

CUSTOMER EXPERIENCE IN B2B SAAS BUSINESS

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ABSTRACT

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<p>Abstract</p> <p>Customer experience has become one of the focus areas of both marketing practice and theory in the recent few years. While the amount of customer touchpoints and channels has increased, companies have less power than ever to control the entire experience. Customer experience management now requires involvement of more business functions from the service provider side than ever before (Edelman & Singer, 2015, Lemon & Verhoef, 2016). Furthermore, customers have become active agents co-creating their experiences together with the company (Prahalad & Ramaswamy, 2004). The main objective of this study is to explore employees' role and other key influencing factors inside the organization in creating customer experience.</p> <p>This study is centered around customer experience and investigates how customer relationship management and service quality have an impact on it through a case study of a SaaS company. Methodology used for the case study was in-depth interviews with eight employees of the case company. Based on the study findings, it can be implied that the base for providing good customer experience is consistent communication across all customer journey touchpoints within the organisation. In SaaS business, service quality has a significant influence on customer experience. Instrumental performance is the primary source of customer value, hence if the software works reliably, securely and is able to satisfy the business need, customers more willingly continue using it. Expressive performance can provide customer delight, something additional value to the customers as long as the software is viable, reliable and secure in the first place. Furthermore, as customer knowledge is one of the company's most valuable asset (Crié & Micheaux, 2006), a well-maintained CRM system has a key role in providing customer experience. Employees consider it as an indispensable source of information for efficiently handling customers. Study results show that companies can improve their customer experience by ensuring that customer-specific information is transparent throughout all the touchpoints, by making internal communication more efficient and by focusing on employee training. Besides, process automation and customer-side self-service functionalities have gradually become more important parts of user experience.</p>	
<p>Key words</p> <p>Customer Experience, Customer Relations Management, Service Quality, Customer Value,</p>	
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1 INTRODUCTION

Customer experience is currently one of the key focus areas in marketing practice and theory. The biggest multinational companies are already integrating the creation of superior customer experiences in their strategy and trying to make it one of their principal competitive advantages. Through providing memorable customer experiences companies hope to consolidate and grow customer base by increasing brand loyalty.

With the digital age and booming social media, firms face the need to communicate on multiple channels with their customers and deal with unprecedented complex customer journeys (Lemon & Verhoef, 2016). While the amount of customer touchpoints has risen significantly, the possibility to manage the whole customer experience has shrunk. Customer experience management now requires the involvement of more business functions from the service provider side than ever before (Edelman & Singer, 2015, Lemon & Verhoef, 2016,). Furthermore, opposite to previous views, customers are now regarded as active agents forming and co-creating their experiences together with the company (Prahalad & Ramaswamy, 2004).

The sales of experiences have long moved past its traditional industry (entertainment) expanding into almost all business sectors (Pine II & Gilmore, 1998). To answer the growing need to cater to customer needs on a whole new level, companies in the last decade have started to hire C-level employees in charge of customer experience with the titles “Chief Experience Officer”, or “VP of Customer Experience” among with “Customer Experience Managers”. Their main focus goes beyond correcting old company practices hurting customer experience. They support growth through monitoring the market environment, keeping the company on track and changing priorities if necessary (Hagen, 2011).

In e-commerce environment, outstanding customer experiences apart from creating returning customers; evoke higher engagement with the brand as well as increases positive word-of-mouth (Bilgihan, Kandampully, & Zhang, 2016). However, it needs to be mentioned that brands with the strongest experiences might not necessarily be the ones with the most involved customer base (Brakus, Schmitt and Zaratonello 2009).

Empirical research on customer experience and customer journeys is still in its early stage (Lemon & Verhoef, 2016), thus the availability of customer experience studies in B2B context is even more limited (McColl-Kennedy et al. 2019). This study tries to find answers how employees relate to creating customer experience and how digital information systems, such as customer relationship management (CRM) systems contribute to providing strong customer experiences.

1.1 Study Objectives and Research Questions

The study examines the role of employees in creating customer experience. Employees in this study are frontline workers who are in day-to-day connection with customers and users, therefore during this study I wanted not only to map out how employees think about customer experience and what factors play the most important role in providing high quality customer experience, but also use their opinions and collect what their suggestions are to improve it on employee and company level.

This study presents a case study of a firm working in B2B environment providing a Software-as-a-Service solution. Altogether, eight in-depth thematic interviews are conducted with employees from different parts of the case company working at director, manager and specialist levels of the organisation. Based on the aforementioned study objectives four interconnected research questions arise.

1. What is the role of employees in creating customer experience?

Firstly, the study assesses what meaning employees give to customer experience and what they see as their role in creating customer experience. The interviews cover what are the factors influencing customer experience and what employees think about its attribution to the company's customer base and retention.

2. What is the role of CRM system in creating customer experience?

Software aiding the handling of customer relationships have increasingly become an integral part of the operations of most businesses. CRM systems contain important information about each customer that can help employees' take care of and support customers if used correctly.

3. What is the relation of service quality and customer experience according to the employees? What aspects of service quality influence customer satisfaction?

The software-as-a-service market has gradually become more service oriented over the years, therefore companies provisioning SaaS services need to assess and improve their software's service quality frequently in order to remain competitive (Benlian, Koufaris & Hess, 2014). The third goal of this study is to learn about what employees of a SaaS company think about how service quality, more precisely instrumental and expressive performance, influences customer experience and customer satisfaction. Through the in-depth interviews, I investigate how employees perceive service quality as an element of customer experience.

1.2 Study Structure

The study is made up of five chapters. The first chapter titled Introduction presents the general overview of the concept of customer experience and its importance and outlines the research questions I am trying to find answers to in the study. The second chapter is a literature review with four subchapters 1) Customer Relationship Management 2) Customer experience 3) Customer journey and 4) Service quality. The third chapter, Data and Methodology, focuses on the methodology used in the study for data collection and data analysis approaches. This chapter also describes the case company in short. In the chapter, Results and Analysis the answers from the interviews are analysed thematically. The last chapter, Discussion summarizes the findings of the study and proposes possible managerial implications and further related research topics.

Introduction	Study background and study goals
	Research question
Customer experience and related concepts	Customer relationship management
	Customer experience and customer journeys
	Service Quality
Data collection and research methodology	Case study as research
	Qualitative research – in-depth interviews
	Presentation of the case company
Results and thematic analysis	Customer experience
	Customer journeys
	CRM system
	Service Quality
Conclusion	Empirical findings
	Managerial implications
	Evaluation of the research and further research

FIGURE 1 Study Structure

2 CUSTOMER EXPERIENCE

The goal of the literature review is to present a coherent summary of contemporary research on customer relationship management, customer experience, as well as related topics of customer journeys, service quality.

2.1 Customer relationship management

Nowadays' constantly connected world and increasing amount of purchases happening via the internet permits companies to better tailor their interactions with customers than previously in the offline world (Winer, 2001). By utilizing customer relationship management systems, companies can react in a faster, more personalised way to customer requests, create long-term relationships and can provide better customer experience.

Payne & Frow (2005, p. 168) defines customer relations management as „a strategic approach that is concerned with creating improved shareholder value through the development of appropriate relationships with key customers and customer segments.”

The concept of customer relationship management roots in the notion, that loyal long-term customers are more profitable than short-term ones, therefore it is beneficial to establish fruitful relationships with the customers (Zeithaml, Berry & Parasuraman, 1996). Solely delivering high quality service is not sufficient to achieve higher customer loyalty as most of it originates from the customers' perceived relational benefits. Consequently, customer relationship management is paramount for the business (Chen & Hu, 2013). CRM unites the potential of relationship marketing strategies and IT to create profitable, long-term relationships with customers and other key stakeholders. CRM provides enhanced opportunities to use data and information to both understand customers and cocreate value with them. This requires a cross-functional integration of processes, people, operations, and marketing capabilities that is enabled through information, technology, and applications (Payne & Frow, 2005).

