send song request directly to the venues system through their own mobile, which saves the staff considerable amount of time and makes the whole experience much more comfortable for the supplier and the customers. When karaoke rooms became more popular around the world, Singa started developing a new Singa-design, specifically designed for karaoke rooms to make the customer experience both for Singa's customers and the end-users as good as possible. This indicates that Singa's customers are highly involved

within the business model innovation, which Zhang et al. (2010) also stated to be important for CRM.

### **3.7 Key account management**

Singa believes in long term-relationships with customers since long-term relationships have the potential to become key customers, which are the most valuable customers for suppliers. These customers require special care, and specific salespeople are assigned to manage these key customers to decrease the likelihood of losing them, as it could turn out quite fatal for most suppliers (Ellis 2011, 331.).

Mattson & Parvinen (2011, 149) also raises the importance of key account management in relationships. At this point the relationships has existed for a longer time and evolved to a stage where it can provide meaningful value for both parties. This often requires that all formerly mentioned parts of CRM are managed well, so the customer experiences that they receive value in every aspect of CRM. Ellis (2011, 149) mentioned that it is like a perceived trade-off between multiple benefits and sacrifices through the relationship, perceived by key decision makers in the supplier's organisation. There are often separate people in a corporation dealing with these key accounts because they need to be carefully handled to not risk losing these customers (Ellis 2011, 331.). A customer becomes a client, a client becomes a supporter, until it reaches the stage of being a key account with the supplying firm (Ellis 2011, 71).

Singa has own Business Managers for each market who are mainly responsible for these Key Accounts. They often stay regular in contact with these key accounts and plan together for the future. It is also essential for the relationship to pay these regular visits to remain a human touch. There is a strong cooperation present between Singa and their key customers. Singa often writes blog posts that explain the concept of karaoke rooms with one of their customers as an example. This brings awareness for both parties since the blogs become visible worldwide after Singa publishes them. Sometimes during the customer visits, they spend their time creating marketing videos together with their customers.

To create more structure and to help visualise a structure of Singa's CRM, the table below (table 1) visualises three elements that are considered part of value creating elements within CRM. Value elements are divided into three categories, (1) Quality of Service, (2) Social Value and (3) Emotional Value. Activities that illustrate how value is provided on these three areas is demonstrated as "Illustrative Scale of Measurements".

Table 1. Elements, Factors, and measurements of CPV within CRM (adapted from Andersson & Samuelsson 2019, 9)

Value Elements of CRM	Factors	Supplier's activities to measure the performance
Quality of service	Technical competence Reliability Security Employees' service quality	Supplier is innovative Supplier has knowledge and is competent Supplier generates solutions Supplier knows business needs Supplier offers fast & flexible service Supplier provides information and advice Supplier is supportive and understanding
Social value	Social image Reputation	Supplier has good social behaviour Supplier behaves ethically Supplier is trustworthy Supplier staff is motivated Supplier's credibility improves customer image Supplier's brand fits to our firm's image
Emotional value	Experience Personalised attention Interpersonal relationships	Suppliers knows needs in advance Supplier recognises customer Relationships are pleasant Developed bonds of friendship between

## 4 Gaps between customer expectation and perceptions

By now we have described the process of Singa's value delivery through their CRM on a very general level, and now it is time to present a theoretical framework to give more structure to a supplier's value delivering process. It can be very difficult to list all the possible value creating elements as we have noticed there are endless amounts of them. Thus, it can be hard to approach the matter from what all aspects a supplier should perform to achieve customer satisfaction. Therefore, it can be easier to start by focusing on factors that contribute to lowering customer satisfaction. Instead of considering everything a business should do to satisfy a customer, they can instead begin with focusing on factors that lead to customer dissatisfaction and strive to avoid these negative factors in value delivery to appear. It can provide an easier structure for how to start building an understanding for customer-perceived value within CRM. After this, the supplier can start to recognise factors that contribute to customer satisfaction and start planning how to include these activities into customer relationship management.

A theoretical framework "Gap Model of Service Quality" was originally introduced in 1985 by A. Parasuman, Valarie A. Zeithaml and Lenoard L. Berry, to help businesses understand what factors impact customer satisfaction negatively. They presented these negative factors as gaps between what a customer expected to get, and what they finally perceived they were getting. This guides suppliers to meet the customer expectations by activities that prevent negative gaps to appear in the value creating process (Expert Program Management 2018). This model is used for ensuring customer satisfaction by evaluating most common gaps between a customers perceived and expected service quality. Newsmoor (2021) also explains the gaps to be established to understand the customers perception of a service or product, and to understand how a supplier meets these expectations so they can avoid customer dissatisfaction. If all aspects are in order and no gaps have appeared between the customers perception and expectation, the customer should feel satisfied with the relationship. The Gap Model of Service Quality is a good tool for this study, since it focuses on factors that are mainly related to CRM.

The fifth gap is directly connected to loyalty and retention, meaning that it can be the most crucial indicator for customer satisfaction. The Gap Model of Service Quality emphasizes customer satisfaction and uses it primarily as a function of perception, meaning that when a customer experiences that a service meets their expectations, then the customer will be satisfied. The framework states that the customer will feel dissatisfied if any of the five

value delivery gaps emerge somewhere at the sales journey within the relationship. An organisation can provide better customer value by managing these gaps and design steps to minimise each gap (Zhang et al. 2010.).

As presented in the picture below (figure 4) the service gaps are divided into five categories, beginning with Gap 1, the (1) knowledge gap, or cognitive gap (Expert Programme Management 2018; Zhang et al. 2011). Gap 1. Emerges when the supplier does not exactly know what the customer expects, and what their actual needs are (Expert Program Management 2018). Zhang et al. (2011) describes the first gap to emerge when the perception of the customers interest and demands are wrong from the supplying company's view. To avoid this gap to appear the supplying firm must do market research with surveys, analysis of customer expectations to understand their interests and demands better. Expert Programme Management (2018) also highlights the importance of research to avoid this gap.

Gap 2 is called the (2) Policy Gap, or “the design gap” according to Zhang et al. (2011). Gap 2 appears when the quality of a service or product is not high enough for the customer. Expert Programme Management (2018) explains this gap taking Netflix as an example: “They offer all the right shows, but the streaming quality level isn't high enough.”. Similarly as Netflix, Singa is a streaming service and quality of their songs and the background are one of their most important value propositions. Zhang et al. (2011) defines this stage as the design that leads to discrepancy between customer value design and customer value proposition. When a business offers quality, the customer expects to get it, and bad quality in a streaming service can soon lead to frustration.

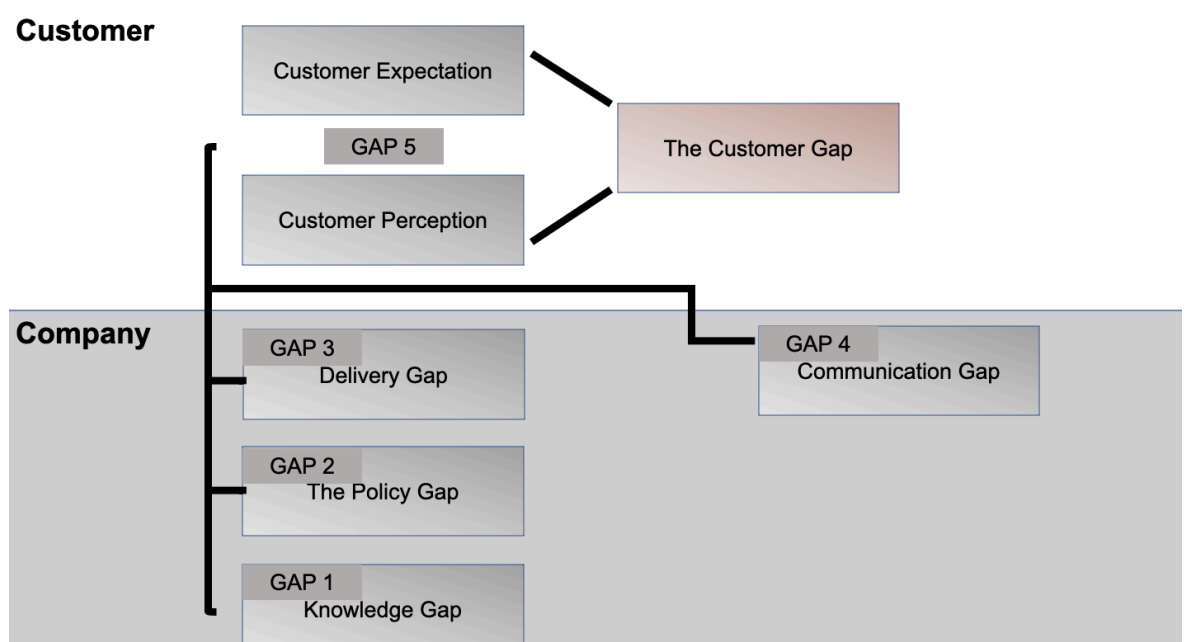


Figure 4. Gap Model of Service Quality (adapted from Expert Program Management 2018)

The gaps appear when a supplier is not performing certain activities that fulfil a customers' expectations. This leads to the customer being dissatisfied since they are not getting what they are expected, and thus, they are not perceiving value from that area. The gaps appear due to following lacks in customer relationship management activities from the supplier's side: (Expert Programme Management 2018)

**Gap 1. Knowledge Gap**

- Lack of management
- Lack of communication
- Insufficient market research
- Insufficient relationship focus
- Failure to listen to customer complaints

**Gap 2. Policy Gap**

- Lack of customer service standards
- Poorly defined service levels
- Failure to regularly update service level standards

**Gap 3. The Delivery Gap**

- Deficiencies in human resource polities
- Failure to match supply to demand
- Employee lack of knowledge of the product
- Lack of cohesive teamwork to deliver the product or service