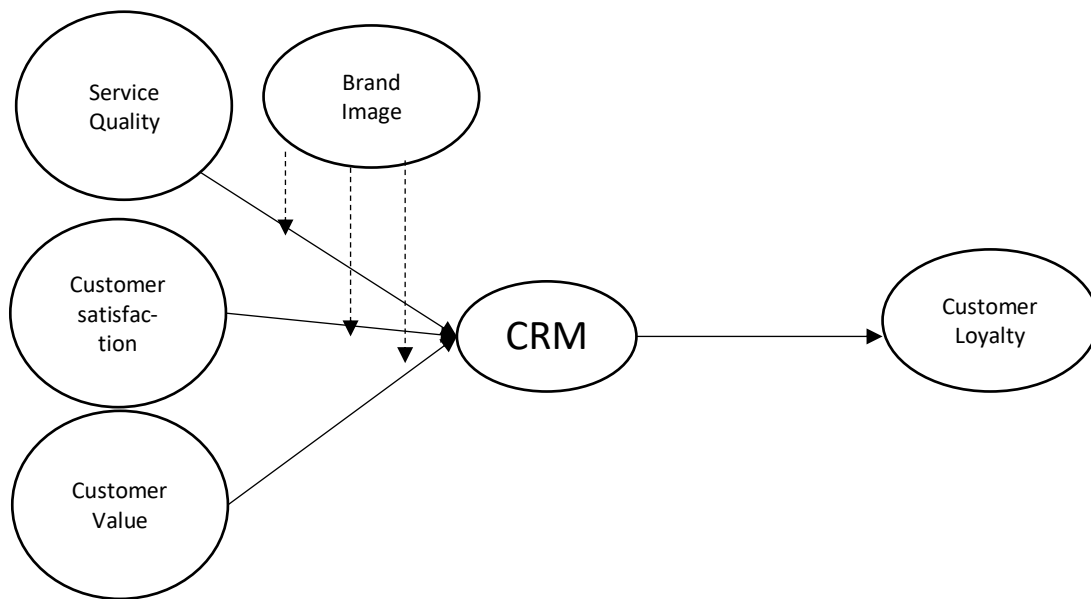


FIGURE 2 Conceptual model of Nyadzayo & Khajehzadeh (2016)

According to previous research companies operating with a CRM system experience improved operational efficiency and performance and more accurate incoming revenue prediction and earnings forecasts. Moreover, as a result of higher efficiency achieved by the implementation of CRM, the operating margin is decreased along with the number of questionable accounts while sales and operation cash flow grew (Haislip & Richardson, 2017). Implementing and maintaining a well-built CRM system with the customer portfolio can strengthen the development of trust and commitment resulting in higher customer loyalty (Conceptual model in Figure 2). Furthermore, customer relationship management quality was proven to be a mediating factor when evaluating service quality, customer satisfaction and customer value (Nyadzayo & Khajehzadeh, 2016).

Companies investing in a customer relationship management solution have different attitude towards the implementation of the system and the overarching function the software itself. In their study Payne & Frow (2005) defined the CRM continuum (Figure 3) by classifying the attitudes companies have towards a CRM system. One of the extreme values of the CRM continuum is where customer relationship management is specified only on the tactical level as an IT or technology solution. A more common attitude companies take can be found in the middle of the continuum. Here, CRM means the integration of several customer-oriented solutions. Lastly, the other extreme value on the CRM continuum denotes an attitude, where CRM is not only tactically, but strategically defined and used to create values for the shareholders. The authors advise to shift towards this last attitude towards customer relationship management, as this will put most focus on creating customer value.

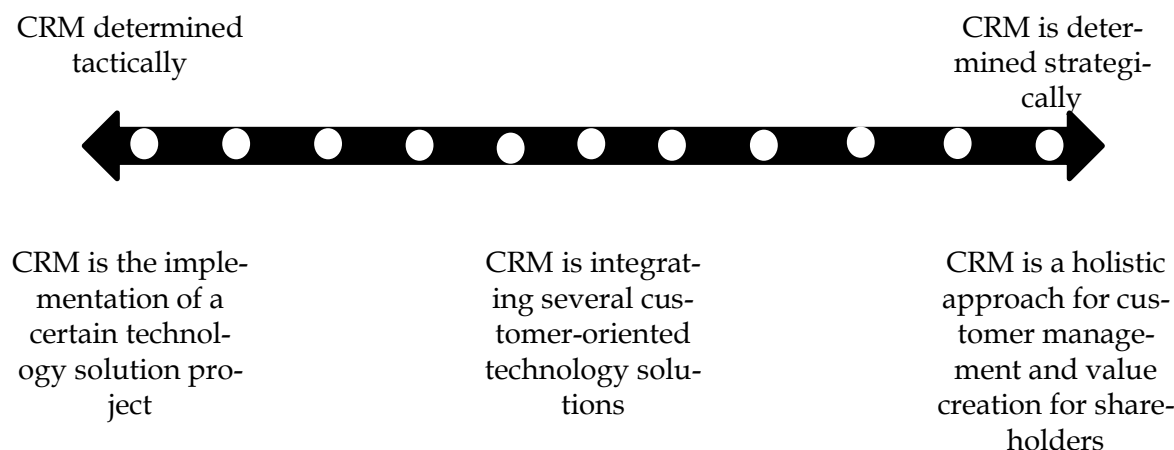


FIGURE 3 CRM continuum defined by Payne & Frow (2005)

Implementing a CRM system helps decreasing companies' selling, general and administrative expenses, make sales on average more cost efficient, develop sales-supporting business processes, induce higher operational cashflows and helps in more precise earnings forecasts (Haislip & Richardson, 2017). It is a decisive factor, how a company defines customer relationship management, as it has underlying consequences on the acceptance and use of CRM in the entire organisation. The function of customer relationship management goes beyond a mere IT system with which the company handles customer acquisition and retention. CRM unites the company's vision with customer value, high-quality operations, product or service fulfilment through a multi-channel communication environment with the customer (Payne & Frow, 2005).

2.2 Strategy Development and CRM

It is essential to keep the company's customer strategy in mind when defining a business strategy, as those are the two critical factors for a successful CRM strategy. The primary business strategy will determine the initial customer strategy upon which later adjustments can be constructed (Payne & Frow, 2005). The number of competitors and new technologies of the market continuously increases, therefore one of the differentiating factors a company can concentrate on is the customer relationship strategy to gain customer trust and shareholder value (Conway & Fitzpatrick, 1999).

Before implementing a CRM system, companies should focus on developing two areas in order to better their customer information quality: internal infrastructure and customer orientation strategy. Their results indicated that information quality has a positive effect on customer relationships, which in the long-term, leads to better overall company performance (Soltani & Navimipour,

2016). Furthermore, companies that are able to utilize the data gained from the CRM system in developing new products can achieve higher revenues and avoid the development of rigidities that would prevent the company to take certain favourable opportunities (Ernst, Hoyer & Krafft, 2010).

Though in the past it was satisfactory to gather information exclusively about the consumers' purchase history and their buying patterns, now companies need more customer insight to effectively manage customer relationships (Greenberg, 2010). From a customer management point of view the most beneficial position for a company to have a single integrated cross-channel view of customer data, i.e. complete customer data integration. In such a database, ideally for each customer individually all channels would be visible divided to each phase of the buying journey (Neslin et. al., 2006).

Customer relationship management data value chain includes obtaining the right data from the customer interactions; management of data quality; acquiring information and knowledge out of the collected raw data; increase revenue through satisfying customers with the help of the acquired information and knowledge. There is a synergy between this data value chain points, that not many organisations fully understand and have not yet taken advantage of to its maximum potential (Crié & Micheaux, 2006).

In order to get a full picture of customers' history, the following information should be presented in a timely manner on each customer record (Winer, 2001):

- *List of transactions.* The purchase history belonging to that specific customer along with quantitative and timely details about each transaction.
- *Customer contacts.* List of contact points between the company and the customer (both initiated by the customer and by the company).
- *Descriptive information.* Pieces of information that helps the company segment their customer portfolio for further targeting and analysis.
- *Reponses to marketing initiatives.* Data describing if the customer has received and responded to any direct marketing or sales campaign.

Unfortunately, even with a working CRM system in place, it is not guaranteed that the right data is constantly readily available. There are several conditions influencing the data quality. The customer database might not contain the right information, for example due to the lack of data quality control or lack of training or empowerment of the personnel handling the CRM system daily. The inadequate data quality in the CRM system might also originate from the senior management not supporting the improvement of the data value chain, probably because key metrics validating how data quality affects sales and marketing efforts are lacking (Crié & Micheaux, 2006). The implementation and use of a CRM system on its own does not guarantee organisational success of customer knowledge. To truly benefit from the advantages of a CRM system, organisations need to gradually shift to customer-centred behaviours and integrating customer data across company processes (Campbell, 2003), as the key for a successful customer modelling relies on good quality data. In fact, it is 80% dependent on it (Courtheaux, 2003). One way, the organization can guarantee

high quality data in the CRM system is answering the following questions internally (Crié & Micheaux, 2006):

- What is the data, what we already have?
- What data is needed to succeed and reach the set goals?
- What is the data, what we are missing to succeed?
- What data is necessary to obtain in the future to remain competitive?

Data, in order to be useful, need to be (complete, fresh (frequently updated, so the database indicates the current true situation), unique (without duplicate values), valid (in accordance with the prevailing data format requirements) and purposeful (suitable for marketing or sales action and decision making) (Crié & Micheaux, 2006).

2.3 Customer knowledge management

Customer knowledge can be a useful asset for salespeople and other company representatives that are in contact with customers to utilize in their daily dialogue with customers to better serve their needs (Garcia-Murillo & Annabi, 2002) thus achieving higher customer satisfaction and better customer experience. There are four different stages of how an organisation creates knowledge. The first stage of the process is *socialization*, where individuals share implicit knowledge through communication. The second stage is *externalization*, i.e. forging explicit knowledge out of the implicit information enabled it to be shared internally. *Combination* is the third phase of knowledge creation, when individuals are able to put information from different sources together. Finally, at the end of the process with *internalisation*, the new knowledge is integrated into day-to-day business practices (Nonaka & Takeuchi, 1995).

Customer knowledge is a valuable resource for companies (Garcia-Murillo & Annabi, 2002) as it fosters the provision of enriched and personalised experiences. As a smaller part of knowledge management, customer knowledge is classified as (Khodakarami & Chan, 2014):

1. *knowledge for customers*: information provided to the customers in order to fulfil their needs in connection with the product or service the company is providing
2. *knowledge about customers*: tacit information available about the customer for the company's employees
3. *knowledge from customers*: information gained from customer via interactions between them and the company's employees

Potentially not every piece of information is relevant to the company, however it is valuable to spread customer knowledge across the organisation at least among the company's management. It might lead to better optimized processes, more customer-centred decisions and development of products, that are better fit for market (Garcia-Murillo & Annabi, 2002).

2.4 Definition of customer experience

Customer experience is becoming a popular element to focus on in business strategies as providing superior experiences serve as a differentiating factor (Srivastava & Kaul, 2014). It should not be considered to be a shapeless concept, but something that can be sold or integrated into the original offering, just like any good or service (Pine & Gilmore, 1998). “Customer experience encompasses every aspect of a company’s offering” (Mayer & Schweger, 2007, p. 1).

To understand the concept, first we need to know how customer experience is formed. Customer experience is created through communication (between the customer and the service provider) via different human and non-human channels, therefore customer experience is always interactional (De Keyser et al. 2015). Others think further, stating that not only interaction is a deciding factor in customer experience, but that it defines the perceived value as well (Prahalad & Ramaswamy, 2004).

Marketing practitioners have lately started to recognise the importance of decoding customers’ brand experiences in order to create working marketing strategies (Brakus, Schmitt & Zaratonello, 2009). Researchers have defined the concept of customer experience in various ways. Lemon and Verhoef (2016) defined customer experience as a complex phenomenon consisting of the cognitive, emotional, behavioural, sensorial and social reactions of a customer during their buying journey. According to Meyer & Schwager (2007 p. 2) customer experience is “the internal and subjective response customers have to any direct or indirect contact with a company”.

According to the most recent research, customer experience is defined as the combination of different value creation elements from the brand’s side and the customers’ respective responses at each interaction point in the form of emotions and cognitive responses. (McColl-Kennedy et al., 2019). Figure 4 shows the simplified framework for analysing customer experience based on their model.

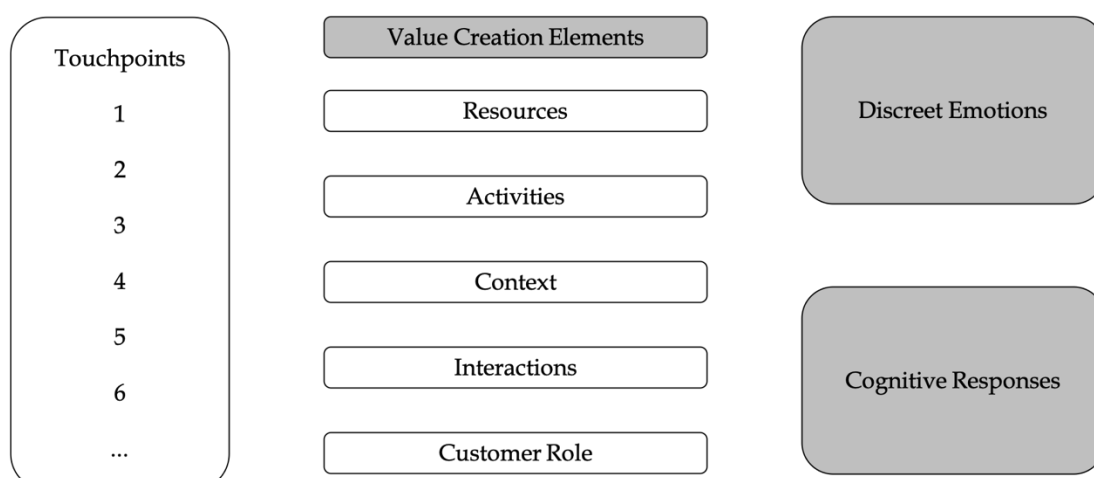


FIGURE 4 Simplified conceptual framework for customer experience analytics (McColl-Kennedy et al. 2019)

Customer experience is a dynamic process along which the customer moves forward in the iterative cycles of prepurchase, purchase and postpurchase phases (Lemon & Verhoef, 2016). In their study, Pine and Gilmore (1998) describe an experience an event that the company proactively shapes to engage with the customer. According to a more modern view, however, not only past experiences with the brand, but also external factors have an effect on the quality of this journey. Because of the existence of these external factors, not all touchpoints of each phase are in control of the company (Lemon & Verhoef, 2016).

In the past, many companies have been measuring customer satisfaction, that resulted in the availability of considerable amount of data. However, to understand the way to create sticking customer experiences it is not enough only measure customer satisfaction, as that is the essence of many customer experiences altogether (Meyer and Schwager, 2007). Brand experience, that is complementary to other similar brand related constructs, such as brand attitudes, brand attachments or brand involvement (Brakus, Schmitt & Zarantonello, 2009). Based on these definitions, customer experience can be considered to be an evolving concept that contributes to customer satisfaction. Customer experience is present throughout the entire customer journey that progresses along with time. That is the reason, why customer experience might not be easily quantified.

2.5 Historical development of customer experience

To continue exploring the concept further, its origin needs to be established. Historically, the research on customer experience is considered to have started in the 1960s. Up until today, the research has gone through different phases focusing on similar themes to customer experience (Lemon & Verhoef, 2016).

1. Customer buying behaviour process models

Earlier, research focus was directed on the psychology of organisational purchases. The model of industrial behaviour, for example starts from the identification of decision makers, analyses their background, motives and expectations. Already here, the satisfaction with past purchases is present as an influencing factor (Sheth, 1973). In the field of advertising research, the use of AIDA-model and related models was promoted where research was trying to discover different drivers of purchase (rational, emotional and motivational) (Lavidge & Steiner, 1961).

2. Customer satisfaction and loyalty

Later, focus shifted to the importance of customer satisfaction and how it affects loyalty. Bolton (1998) found that experiences in the earliest stages of the customer relationship have the highest weight when it comes to deciding to continue a contract with a service provider. She also identified that customer satisfaction cumulatively influences retention and advised managers to try to eliminate or minimize pitfalls in customer relationships, especially in the beginning. From the 1970s, it has become common to measure customer satisfaction, though over time the analysis of other related metrics has also become widely accepted (Lemon & Verhoef, 2016).

3. Service quality

In the 1980s, service quality has become one of the research focuses related to customer experience. Service quality is a complex idea made up of the technical and the functional quality. Perceived service quality is the overall result of a customer's understanding of a product or service during and after the sales process that is compared to the anticipated service quality, prior getting into conversation with the company. To aid discovering weaknesses, the service quality model was developed (Grönroos, 1984) which was then refined further by other researchers. With the expansion of software-as-a-service businesses, the service quality model has been modified slightly to fit the needs of the industry. This resulted in the creation of the SaaS-QUAL scale. SaaS service quality is proven to be an important influencing factor on the intentions to continue using the SaaS software as well as on the customer satisfaction (Benlian & Koufaris & Hess, 2010).

4. Relationship marketing

During the 1990s, the term relationship marketing has become more widespread both among marketing researchers and industry professionals. Main focus of relationship marketing was the evolution of relations between buyers and sellers (Lemon & Verhoef, 2016). Research shows that relationship marketing efforts (if executed well) have positive effects on company revenue (Palmatier, Gopalakrishna, and Houston, 2006). Social exchanges between the parties are considered focal events that provide a platform to the seller to examine the social network, motives of the buyer as well as and evaluation of the current environment of the buyer. Major relationship development factors are trust, commitment and disengagement. Various relationship marketing techniques include performance metering (communication with and gaining knowledge about the customer's priorities), conflict management and raising exit barriers (Dwyer, Schurr & Oh, 1987).

5. Customer relationship management

Marketing professionals have realised that not all customer relationships contribute to the company's bottom line the same way, so gradually started to shift

marketing focus from products and brands to customers (Reinartz, Krafft & Hoyer, 2004).

6. Customer centricity and customer focus

Around the turning of the millennium, research professionals realised, that relationship marketing concentrates too heavily on operationalised relationships, it might not be able to deliver enough customer value. By focusing on the customer experience, on the other hand the company is more probably will create experiences of higher quality, because customer experience as a concept better combines the brands, its relationships and its service quality (Palmer, 2010).

7. Customer engagement

During the 2010's main research focus was on the engagement between the brand and the customer. Customer engagement tries to capture those behaviour models and attitudes that are outside the basic buying journey (Lemon & Verhoef, 2016).

2.6 Customer experience management

Customer experience management is the pursuit of ensuring the best possible experience of the customer at the respective moment, instead of focusing on the past relationship of the customer. One drawback needs to be noted that providing excellent customer experiences require considerable amount of human and financial resources (Verhoef et al., 2009), so companies need to ensure to incorporate these experiences into their strategies efficiently (Mittal & Tsiros, 2007). The role of customer relationship management is undeniable above a certain business revenue; however, it might not be the ultimate tool to help companies create outstanding experiences. While customer relationship management deals with historical data to manage day-to-day operations with existing customers, customer experience management dives deeper into investigating customer's feelings, thoughts to prepare data for future product and service development (Meyer & Schwager, 2007). Table 1 represents the comparison of the two concepts.