**Gap 4. The Communication Gap**

- Overpromising
- Viewing external communication as separate to what's going on internally
- Insufficient communications between the operations and advertising teams

**Gap 5. The Customer Gap**

- Differences between customer expectations and customer perceptions

The design gap is then followed by the (3) service delivery gap, meaning the difference between the promised delivery of a service or product, compared to the actual delivery. If a customer would choose a song to sing with Singa in a bar and it would take several minutes to download, then the product is not performing as it should, and the outcome would not be what Singa has promised. This would likely cause frustration both for the customer and the end customer. End customers are the customers of the bars that singing with Singa at the bar. Singa wants to avoid this by constantly developing the app with knowledgeable app developers and a cohesive teamwork with the rest of the crew. It is meaningful for the reputation of Singa to keep the system running smoothly. Gap 4 indicates what value is (4) communicated to the customer through marketing or sales, compared to what is delivered (Expert Program Management 2018). This gap can appear whether there is overpromising in either sales or marketing, for example if a fresh customer would start using Singa and the system would not be as easy to use as it had been

told to be in an advert. This is where onboarding and customer service have an important role to avoid this gap.

The final stage indicates how the customer expectations compared to their perceptions of a product match. This stage occurs when customers have expected something from each value element, but somehow their expectations were not met. This can happen through every gap in the model. Gap 1 can appear if the customer does not feel their feedback is listened to, Gap 2 can appear if the customer has expected more from the service levels, and so on. It is important for the supplier to avoid any of these gaps to appear, because if one or more of them appear Gap 5 will automatically appear. The customer will then feel dissatisfied at some level.



## **5 Understanding the customer-desired value**

For any successful research the researcher should choose the most suitable research method. Helander & Ulkuniemi (2012) show that there can be differences between a supplier's and their customers perceptions of value, which according to Gap Model of Service Quality causes gaps in the value delivery and leads to unhappy customers. This requires for Singa to understand the customers perceptions of value within their relationship with Singa, and if Singa's CRM provides value for their customers in every possible aspect. If Singa's CRM system is functionable, there would not be gaps in Singa's customers value perceptions.

Implementing interviews in research is called a qualitative approach and researchers often use partly or totally unstructured interviewing to enable free discussion and providing a result in descriptive detail (Bell, Bryman & Harley 2019, 367). In the interviews a semi-structured approach would be the best options since there are a few decided main questions. This enables the interviewer to ask further questions during the interviews based on how the interviewee answers. This way all the interviews unique but kept structured to make analysing easier. Value and its perceptions are not an easy subject, but rather abstract and dependant on its nature and surrounding factors, meaning it can look very different depending on its context. The Gap Model of Service Quality can provide a more structured model to guide what questions the researcher is seeking answers to, which will also guide how to form the interview questions. Later the conclusions from the interviews can be compared to Singa's current operating model and the three value elements (table 1).

Bell, Bryman and Harley (2019) give a good guideline for which research method to choose depending on the study to be made and based on what type of data is to be gathered. Finding out about the value perceptions from the point of view of a customer would require a deeper analysis, meaning data should be gathered on a deeper level. The qualitative approach is also good since the interviewer can draw conclusions based on certain patterns and themes that occur more frequently. This can give a more wholistic understanding rather than doing structured research that has decided questions to be answered.

### **5.1 Data collection**

The goal with the qualitative study was to find out whether Singa's customers are happy with Singa's current CRM model. Other interesting areas to understand were the concrete activities a supplier should perform to create a feeling of value among customers, and what are the most known ways for companies to stand out when there are several other companies with the same offering. This should also give an overview of the importance of

a relationship between a software company and their customers. The Gap Model of Service Quality states that there are several factors affecting the customer satisfaction, so it could be useful to find out how the customer satisfaction is affected whether some factors are not present, even though everything would be otherwise fine with Singa's CRM.

The interviews were conducted to 11 different customers of Singa, mainly bars from Finland and Sweden. One venue was an AV hire, and another was an activity centre. The bar and restaurant sector is Singa's biggest market since karaoke is mostly seen in the hospitality industry. Thus, it felt like the most natural choice to interview mostly bar managers. The interviews were conducted over phone and the discussions lasted between 15-20 minutes. When conducting interviews there are few elements to interpret to make a reasonable conclusion of. The interviewer might have much to say meaning that it is hard to write down notes while trying to listen everything that the other party is saying. Everything cannot either be caught with notes. The tone of voice in which the interviewee is speaking can mean something more (Bell, Bryman & Harley 2019, 445). Thus, the calls were recorded by the permission of the interviewee, from where the interviewer can transform the recordings into written mode to make it easier to identify common factors and themes. It was ideal to be able to interview the managers directly, since they are likely to provide the best overview as they are often assigned to deal with their suppliers. The contacts were available in Singa's CRM system, where there were direct numbers to the managers.