TABLE 1 Customer Experience Management versus Customer Relationship Management (Meyer & Schwager, 2007)

	Customer Experience Management	Customer Relationship Management
What?	What a customer thinks about the company	What the company knows about the customer
When?	At customer touch points	After the creation of the customer interaction
How is it monitored?	Surveys, targeted and observational studies	POS data, sales tracking, website tracking, market research
Who uses the information?	Business decision-makers to create better products and services for the customers	Sales, marketing, customer service to make the current offering more efficient
Relevance to future performance?	Leading	Lagging

Organisations can manage customer experience by setting up the key clues along the customer journey (Berry, Carbone & Haeckel, 2002) and examining different capabilities of customer touchpoint journeys, such as touchpoint design, monitoring and adaptation (Homburg et al., 2015). Customer experience management needs to be implemented in the whole organisation, starting from the service operations, IT and marketing (Lemon and Verhoef, 2016).

Customers can be served on different levels and firms can decide to provide certain level of experience according to their availability of customer data and company resources. Nevertheless, the prerequisite of long-lasting partnerships is a functional product and sharing of the necessary information to serve the basic needs of customers. Once this strong foundation has been established, the company can move on providing higher level experiences. On the highest level on the scale is providing such superior experiences, that customers feel empowered and they receive higher control (Pemberton, 2019). Any firm taking steps to enhance customer experience is putting themselves into an advantageous position that can be hard to replicate (Berry, Carbone & Haeckel, 2002).

Customer experience management is not so different in a business-to-business and business-to-consumer context as both of them strive for delivering excellent customer experience and want to have long-lasting satisfied customers. The goal of a business-to-business company is to identify how they can help their customers as a business partner to improve how they are doing business and provide value more efficiently or with less cost. The difference between the two markets is that while in B2B context the main goal is to provide a smooth

and reassuring experience, in B2C business the focus is on providing a thrilling experience and customer delight (Meyer & Schwager, 2007).

Three main factors can influence successful customer experience management: creating a customer-centric focus inside the company as a base-value, involving all key departments to support the creation of customer experience; customer analytics and maintaining efficient partner management network (Lemon & Verhoef, 2016). Once these principles have been established, the company can start to take steps to improve customer experience. A thorough experience audit can help to shed light on current experiences (Berry, Carbone and Haeckel, 2002), extract rich insights on customer perspectives and identifying how customers participate in co-creating the value along with the firm (McColl-Kennedy et al., 2019). After the conduction of the experience audit, the company needs to define their experience motif. Experience motif provides a guiding line when reforming processes for better managing customer experiences and it answers the question, how the company wants their customers to feel. Upon that answer the company can define the clues during the customer journey that they would like to provide to evoke that particular feeling or emotion (Berry, Carbone and Haeckel, 2002). Developing customer experience management also means establishing a churn-risk segment in the portfolio, that should receive distinguished attention; collection of emotional and cognitive responses from customers and spotting and preventing decreasing sales (McColl-Kennedy et al., 2019). In order to refine customer experience, the firm needs to be ready to re-evaluate their decisions along the customer journey and be open to possible new technologies that can support the change. It is beneficial to start by re-designing the pre-purchase stage so customers can enjoy better experience in later stages (Lemon and Verhoef, 2016).

2.7 Influencing factors of customer experience

Customer experience, being a complex construct, has several influencing factors (Stein & Ramaseshan, 2016). Verhoef and colleagues (2009) in their research about customer experiences in retail business argue that social environment, branding and customer experience dynamics shape the customer experience.

Social environment and customer experience:

One concept that is mostly disregarded by marketers and researchers alike is the benefit of building connections between customers, beyond building a relationship between the firm and the customer. Ambassadors (customers with high knowledge of the product or service) can act as advocates for other customers, thus participating in the creation of the customer experience. Therefore, it is highly beneficial for the company to enhance and incentivize these exchanges. Bringing this construct further, companies that create a portfolio of “compatible customers” – made up of both helper and help-seeker individuals, who have the same interest and who might even make friends over time – can

result in higher customer satisfaction and higher switching cost for the customers (Verhoef et al., 2009).

Branding and customer experience:

Customer experience may be influenced by brand perceptions (Verhoef et al., 2009) as customers' expectations about a brand (stated before the purchase) can have critical effect on the evaluation of the after-sale experience and the company itself (Ofir & Simonson, 2007).

Customer experience dynamics:

Customer experience is not completely limited to the times of physical encounters of the company representatives (Verhoef et al., 2009), but it extends and develops over time after the purchase (Neslin et al., 2006). Verhoef and colleagues (2009) conclude, that future expectations are significantly affected by the current customer satisfaction. Hence, it can be stated that past customer experiences influence future customer experiences.

Moderating factors:

Research shows that the customer's dynamic environment and macro level factors, such as economic situation (expansion or recession) or crises have a notable effect on customer experience (Lemon & Verhoef, 2016).

2.7.1 Touchpoints

In the current digital age, companies are expected to manage customers through different channels parallelly. Successful customer management means planning, executing and coordinating all existing channels and making sure that customers get the same value on any of those touchpoints (Neslin et al., 2006). Touchpoints are the building blocks of the customer journey and they can be categorized differently along different parameters. For example, a contact point between the brand and the customer can be direct or indirect in nature. Direct contacts are interactions connected to the purchasing of the product or service and later to the usage of it, while indirect contacts are accidental, such as word-of-mouth, online reviews or advertising (Meyer & Schwager, 2007).

Customer experience touch points can be categorized into four different types based on who has the most influence on them. Brand-owned touchpoints are interactions with the customer over which the brand itself has full control, while partner-owned touchpoints are touchpoints jointly controlled by the existing partners of the brand. In addition, there are customer-owned touchpoints controlled fully by the customer and external touchpoints that can influence customer's or potential customer's perception freely without any specific control. Good example for external touchpoints is peer recommendations or other significant information sources (Lemon & Verhoef, 2016). Customer experience can be influenced by different touchpoint elements to certain extent. These elements can be atmospheric, technological, communicative, process, employee-

customer interaction, customer-customer interaction and product interaction elements (Stein & Ramaseshan, 2016).

2.8 Customer journey

Customer journey can be defined as a set of touchpoints between the provider and the consumer (Rosenbaum, Otalora & Ramírez, 2017) or according to another definition, it is a document in which the company collects key interaction points with the customers and plans them to be successful (Norton & Pine II, 2013). The start of the customer journey is the point of the inception of a particular need in the potential customer's head and lasts until the company has any kind of contractual relationship with the customer (Nenonen, Rasila, Junnonen & Kärnä, 2008).

The difference between customer expectations and the actual experience is decisive at each single touchpoint, if the company is trying to attain customer delight (Meyer & Schwager, 2007). Most successful companies try not only to follow and keep up with the customer on the path they are on but shape the journey ahead of them. These journeys have four different, however interconnected features: they are automated to a suitable degree; they are personalised by using previously gathered customer data; they are constantly developing and lastly the touchpoints are distributed so that the company can interact with its customers in the right context (Edelman & Singer, 2015).

The frame of the customer journey consists of three distinct stages: prepurchase, purchase and postpurchase (Neslin et al., 2006, Lemon & Verhoef, 2016).

1. Prepurchase or Search

The phase of prepurchase consists of every interaction happening between the customer and the environment, category or the exact brand, starting from the recognition of the need, exploring different options and the consideration of committing to an exact brand (Lemon & Verhoef, 2016). During prepurchase stage, two different customer subphases can be found: suspects and prospects. Suspects are companies or individuals with a need in mind, however without approaching any particular target brand yet. Prospects are individuals already proactively enquiring about possible solutions from different providers (Nenonen, Rasila, Junnonen & Kärnä, 2008).

2. Purchase

During the short, but in fact very important phase of purchase is represented by choice, ordering and payment behaviours. From customer experience perspective all interactions between the customer and the brand including its environment are considered (Lemon & Verhoef, 2016).

3. Postpurchase

This phase consists of every interaction after the transaction itself between the customer and the brand where the product becomes an essential touchpoint in the customer journey. Behaviours, such as usage of the product or service, post-purchase engagement along with different service requests occur (Lemon & Verhoef, 2016). Depending on the success of the product or service delivery and the customer experience received up to this point, the customer can become first a first-time customer, continuing on to repeat customer and loyal customer. Finally, customers with the highest amount of trust towards the brand can become advocates who can also spread the word of the brand in their own network, moreover they can be used as reference in the customer acquisition process as a proof-of-concept (Nenonen, Rasila, Junnonen & Kärnä, 2008).

Traditionally in the scientific world and in practice marketers considered customer journeys as linear funnels, with a relatively bigger starting pool of brands then moving forward reducing the number of possible candidates at each step when deciding on a final choice. Court and colleagues (Court, Elzinga, Mulder & Vetvik, 2009) however, introduced a more innovative circular customer decision journey model that resembles more of how current customer make purchasing decisions. They start with an initial set of brands as the first step, then moves on to the active evaluation phase where they can include or exclude brands based on their evaluation criteria. At the end of evaluation, the customer makes a decision and chooses a brand, however the customer journey does not end here. In the postpurchase phase the customer has exposure to the product or service through the use or consumption and during which they evaluate if they are going to enter the loyalty loop, i.e. repurchase from the same brand or consider another one. The visual depiction of their model can be found in Figure 5.