## **5.2 Data analysis**

According to Bellman, Bryne and Harley (2019, 521) qualitative research often strives to prove a theory right. The Gap Model of Service Quality offers a structured base for factors that are most important for customer satisfaction. The interviewer gathered the most emerging topics from the interviews and marked them down in a table for clarity, among other common themes. From the table it was easier to analyse which factors might be related to each other, and what the respondents with similar answers might have in common. The results from the interviews were also reflected against the Gap Model to understand whether the model is applicable in a B2B relationship or not. It was also important to understand whether there are any factors that might differ from the Gap Model. Patterns that do not match with the theory might rise from the results, which can provide interesting topics to consider for the future, and possibly also ideas for further research. From the recordings the interviewer attempted to also interpret the tone of voices of the respondents and gather key words of factors that customers seem to value the most. It is important to understand what the qualitative research seeks to be answered. It is to answer the questions "how" and "why" something is the way it is. The interview questions were formed

based on the Gap Model of Service Quality, in such way that they find out more about the different phases that a supplier must do in a relationship to avoid gaps to appear.

Find the interview questions as appendix 1 at the end of the report.

The outcome from the analysis should also give an understanding to what the meaning of the relationship is within software, and what value elements (table 1) are most emerging in the interviews. Do customers value the social value that Singa provides them, or is the quality of service, or the emotional value perhaps more important?

## 6 Results

The study attempted to understand what aspects are important for customers considering value within CRM? Are several elements equally important as the Gap Model of Service Quality suggests? Does Singa provide value through CRM on all possible aspects that contribute to customer satisfaction? And what should Singa consider within their CRM model to ensure it evolves with the constantly growing company? How important is then the relationship for a software company's customers?

The most common themes that came up several times in different interviews were put into a table to get an overview of the customers perceptions regarding value creating elements. These factors were mentioned by several customers when they were asked what factors that contribute to customer satisfaction in a b2b relationship. Fields in the following table (table 2) are marked as blue to indicate that Singa is currently managing their relationship very well in this specific area of CRM, and customers feel they receive value in this aspect of Singa's CRM. There are likely no gaps in customer expectation that would directly lead to customer dissatisfaction. Fields that are marked as yellow indicate that there can be some improvement in this area. Red indicates whether an area needs considerable improvement, but Singa does not have such remarkable issues in any area. Furthermore, customers are separated into three groups, to indicate what certain aspects are important for which customer types, Tier 1's, Tier 2's and Tier 3's. Tier 1 indicates key customers that are considered the biggest customers, and they present the biggest annual revenue for Singa. Tier 2's are considered "key accounts to-be", meaning they show potential to expand. Tier 3's are the smallest customers, but altogether a big part of annual revenue for any company (Mattsson & Parvinen 2019, 148.).

Following table (table 3) demonstrates what lacking activities have caused a gap to appear in some of Singa's customer's perceptions, and following this, it is demonstrated (table 4) what activities are recommended to fix the gap.

The common factors that rose in the interviews were regular communication, human contact, equal treatment, information, customer involvement, flexibility, and support. These factors were also applied to the formerly mentioned three elements (1) Quality of Service, (2) Social Value, (3) Emotional Value) that are part of value delivery within Singa's CRM (table 1).

Table 2. Common themes that came up in the interviews

Common themes	Value Element	Customer Type	Impact for value creation
Regular Interaction	Emotional Value	Tier 2 Tier 3	Seems to enable several aspects for a functional relationship
Human Contact	Emotional Value	Tier 3 Tier 2	Good way for company to differentiate themselves, especially for a software company Also okay to be less formal
Information	Quality of Service	Tier 2	Builds trust Saves customer effort/frustration
Customer Involvement	Emotional Value	Tier 1	Takes cooperation to the next level Enhances product development
Equality	Social Value	Tier 3	Shows care and appreciation Increases customer loyalty
Flexibility	Quality of Service	Tier 3	Especially increased during covid Builds trust & shows care Strong indicator for loyalty
Support	Quality of Service	Tier 3	Can be a strong indicator for developing long-term relationships

**Color indicates Singa's current performance in area**

Blue = No room of improvement noticed

Yellow = Some room for improvement noticed

Red = Dissatisfaction by several customers

## 6.1 Emotional Value

Responses from each customer's varied to some extent based on the respondent and the type of company. Human interaction has especially increased during the pandemic when most services have gone online. Some customers said you must wait several days to hear back from someone whether you have requested them to get in touch. This came up when asking customers about common mistakes that supplier's often do or do not do in their customer relationships. This was important to know since lacking activities from the supplier's side are the cause to customer dissatisfaction according to the Gap Model, and it was interesting to know what these activities were, and if they correlated to the Gap Model? Responses indicated that Singa however is currently doing very good at this. Singa has always included interaction in their CRM, whereas managers occasionally arrange trips to visit different customers, mainly in Finland, Sweden, and UK. This seemed to be very valuable for several customers since it seemed much more comfortable for them to work with someone you know the face on, and possibly even know them a bit as a person.

Some customers say that "they would always choose the company where they know who they are dealing with instead of everything being only virtual". Seems like a relationship becomes more deeper when you get a face on it and know the contact person. It is like a

friendship would be developed there, which some customers would hope even more of. Emotional value seems to be very highly valued in today's B2B world.

Customers understand however that it is not possible for an international company to visit all customers, and according to them a good way to compensate physical meetings are regular phone calls from Singa's side, where the actual intention of the call does not need to be anything specific other than to show care. This can be done for instance by also talking about less formal things like about a hockey or football game that was showed recently. It helps to develop this sort of a friendship between parties, which shows to be important for Singa's customers and is also highly connected to emotional value. Interacting regularly is also a good way for Singa's to gather feedback and pass suggestions and ideas onwards to the product or content development. These factors contribute strongly to provide emotional value for the customer.

A customer mentioned that: "A company with a good product but bad people, is doomed to not survive, meanwhile a bad product with good people can still make something of the product with the help of the customers". Singa has involved customers very far into the development process and that is a good value proposition for the product, since it is made according to customers' needs and wishes. This is slightly related also to the social value element (table 1) whereas Singa has a good reputation of good social behaviour. Social value elements did not appear for now in that much bigger context as such.

Several companies these days offer a karaoke software, but when Singa's customers were asked how Singa has managed to create value in this relationship, customers responded that Singa has managed to differentiate themselves with their customer relationship management. Several customers had chosen Singa based on this. Customers also stated in the interviews that customer service is the best way to stand out whether you have the exact same product and price. One customer talked about the meaning of the relationship so that they are "Happy to pay a bit more to work with people they like and who like them back". When asking customers about value creating elements, it was very often the emotional value elements that came up first. Emotional value elements are in Singa's case often related to the bond and friendship that has developed between the two parties, and the recognition from Singa's part, whereas they know who their customers are and treat them with warmth and respect. Involving the customer also in the development process was also part of this and much appreciated by the customers. Customer involvement was told to take the cooperation to the next level.

## **6.2 Quality of service**

Support and availability have become more important especially during the pandemic when times have been hard for Singa's customers. The pandemic has also required flexibility from Singa's side. An example can be when Singa temporarily paused several accounts by request of the customers since bars could not have karaoke when they had to be closed. This was a way to ensure the customers will continue with Singa also after the pandemic gets better, and this shows how Singa has a long-term perspective to achieve loyal, long-term customers. Providing solutions, being flexible and showing support seemed very relevant for the Quality of Service. The table above (table 2) indicates that support seems to be strongly related to long-term customers, and Singa seems to understand this. As one customer stated, "Who would want to work with a company that just wants the money gone?" or "Economy often comes first, so companies forget where the revenue comes from"? Customers seemed to think that big companies can afford to lose a customer, since they mostly had bad experiences from those relationships. A company cannot afford that in the long run, since word of mouth travels fast and can impact the suppliers' business for a long time to come.

Customers often also brought up that it is important for the system to function, and customers wished to be informed and advised if something would happen with the system. It would also be important to determine what the problem was, and what was done about it. It is also relevant for Singa to constantly update their customers about upcoming updates or other changes they might make to the software and its features. Constantly informing the customers keeps them up to date so they know what they should do. Communication is also part of this, whereas a mutual communication comes in handy and can also prevent several problems that might occur due to a bad communication. Customers should also dare to reach out to Singa whether they are experiencing issues, so Singa can act upon it. With an international software company, customers are most of the time by their own so it is important for the supplier to ensure the quality of service provides customers with the best possible tool so they can manage by themselves as far as possible. This is not just to benefit the Singa, but it makes the life for the customer also much easier.

## **6.3 Pricing and functionality**

Even though the research questions covered mainly the CRM related aspects, functionality and price were brought up on a regular basis. Responses varied to some extent based on the type of people and based on their business type. Companies that are highly dependent on karaoke for their venue put extra value on the functionality of the product, and some seemed to talk most about price and not that much about the CRM related factors

except when the interviewee guided them towards this topic. It seemed like small local venues put extra value on pricing, and this seemed more occurring with Finnish venues. Swedish venues with a high brand awareness did understand the meaning of the relationship, whereas one manager stated that: "If staff is not nice to work with, we could even consider going back to the old booklet system". This indicates that instead of using a modern and digital tool for karaoke, they would instead use the booklets if the software company would not be nice to work with. These are customers with regular interaction with Singa and it is clear there is almost a friendship developed there, and it is often a big part of what they pay for. One venue stated that "Money matters as long as you can make money on it", which supports the benefits-sacrifices weight scale (figure 1). It seemed that customers that had not been that interactive with Singa did not know much else to talk about except for price and functionality, since those are the most easily noticeable factors with a software company.

#### **6.4 Correlation to gap model of service quality**

Gap Model of Service Quality states that the five gaps are all rather equally part of the value delivery, and if any of the first four gaps would appear then the fifth gap would also appear (Zhang et al. 2010). This means the customer would feel dissatisfied with the relationship. Customers were asked how their customer satisfaction would be affected if some smaller factors they had not yet mentioned to be important, would be missing. The interviewer gave examples like: (1) staff is not nice (2) supplier does not inform about changes (3) supplier is hard to get in touch with etc. Based on the interviews it seems partly true that their customer satisfaction would be affected, even though they seem to value certain factors over others. Customers understand that value delivery in a relationship is a wholeness with many elements included, and "it needs to work as a whole" as stated by a few.