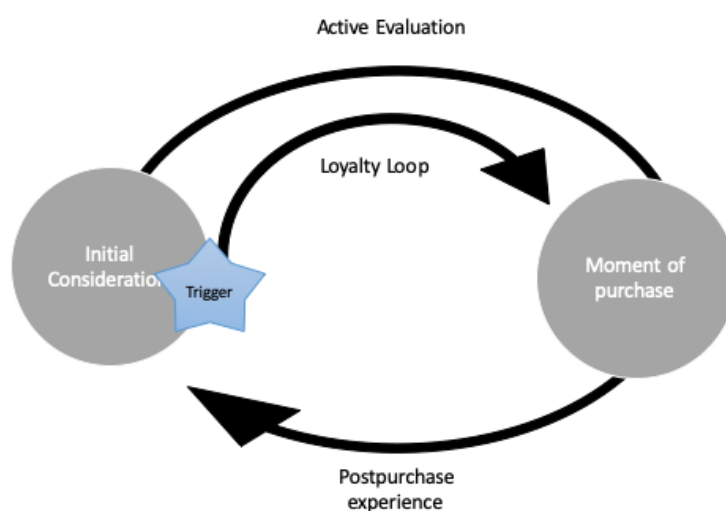


FIGURE 5 Customer Decision Journey model (Court, Elzinga, Mulder & Vetvik, 2009)

Edelman (2010) in his article argues that companies need to shift their marketing strategy from dividing their marketing budget among different media channels (offline: television, radio, out-of-home advertising and online outlets) to start thinking about how to target their potential customers in each stage of the buyer's journey.

2.9 Customer journey mapping

One of the most important steps to understand customer experience is to first establish a solid understanding of the customer journey (Lemon & Verhoef, 2016). There can be even surprisingly huge gaps between the journey originally planned by the company and the journey that the customers actually experience day-by-day (Halvorsrud, Kvale & Følstad, 2016).

Rosenbaum & Otalora & Ramírez (2017 p. 144) defines the customer journey mapping process as „a visual depiction of a sequence of events through which the customer may interact with a service organisation during the entire purchase process”. The main principle to apply when creating customer journeys is to first and foremost keep the customer’s perspective in mind. (Halvorsrud, Kvale & Følstad, 2016)

Companies create customer journey maps to visualize their touchpoints with customers and find improvement points in the level of customer service quality and customer experience. To ensure the most accurate creation of the customer journey map (CJM), managers are advised to collect all touchpoints that can possibly occur during a purchasing process regardless of their criticality (Rosenbaum & Otalora & Ramírez, 2017). Halvorsrud, Kvale and Følstad (2016) have created a practical framework that can be used by professionals to analyse the customer journey and develop it further. Stages to be followed to carry out a customer journey analysis are shown in Figure 6. A complementary tool, service blueprinting can help companies draw their complete customer journey map. Blueprints map out that at each interaction point what happens “on-stage”, (interactions visible for the customer) and what happens in the “backstage”, i.e. what are the internal communication steps (Shostack, 1984). By combining both techniques, the company can master touchpoints with customers and improve touchpoint related internal actions.



FIGURE 6 Customer journey analysis procedure (Halvorsrud, Kvale & Følstad, 2016)

Larger organisations are encouraged to depict the customer journey touchpoints further grouped into different organisational departments that might be included in the purchasing process, thus separating touchpoints with marketing, human resources, customer service etc. The customer journey mapping can also become an innovation tool that the company can later use to develop customer experience across the organisation. (Rosenbaum, Otalora & Ramírez, 2017)

2.10 Service Quality

Another term closely related to and affecting customer experience is the quality of service. High service quality can shape retention rates and can help acquire new customers (Venetis & Ghauri, 2004). Studies have shown that for service consumers service quality is of key importance. Surprisingly, service quality is a higher valued criterion in comparison to the acquisition cost when deciding about the value of service being used (Cronin, Brady & Hult, 2000). Highest levels of customer experience can be reached only if the core value proposition of the brand can be found in each feature of the product or service (Meyer & Schwager, 2007). One study points out that service quality has an indirect effect on customer loyalty (Kiran & Diljit, 2011), however in another empirical study the results point to service quality being a direct influencing factor when it comes to perceived value and behavioural intentions (Cronin, Brady & Hult, 2000). When customers are evaluating a product or service, several different factors influence their perception. Apart from the company's own attempts to convince a customer about the superiority of their product or service, traditions ("this is how we have always done it"), different prevailing ideologies, word-of-mouth of the respectable players on the market or even their own previous experience with the product or service can have an effect on the customer's understanding (Grönroos, 1984). Service quality is defined as "a form of attitude, related but not equivalent to satisfaction and results from a comparison of expectations with perceptions of performance" (Parasuraman, Zeithaml & Berry, 1988, p. 15.).

Service quality is derived from the relation between the perceived service quality and the expected service quality. Customer evaluations highly depend on the perceived value and the intended use of the service or product (Parasuraman, Zeithaml & Malthora, 2005)

As opposed to customers purchasing physical goods, customers using services do not have many signals about quality, that is why it is harder to comprehend than quality of physical products. They need to rely on the service providers' office and surroundings, representatives and equipment. (Parasuraman, Zeithaml & Berry, 1985) Though, in case of a software-as-a-service type product customers do not receive a physical product they are purchasing access to a product usually with a distinctive user interface, functionalities and characteristic look-and-feel.

When evaluating the service quality of a company's product or service, two performance aspects need to be assessed. On the first hand, the instrumental performance of the product or service answers to the question "what?" and refers to the core and function of the given product or service. The instrumental performance is measured (usually) objectively by technical quality. The second performance aspect is the expressive performance, which deals with the overall contacts with the customer, i.e. more the interpersonal aspect of the sales of a product or provisioning of the service. Expressive performance is measured by functional quality and it can be more difficult to measure objectively as it is related to human relations (Grönroos, 1984).

Based on the evaluation of 19 service quality models, the determinants for improved service quality include a clearly defined market focus and customer-centricity, motivated and committed employees, understanding service quality, objective and system for measurement of results and an effective feedback process, adequate implementation and customer care system (Deshmukh, Seth & Vrat, 2005). In order to deliver the smoothest customer experience possible, every single function of the company needs to be working towards it in a well-defined and closely monitored process backed by the supervision of the top management (Meyer & Schwager, 2007).

The notion of perceived service quality, which is "the outcome of an evaluation process where the consumer compares his expectations with the service, he perceives he received", thus comparing the expected and the perceived service (Grönroos, 1984, p. 37.). Two vital factors for improving perceived service quality is including customized (Coelho & Henseler, 2009; Parasuraman, Zeithaml & Berry, 1985) and standardized elements into the service offerings. One study showed that the latter has an even bigger positive impact on the overall service quality. (Kasiri, Guan, Cheng, Sambasivan & Sidin, 2017)

2.11 Software-as-a-service and service quality

Cloud services have evolved significantly in the last decade resulting in even companies that previously have been engaged in providing on-premise software extending their offering to at least some kind of cloud-based software. Cloud services today have three distinct categories: Infrastructure-as-a-Service, Platform-as-a-Service and Software-as-a-Service. (Zhang, Cheng & Boutaba, 2010). Software-as-a-Service is a multi-tenant application distributed and accessed by users through the internet. One of the main advantages of SaaS solutions is that organisations do not have to put extra load on their in-house IT staff to develop, maintain the application infrastructure and regularly update the software, because the SaaS vendor does that in return for the recurring subscription fee. SaaS solutions have minimum customization for each customer due to their multi-tenant nature. This naturally means that organisations have to rely and accept the solution they are buying generally as-is (Ju, Wang, Fu, Wu, & Lin, 2010).

One recent study with the users of a SaaS company concludes that the top priority deciding factors of SaaS service quality from the customers point of view is provided transparency for bug fixing and error correction; the SaaS vendor's customer centeredness and willingness to solve customer's problems; suitability of the software to answer to a real business need; implementation of new developments and the consistent service delivery and performance. In order to improve the users' perceptions on the solution a study suggested creating a roadmap and respective explanation on the upcoming features and their suitability to different business needs (Freitas & Neto, 2017).

As higher levels of service quality contribute to higher customer satisfaction and customer satisfaction is one of the major factors in continue intention (Hariguna, Lai & Chen, 2016), SaaS companies need to think about assessing SaaS service quality through feedback of the software users (Freitas & Neto, 2017).

2.12 Churn in SaaS business

With the start of the SaaS solutions era, the advantages of these solutions were the comparatively lower IT costs, flexibility, the possibility to upgrade quicker, as well as efficient implementation. However, in many instances these advantages were paired inadequately managing and fulfilling customers' service quality expectations. Companies providing SaaS solutions need to focus holistically on service quality and should not exclusively rely on the lower costs and easier implementation in order to keep their customers satisfied longer (Benlian & Koufaris & Hess, 2010).

Companies working in Software-as-a-service model face with higher customer acquisition cost due to higher marketing, advertising customer training and staff expenses than traditional software companies. Hence, Software-as-a-service companies need to monitor churn rates very closely as customer retention is vital for their survival on the market (Ge & He & Xiong & Brown, 2017). Thanks to present days' technological advancement in products for managing customer relations, companies are more than ever equipped to keep their promises to customers, increase profits and thus fight churn (Winer, 2001).