Regular interaction was often raised related to several aspects. It is an important part for being able to give feedback, to inform the customer about eventual issues, product development etc. It showed that customers that had the best regular interaction with Singa, also knew the friendliness of the staff and had formed a deeper meaning to the relationship. They were more likely to approach Singa, meanwhile customers that had not been contacted regularly felt shy to approach as they were worried of conflicts. This is quite a wrong imprint they have gotten of Singa since it is not how Singa wishes to appear. It seemed that it would be easier for customers to approach Singa whether Singa first gives an approachable imprint of themselves.



Regular communication seemed overall good with Singa, but some long-term customers seemed to have been left out of this circle. Even if they were overall very satisfied with the product, they were still unhappy with the relationship. This shows that it clearly affects the customer satisfaction whether either of the four gaps appear. In this case the problem would be placed in the first Gap, The Knowledge Gap. The lack of communication had led to clear dissatisfaction, which can even overruled the benefits of a good product. More focus on specific relationships by increasing the interactions between the management and staff will likely be needed to fix the gap. Acting on customer insights once validated was performed during the interview, since the interviewer had requested a colleague to contact the customer after the interview, so that was already a step towards improvement (Expert Programme Management 2018.).

The following table (table 3) presents what possible aspects Singa’s CRM might improve for the future, based in the Gap Model of Service Quality (Expert Programme Management 2018).

Table 3. Singa’s performance to avoid the gaps

<b>Gap</b>	<b>Lack of activities behind the cause of the gap</b>	<b>Lack of activities noticed with Singa</b>
1. Knowledge	-Lack of management -Lack of communication -Insufficient market research -Insufficient relationship focus -Failure to listen to customer complaints	-Lack of communication -Insufficient relationship focus
2. Policy	-Lack of customer service standards -Poorly defined service levels -Failure to regularly update service level standards	
3. Delivery	-Deficiencies in human resource polities -Failure to match supply to demand -Employee lack of knowledge of the product Lack of cohesive teamwork to deliver the product or service	
4. Communication	-Overpromising -Viewing external communications separate to what’s going on internally -Insufficient communications between the operations and advertising teams	

The model implies that communication is important already in the first stages of interaction with the customer, The Knowledge Gap, which seems to be true. Customers that had not had much interaction were dissatisfied with Singa and could talk about Singa in a more

negative tone. They mentioned times when Singa has had some issues with its functionality, and they were constantly brought up by these customers. They showed to be much less understanding towards Singa in many aspects. They had much feedback to give, which Expert Programme management (2018) also listed as an important part to avoid Knowledge gap. The “Failure to listen to customer complaints”. If there are misunderstandings in the customer knowledge it seems often because of poor communication.

## **6.5 When gaps appear**

Interviews questions also attempted to find out what the final stage for complete dissatisfaction for the customer is. Interview questions asked how a supplier often loses a customer, and whether the customer has previously terminated a contract with a supplier, and what were the reasons to this? This felt natural to ask since a gap in the value delivery often leads to the customer looking for other options. Customers thought about their previous relationships with other suppliers saying that these companies often, as previously mentioned, only think about the revenue, and forget where the revenue comes from. They often do not understand the importance of nurturing a relationship to make long lasting relationships. Seems often several aspects have gone wrong withing the Gap Model of Service Quality, leading to the customer not getting anything out of the relationship anymore. It is a stage that more often develops over time when several things go wrong. It is not necessarily just due to one thing, but several smaller things build up to a more serious problem. If it would have been just one factor where the supplier is failing to deliver value, it would have to be something very serious that has a tremendous impact on the customers business.

When a customer is dissatisfied with the relationship between the supplier, they are very likely to change suppliers, but this is likely not to happen instantly. Whether the customer does not feel their feedback is considered and they do not feel important for the supplier, they are likely to look for other options. This is very similar to relationships between humans, so does a business relationship require that much specific attention that a normal relationship between humans would? Being empathic and treating customers the way you would want to be treated yourself, can take a supplier very far.

No one knows when the customers dissatisfaction hits its limit, not even the customer. The supplier can however act to prevent the gaps to appear. Communication is a big part here, which enables both parties to understand each other in these multiple aspects that should be considered. The supplier can adjust their operations so they match better the

customer's needs, but the customer must also understand the supplier's perspective and equally participate in the relationship.

Overall, customers were more often happy with the product and would not change that away. Even though the product served its purpose it was not always enough. Some customers that had not been contacted in a long time had led them to consider other options. This shows that little things can greatly impact the customer satisfaction, because all it could have required were a few calls here and there just asking how they are doing. One customer said that; "It just requires someone else in the right place in the right time to make the change easy enough for the customer. If there had been a good relationship behind it, it could have been another situation." Next step is just to ensure that other customers also get attention whether there are several customers who have a similar experience as such. It seems that customers act much more understanding towards mistakes when they know the people they work with, and from there it is easier to work together to become better.

Here is a table (table 4) that suggests what activities Singa could consider for the future to fix the one Gap that might be present with some of the customers. Singa's current way of managing CRM seems on a general level to match very well the customers' expectations. When customers are ensured to stay in contact with Singa on a regular basis, it increases the mutual understanding and can likely help prevent several issues that Singa might otherwise face in the future.

Table 4. Gap that was noticed with Singa's customers

<b>Gap with recognized problems</b>	<b>Case with Singa's customers</b>	<b>Solution</b>
Gap 1. Knowledge Gap	Long term customers were happy with the product, but the lacking interaction with Singa caused clear dissatisfaction	Increasing interaction between management and customers Act on customer insights you receive once validated Gather customer feedback Automatized quarterly emails where customers can request a call from customer success if needed.

Key takeaways from this chapter would be the following:

**Related to Singa's CRM**

1. Some customers might not be getting enough interaction with Singa – causes some dissatisfaction with this relationship

2. A missing relationship seems to be because of little physical interaction (phone calls, customer visits, face time) – small activities from Singa can remarkably improve the interaction according to the customer
3. Quality of service and emotional value seemed to be the most important value elements for Singa's customers

### **Related to the Gap Model of Service Quality**

1. A good product is not enough if the relationship is missing – agrees with the model  
→ one gap leads to 5. Customer Gap

### **Other findings with B2B relationships**

1. A good relationship creates more understanding from the customers side – smaller obstacles are easier to overcome
2. Customers that miss out on a relationship seem more price-focused – the relationship is still a big part of what you pay for, and no one would pay for a non-existent relationship
3. It is just as important for a software company to have a relationship with their customers – biggest competitive advantage and the best way to differentiate yourself
4. Regular communication and customer involvement seems to contribute to success with CRM on several areas. – Agrees with Zhang et al. (2010)

## 7 Conclusion and future recommendations

It seems that a relationship can be built very strong with regular interaction, since the supplier can then better understand the aspects that matter the most for an individual customer, since the preferences can vary between customers. Regular interaction also contributes to keep other important aspects in order, like the feeling of having a relationship with the supplier, which seems to also increase the feeling of being heard and equally treated and being informed about important topics that consider the customer's business. Interaction also enables sales executives to take feedback and include the customer in the development process, which was an important activity to avoid the first gap, Knowledge Gap, to appear. It also seemed that regular interaction creates more understanding from the customer's side towards eventual problems that might arise from the supplier's side. These obstacles seem easier to overcome when there is a good relationship "behind" it.

However, applying constant interaction with each customer requires constant work and resources. Singa's customers seem all very different depending on the business and what the manager is alike. Thus, it can be challenging and even impossible for a supplier to create one plan that should serve all customers best interests. This is not possible and is either now what is expected from a supplier. The supplier can instead figure out sustainable ways to work in the best interests of each specific customer. It is important to develop an organised system so no customers would be left out. Singa's recent investments towards customer success management has shown to be very valuable for customers and shows to be a very strong indicator to reach loyalty in customer relationships. It can likely improve the current small issues that have been mentioned. However, as we heard from the customers, value delivery often gets forgotten in big corporations. So, once Singa grows more it could be good to find out how big of an area can be handled by one customer success manager, to ensure there are enough resources based on the current number of customers. It is important to constantly communicate also internally with the staff, to ensure they are motivated and able to handle their responsibility

According to the interviews Singa handles their CRM overall very well, and customers seem to find their relationship with Singa valuable on several aspects, as it should be. This could possibly even be a part of the value proposition when reaching out to new potential customers, because according to the interviews customers highly appreciate that a software company has managed to keep customer service so present in their business model, since it is overall quite rare among software companies. It was often the reason why Singa's customers chose Singa in the first place, apart from the great product.

It is important to constantly understand the customers situation and needs, which are ever-changing. A missing relationship seems to overrule the benefits of a great product, whereas small activities can help to prevent this to happen. Singa can do occasional calls without an agenda to all customers, just checking everything is okay. Singa can with the CRM system create lists that remind the customer success manager to call each customer for example, every quarter. This has already been applied by Singa, but it would be important to ensure all customers are included to it, since now it seems still that some customers are “forgotten”. If Singa does not have time or resources each time to call customer if they do not reply, there could be options to make it easy for the customer to still get in touch if needed. For example, a follow-up email where they can book a meeting directly with their contact person. It is important for it to be short and concrete, so Singa can motivate customers to book a meeting and talk with them. Singa can appear more approachable from the customer’s perspective when they keep regular contact, which is especially important for Tier 3 long-term customers that do not seem to be as forthcoming themselves. When Singa is approachable in their eyes they are more likely in the future to reach out themselves, which improves the mutual communication, not to mention it saves much time for Singa.