To be able to decide how to designate an adequate amount of investment improving the different aspects of service quality, managers in SaaS-companies need to examine what are the perception of the customers on SaaS-solutions. (Benlian, Koufaris & Hess, 2010) and find out the casual factors and model customer churn (Ge, He, Xiong & Brown, 2017). Benlian, Koufaris and Hess (2010) established a new scale for the measurement of the servicer quality in software-as-a-service-based companies to replace the original service quality scale serving for non-SaaS businesses.

TABLE 2 Main construct of the SaaS-QUAL scale (Benlian, Koufaris & Hess, 2010)

Construct	Definition
Rapport	The ability of the SaaS vendor to provide support and to solve customer specific problems
Responsive-ness	The ability of SaaS vendors to provide the SaaS application (service uptime) and the availability of support personnel
Reliability	The ability of SaaS vendors to provide promised services on time
Flexibility	The customers' ability to tailor their contractual or technical terms with the SaaS vendor
Features	SaaS vendors' ability to provide the necessary features to customers that respond to their business needs
Security and Privacy	All steps taken to avoid customer data breaches and system downtime

Based on their research, they conclude that out of the six constructs, the most important aspects of service quality according to customers are Responsiveness and Security and Privacy.

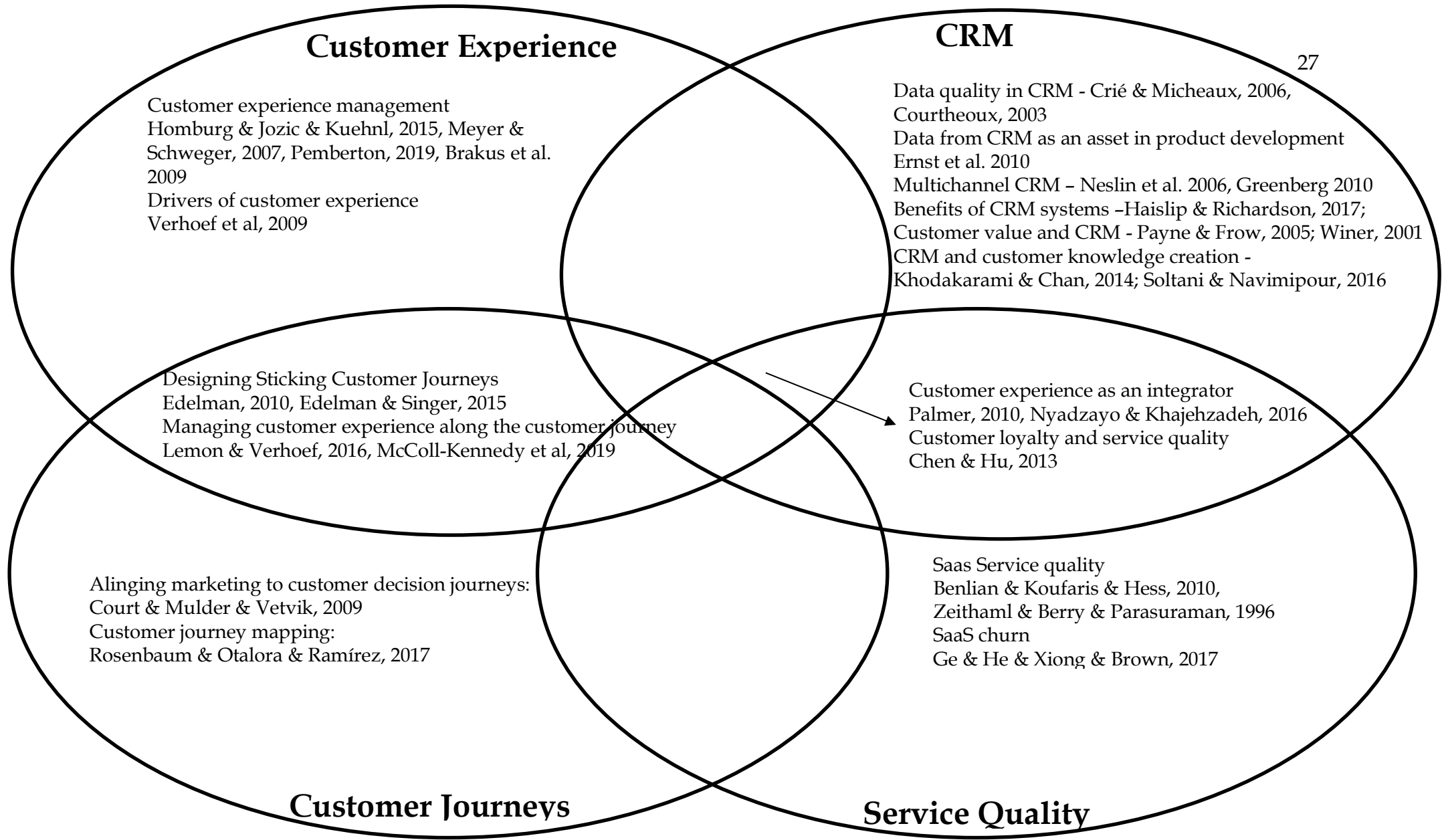


FIGURE 7 Research model

3 DATA AND METHODOLOGY

This chapter presents the chosen research methodology, data collection and data analysis methods. Moreover, this chapter provides a short overview of the chosen case company.

3.1 Case study as research

This thesis approaches customer experience from the employees' point of view. It strives to find out what employees of a SaaS company think customer experience is, what their roles are and what factors they think influence customer experience. CRM system is a valuable tool for handling customers, so the second set of themes relate to the role of the CRM system in creating customer experience. I try to explore how information in the CRM system can help (primarily) front-line employees (sales, account management and customer service) provide better customer experience. Lastly, what relations exist between service quality and customer satisfaction. Besides how much weight instrumental quality of the SaaS software has in creating customer experience and how much it constitutes to customer retention and churn.

In the field of industrial marketing, case study is one of the most attractive research methods (Easton, 2010) and case studies are often used in social studies to analyse and interpret social behaviour (Kvale, 1996, Zainal, 2007). This study concentrates on customer experience and related concepts in SaaS business, so a case study was conducted with the chosen SaaS company. This case study employed two different methods to obtain valuable data about customer experience. One qualitative methodology used was thematic in-depth interviews. The obtained information from the interviews constituted the backbone of the research. Additionally, secondary data was collected about the organizational structure and current touchpoints with the customers.

3.2 Data collection

The chosen case company is a middle-sized technology company in Europe that employs around 100 employees altogether. Its target customer base is mainly middle-sized companies to large enterprises, often operating internationally. Its software product is offered in a software-as-a-service model. Customers upon signing agree on a one-year recurring contract, committing to at least one year of cooperation. This timeframe enables the company to spend enough time to train the users, create business benefits through the use of the software and build meaningful relationship with its customers. The aim of this study is to examine the company's own customer experience processes and the knowledge and attitude of its employees towards customer experience. Furthermore, the company naturally would like to manage their customers better, introduce processes that cultivate the provision of better customer experience and creation of meaningful customer relationships. Its goal is to keep the customer base healthy and reduce customer churn.

The contact person from the case company works as the Director of Technology and helped to appoint the people to be interviewed for the data collection. The list of the interviewed employees, their respective positions, place of work and the length of the interviews can be found in Table 3.

TABLE 3 Conducted interviews at the case company

	Position	Country	Interview length
1	Director of Technology	Finland	66 mins
2	Country Manager	Finland	50 mins
3	Country Manager	Sweden	63 mins
4	Team Leader 1, Sales	Finland	57 mins
5	Team Leader 2, Sales	Finland	86 mins
6	Team Leader, Technical Solutions	Finland	65 mins
7	Customer Service Specialist	Finland	62 mins
8	Director of Marketing	Finland	74 mins

The thematic interviews with the employees specified above were designed and conducted in accordance with the seven stages of interview investigation (Kvale, 1996).

TABLE 4 Seven stages of the interview investigation (Kvale, 1996)

Phase	Description
1. Thematising	The process of define the purpose of the research interview by specifying the why, what and the how
2. Designing	Form the frame of the research, keeping in mind the interconnectedness of the seven stages, focusing on the acquisition of the intended knowledge and the ethical concerns of the study
3. Interviewing	The process of conducting the interviews with the help of a prepared interview guide
4. Transcribing	The processing of the recorded material for later analysis, regularly converting the tape recordings to written text
5. Analysing	The process of choosing the appropriate methods to analysing the interview material
6. Verifying	The process of ensuring that the findings of the research interview is generalizable, reliable and valid.
7. Reporting	The process of documenting the findings of the research according to scientific criteria

Qualitative research aims to be experiential, as the researcher's main goal is to provide insights that are in tune with the reality, they aim to be naturalistic and empirical, focusing on the perceptions of the subjects. The study describes the answers' context in detail and focuses on unique and specific objects and activities (Stake, 2010). Based on the literature review in the previous chapter and the research model, four core themes were identified that is covered during the interviews:

- customer experience,
- customer journeys,
- customer relationship management and CRM as a tool,
- service quality in SaaS business.