Zhang et. al (2010) highlighted also that it is the miscommunication that often is the root cause to any of these gaps, and that customer participation should be a top indicator for the business model. This is Singa’s case today is a very big part of the relationship, whereas customers are highly involved with giving feedback and suggestions for improvement ideas of the software. These statements have been proven accurate also in this research, and Singa is highly recommended to continue and develop their cooperation even further with involving the customer in different projects, cooperation’s, campaigns etc. Several brand aware customers appreciate this, and this helps Singa attract more of these types of customers.

Overall, this research did not bring that much new information for Singa since they have developed a very functionable cooperation with their customers so far. And there is nothing wrong with that, since that was the goal with this study, to ensure Singa’s current CRM process provides value for their customers on all aspects that contribute to customer satisfaction. Additionally, it presented factors to focus on to improve the interaction and cooperation even further, and what factors are worth to focus on to improve in a specific area of CRM.

What this research was not able to do, was to give a structured model of a software company's CRM process, that could be compared to a concrete model of the customers perceptions. This could showcase the increased importance that a relationship and human interaction has also for software companies, because it currently seems a bit underestimated. As the software industry is a very big market, this could be very useful for the management when they plan their CRM activities to provide the best possible customer experience.

## 8 Discussion

Qualitative research is aimed to find out how and why something is like it is. It is also more often used to let answers emerge from a theory and prove a theory right. In this research the attempt was to find out if and how Singa as a software company deliver's value to their customers through their CRM. It was also important to know the meaning of a relationship between a software company and their customers, and if the Gap Model is accurate. The questions asked which factors are important for customers considering value delivery by taking initiative from The Gap Model, but it seemed to be hard to find out how and why something is the way it is. Value delivering factors that were mentioned were very concrete and did not always lead to that much discussion. The answers within each interview also went slightly into each other. Value is a wholeness where many factors are related to one another which caused some repetition in the interviews and didn't perhaps provide as much information as they could have. Some customers spoke very much in the interviews, and the interviews turned out to be a success. It would have been ideal if some of the customers had spoken more, because occasionally the interviewer had. The interviewer tried however their best to guide the discussion forward with follow-up questions to gather deeper insight of the expectations that customers have from a software company like Singa

The research question was a bit unclear from the beginning, which led to several research questions to be answered. This might have led to the results being a bit confusing. It was challenging to keep a logical structure of both value and CRM since both terms are abstract and depending on their context, and there is not really any ready model to use for either one. Perhaps it was not the best idea to combine two abstract terms as such in a bachelor's thesis, since there is no actual knowledge behind either one. Just basic knowledge and own observations. Understanding whether Singa's current CRM model provides value for their current customers, was possible, but it was still difficult to put them in a sentence and ensure the questions were answered to, as well as presented in an understandable format. Or visualise the results for that matter.

Firstly, customers were asked what they think about the word value, which could have helped to bring more context to value, since literature stated value is dependent on its context. It could have also assisted to answers to value related to CRM, but it was not as beneficial as expected. Following this, interview questions considered the Gap model, which showed more concrete results. Questions also found out the meaning of price related to relational factors, which referred to the increased importance of relationships according to literature. It could have been good to base the questions just on the theory to



keep it simpler. But then again, two very abstract terms were studied (value, CRM), and it felt those questions could have provided more structure.

It seems like the interviewer has understood what they want to find out through the questions, but it seemed to be harder for the customers to understand what the questions attempted to find out. Several responses wondered to price and functionality that are not as relevant for CRM. Luckily, most of the respondents got the idea of the topic. It is also good to keep in mind that the interviews were made through phone and the discussions lasted between 15-20 minutes. It is questionable whether customers can express their thoughts fully over the phone, and in such a short time.

The journey of writing this thesis has really been filled with a variety of emotions. Emotions of both frustration and anxiety, but also happiness and joy of overcoming those so-called negative emotions. It is probably those emotions that teach you the most since you learn how to overcome yourself. It also teaches you problem-solving, which is another valuable tool for life. This might have been a difficult topic for a bachelors', but it was something interesting, and it felt worth spending some time on. The best tip that was given before starting with the thesis was to choose something that interests you. It is noticeable now at the end of a bachelor's degree that it is a fortunate tip also when choosing a career in the future, and it is worth following that instinct.

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## Appendices

### Appendix 1. Interview questions

1. What do you think of when you hear the word value?
2. How would you describe a good relationship between two companies? What important factors should be included?
3. With which concrete activities does Singa create added value for you?
4. How is customer satisfaction affected if other factors, which you have not yet mentioned, would be missing? Why? What measures would it lead to?
5. What is the companies' greatest competitiveness if the product and the price are the same?
6. Are there specific things that the supplier and the customer have different perspectives on when it comes to how to nurture a relationship?
7. How can a supplier lose a customer? What would it take to get them back?
8. Have you ever terminated your contract with another company? What was the reason (s) for this?
9. What is the significance of the value of the product in money compared to these previously discussed relational factors?
10. How has Singa succeeded in creating value?
11. How has karaoke with Singa gained value for your company?