More detailed breakdown of each of the four themes into subtopics can be found in Appendix 1. All the conducted interviews were recorded, which were them transcribed to be used in the analysis. In case of each theme all relevant answers were collected, and the most prominent statements were chosen to be analysed. Case studies are usually made about one single case and are specific by nature, therefore the establishing general findings is challenging (e.g. Aaltio & Heilmann, 2010).

4 RESULTS AND ANALYSIS

4.1 Results thematically

4.1.1 Customer experience

When discussing customer experience with the interview subjects, we covered customer experience as a concept, customer experience at the case company and how each person in their own respective positions can influence customer experience. We reviewed also how internal processes foster the creation of good customer experience and also the role of ambassador customers or “super users” in the creation of customer experience.

The interview subjects defined customer experience as a concept as the customer’s perception of the company and events with the company at different touchpoints, the cumulation of feelings and emotions of the customer based on all the interactions between the company and the customer organisation.

“Customer experience is the cumulation of all those action points that have been taken between the customer and the company.” Customer Service Specialist

Moreover, customer experience is in fact, how the customer perceives the (business) value and benefits that is gained from interacting with the SaaS service provider, its software and customer service. Customer experience can be evaluated at one single touchpoint or it can be regarded as a continuous journey by looking at the whole collaboration even before becoming a customer or after the collaboration has been terminated. It is an overall picture, perception that the customer has about everything that is related to the company, its online platforms, digital and physical materials, product(s), personnel and events. Brand image and the customer’s individual perception of how the company interacts with them is a very important influencing factor. In case of a SaaS software, user experience plays a significant part in the overall customer experience. The product needs to be both solving a business need and also be easy-to-use for anybody with basic IT skills.

“The use of the tool and the feeling and if the using of the tool pleasant or not. The pleasantness comes from the technology and our expertise. They are first doing the right things in the right way.” Country Manager, Finland

Providing good customer experience means providing value to the customers and ensuring that the collaboration is beneficial and healthy from both sides. Every department and function in the company can in one way or another contribute to creating good customer experience, but they bear different weights in

the customers' eyes. For example, sales and account management, customer service and marketing are all interacting differently and with varied frequency and contributing separately to customer work. Good customer experience in every case means customer centeredness and focusing on solving the problems of the customer. Regarding customer service and technical implementations speed and precision are key, while providing something extra to the customer on top of the original request, "customer delight" can increase customer experience. High customer experience is reached when the customer themselves feel that the service provider cares about them beyond doing their jobs.

"If a customer is contacting us with any issue or request and we are able to fix that and maybe provide something extra. Maybe give some tips and tricks so that the customer feels that we actually care." Team Leader, Technical Solutions

Employees working in positions where daily interaction with customers is expected have higher responsibility to be knowledgeable, available and overall to provide constantly high-quality customer experience. Account management is the function where employees day-by-day try to create long-lasting relationships, trust and customer intimacy. In their role it is crucial to be familiar with and represent the company's vision and strategy and to be able to communicate those clearly to customers.

"We are the face of the company as they might not see anyone else from the company but me. Everything that comes from my behalf is presenting the values and strategy of the company." Team Leader 2, Sales

Based on the interviews apart from commercial functions, like sales and marketing, research & development is thought to be responsible for contributing to providing good customer experience. Most of the interviewees agreed that developers and product managers should keep user experience in mind and strive for the creation of an easy-to-use SaaS software. It is insufficient to design a well-functioning, reliable product, when (depending on the target users) extensive training is needed to work with it. In general, providing good customer experience is every employee's responsibility, however company representatives working directly with the customers on a day-to-day basis have greater influence on it.

"I am trying to create and develop products that provides some value to the customer, so that it is useful and creates some tangible benefit to the customer. Then, of course alone it is not enough if the software is not easy to use, so the user experience comes into play." Director of Technology

Currently most of the communication to the users happens through the representatives responsible for each customer account via phone, email or on-site visit and there is no automated messaging implemented straight from the application. One interviewed employee considered it important to communicate to

users in an educative manner and at least sometimes “without trying to sell something”.

According to multiple interviewees the marketing department can help to improve the external visibility of the company, by designing platforms that cater to the needs of the customers and creating events that complement the product offering. Events that interest and give extra value to customers and evoke customer delight help creating good customer experiences.

Internal processes on their own don't provide value, but rather can act as leverage to creating good customer experience across the organisation. When asking about what internal processes foster the creation of good customer experience one of the leaders has emphasised the fact that first and foremost a culture where one of the main values is looking after the customers and respecting their needs should be created as the foundation. They mentioned that onboarding, training and more efficient internal communication between different functions are also essential.

All the interviewees considered ambassador customers (customers who have been using the software for years), a great asset and an important factor when discussing customer experience. They make account management work easier by supporting, inspiring and educating fellow users in their own organisation. They are able to “sell” the software within their own network and when they are together with other users, e.g. participating in an event; they can turn people who are neutral about the product to positive and turn negative-minded users more positive. They are considered a more credible source of information for potential users than salespeople. Ambassadors act like advocates of the company; their energy is infectious and are great help in spreading positive word-of-mouth on the product. This is why interviewees all agreed that keeping them satisfied customers is crucial.

“ Throughout the years this has been people business. Always. You are able to get something done when you find a good counterpart. Then when you get the sale and the same person stays or is able to get the same understanding and enthusiasm to other people then it will be a good cooperation. ”Country manager, Finland

The use of ambassador customers can give more established requests for product features and add-ins due to their long experience with the software. They are also considered to be key factors in expanding collaboration with the service provider, hence supporting expanding the collaboration.

“ If there is no ownership at the customers' end who would buy, we cannot own the whole collaboration. We do our bests, but we cannot do it. So, the ambassadors are important, they are the ones who are driving it with us in the customer organisation. ” Country Manager, Finland

Customer relationship is reciprocal, it needs at least two humans on both ends of the collaboration.

Overall most of the interviewees mentioned customer value as one of the main critical factors in creating customer experience. Until the customer gains value from the use of the software, the employees are customer centric, the customer usually evaluates the experience as good and the collaboration continues.

4.1.2 Customer journeys

Several interviewees argued that customer journey starts before signing the contracts. It begins already when a potential customer learns about the company or the product. They might visit the website, social media company pages or hear about it through a colleague or acquaintance, see an advertisement or they discover the product through some other channel thus forming a perception about it. All information, marketing communication in the online or offline space contributes to the impression about the brand and its related products even before they have ever had a discussion with a company representative. The following two process charts will describe respectively the sales process depicted in Figure 8 (starting from pre-sales phase to purchase) and the account management process depicted in Figure 9 (post-sales phase).

Pre-sales phase and purchase

According to the interview subjects there are no two similar customer journeys, as humans are involved in the sales process. However, based on the interviews the following frame of the touchpoints was identified (Figure 6) in the pre-sales phase of the customer journey.

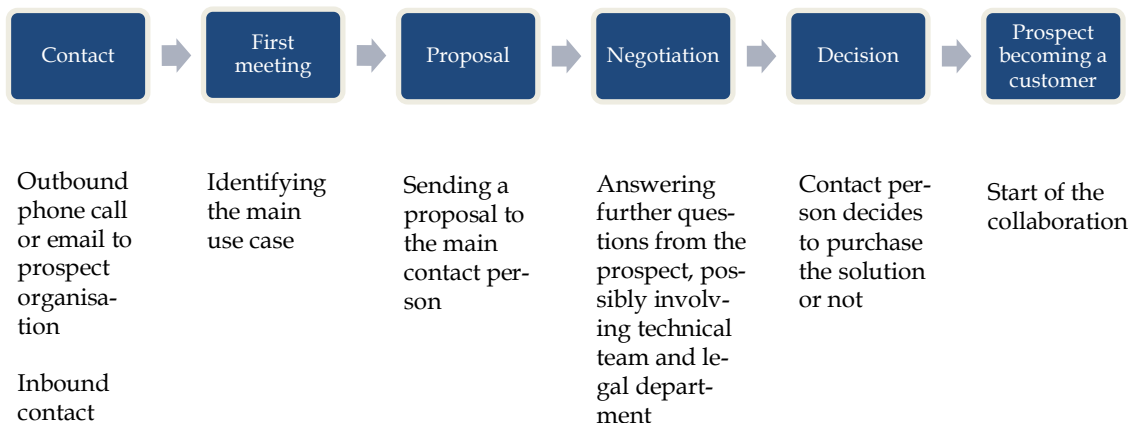


FIGURE 8 Pre-sales phase of customer journey

The pre-sales phase can start in two different ways. Either the prospect is already looking for a similar solution, learns about the company through one of the channels, visits the company website and fills out the contact form. Hence, they become an inbound lead that reaches the sales department. In the case of the case company, inbound contacts are quite rare and instead most of the contacts are outbound in nature. Sales representatives pursue potential customers through social media channels, like LinkedIn or by attending networking events and fairs and call or email potential contacts asking for a meeting. If the contact is interested, they agree on an online or a personal meeting on-site at the prospect's office.

During the first encounter, the sales representative tries to evaluate if the solution would be a good fit for the prospect's organisation by identifying a specific use case for the software by asking questions about the business needs they have in the organisation. Furthermore, depending on the organisation size, the sales representative gets an approximate understanding about what will the possible deal size be, included features and number of users in the offer. The salesperson apart from identifying the use case gives a short demo about the software to present how it works in practice. This touchpoint is very important, as the potential customer gets their first impression about the service provider's representative's knowledge and professionalism. Also, the use case identified at this touchpoint will be crucial to build the business case on and decide the success of the sale and further on the collaboration.

After the first meeting, the salesperson tries to contact other people from the organisation to expand the number of use cases or they can directly send an offer to the prospect. After the proposal, especially in case of deals with bigger enterprises a longer negotiation process starts. During this process the salesperson might involve other departments. The technical team can help to evaluate the potential customer's infrastructure based on the needs and give technical advice on integrations and compatibility. The legal department helps the salesperson in negotiations about the agreement terms with the prospect's organisation. At the end of the negotiation phase the prospect will decide if they would like to start the collaboration with the service provider or not, i.e. deal is closed won or closed lost. The prospect organisation can drop out of the sales process at any point of the pre-sales journey if the solution is considered unfit for their business needs, the purchase of the software is not timely, the business need no longer exists or due to other reasons inside the prospect's organisation (e.g. cost cuttings).

Post-purchase phase

If the potential customer agrees to start the collaboration with the service provider, they become a customer and many times a new person takes over the account to start the implementation of the use case, plan for the first year of the collaboration and train the users. The basic steps of the account management model at the case company is displayed in Figure 9.

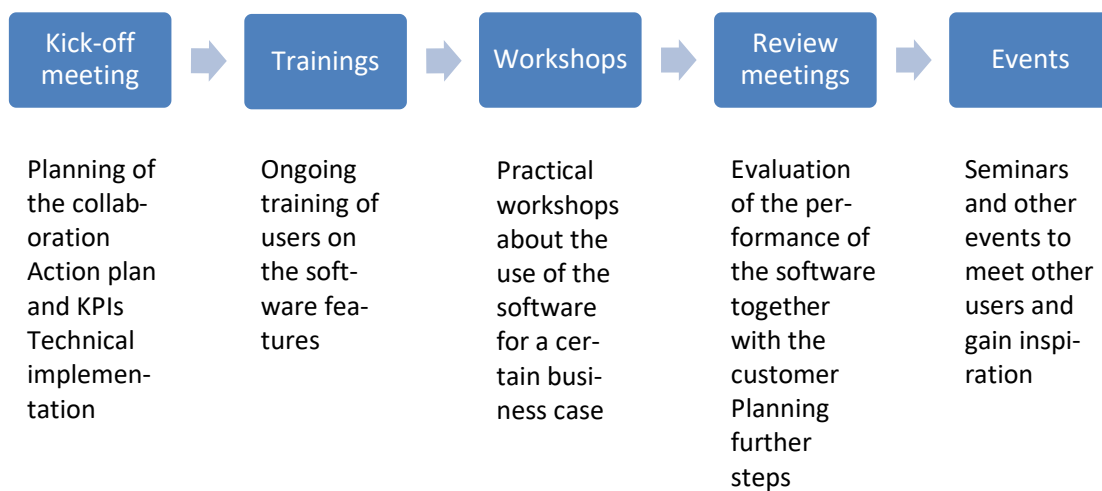


FIGURE 9 Account management process

The first step after the purchase decision and signing of the contract is organising on the kick-off meeting of the collaboration. Here the parties agree on different KPIs, define an implementation plan, set training dates for all the users who are involved and set the dates of the review meetings (every half year or quarter). During the implementation phase the customer and the assigned representative is working more closely together to ensure the further success of the collaboration. Calls, meetings workshops are much more frequent than later on in the collaboration. The implementation phase lasts for approximately 6 months, however it is dependent on the collaboration size and number of departments involved from the customer side. During this phase, the customer might have some touchpoints with the technical team for setting up integrations if applicable and learn more about the compatibility with other software in their infrastructure. All the way the customer journey, the customer might face issues with the product or with the usability of the product when they will contact the customer service desk for help.

Events as physical touchpoints

Above all the mentioned touchpoints, the company is regularly organising seminars and other events for their users and potential customers to get familiar

with the product. These events are organised locally in every country depending on the market size. The goal of the seminars is to inspire the attending users and potential users to use the product more frequently and gain more benefits. By physically interacting with users the company hopes to increase customer loyalty and provide more value through the user community around the product.

Other touchpoints

In one of the interviews one team leader told about how much the quality of the customer journey depends on the personality, habits and available time of the person handling the account.

“It depends on the salesperson handling the account how the journey will look like when they are our customer. For example, regarding how many contacts they receive and what kind of service they receive” Team Leader, Technical Solutions

Currently the case company does not use any online communication channel, e.g. monthly newsletters, product updates, new features or special offers in-app or via email. Thus, the amount of received information about the product depends on the communication from the company representative handling the accounts. The representatives have different experience in account management, they are on different seniority levels, consequently their performance will vary, making every customer journey somewhat unique.

“I don’t believe that there should be solely humans in the contacting process. Different touchpoints would include human to human connection as a dialogue and then the user when it uses the software it is a touchpoint as it is interactive.” Director of Technology

Almost all the interviewees mention it as a positive thing to keep up personal contact and human touch with the customers and key users. They believe that this is a key advantage in the service they provide, however they all agreed that communicating through online channels and generally more marketing communication towards the existing customers would be complementing the customer service. A director level employee told during his interview that he doesn’t believe in exclusivity, to have only humans or only automated online communication in taking care of the customer relationships, but he believes in creating the right communication balance between the two.

Internal alignment on customer touchpoints

To ensure the best possible customer experience one of the interview participants highlighted the importance of being aligned and transparent internally through all the touchpoints regardless of whom the customer is interacting with.

“Whenever the company speaks out with a unified single voice, it helps to build trust with the customers. Whenever you have different signals coming out of different units, it can create a negative effect for the customer.” Customer Service Specialist

Multiple interviewees have mentioned that the lack of internal communication can lead to the perception of being misaligned that might result in negative experiences. If the service provider transparently communicates to the customers and all the different departments interact with the customer the same way providing the same information, the experience can be excellent regardless of the seriousness or scope of an issue. Ambivalent promises, lack of ownership can all lead to negative experiences. The company can come across as unprofessional and internally uncoordinated.

Expectation management

Multiple interviewees mentioned the importance of managing customer expectations starting from the pre-sales process late until the implementation phase. The point of a prospect becoming a customer is a very important point, as everything the company that far promised needs to be delivered.

“In many senses, it is a very important phase, that everything that we have done up to that point, how the sales process has been conducted, all the expectations has been set, we can actually meet those expectations. So, in many cases it can be that the feeling is the most positive and that should not be the situation. It should be growing from that point on.” Director of Technology

According to one interviewee many times salespeople talk about functions, that might work differently than they have explained it to the customer or fulfils the business need slightly differently, or in some cases the mentioned feature has not been rolled out yet. This can be due to inadequate technical training of salespeople or misunderstanding the customer needs. In these customer cases very often the customer experience suffers afterwards in the implementation phase, when the things that have been agreed on are not deliverable or deliverable, but differently. The customer might feel disappointed, unless the person handling the account can turn it around and manages to “sell the solution again”, now transparently with real capabilities, features and functions. Nevertheless, that does not start the customer collaboration at the most positive state possible. If not handled properly, the customer might decide to churn at the end of the first invoicing period.

“If we are already late in the customers’ eyes, even the greatest new features don’t actually give the big impact, because they have already expecting that feature to be released months ago.” Customer Service Specialist

Similar principles apply when telling about upcoming new features to our customers and providing an exact launch date. Some unprecedented technical issues might occur during the development process, there might be a change in

priorities, which will delay the rollout date significantly. Couple interviewees have mentioned to prefer “overdelivering”, i.e. surprising the customers with new features or functionalities of the product, rather than promising something unrealistic. Customer experience should be monitored through frequently being in contact with the customer and clarifying the customer needs and managing expectations throughout the customer journey. Expectations management has a higher weight in the beginning of the collaboration, when the trust towards the service provider and the SaaS product is just forming, however this needs to be maintained until the end of the customer collaboration. As trust is built, there is more room for flexibility, but at the beginning of the customer relationship, the service provider should do everything to appear trustworthy, transparent and professional.

Customer classifications

The Swedish country manager has provided a customer classification example that they use in their account management processes. After the end of the first contract period (12 months) the future of the customer relationship can usually continue in three different ways.

TABLE 5 Customer classifications

Satisfied customer - Neutral	The customer is satisfied with the product and service they receive. However, they cannot see how extra value could be gained by expanding the partnership.
Satisfied customer - Engaged	The customer is engaged, uses the software frequently and aids the service provider to expand the usage elsewhere in the organisation, because they see the overall value and how it would help others. Active, possible ambassador.
Dissatisfied customer - Negative	Customer experience in the first year was negative, the ROI is low or the expected value from the software was not obtained. Possible churning customer.

The classifications are then entered and updated in the CRM system, that will be visible for all employees who are working on that respective customer account.

4.1.3 CRM as a tool

The case company uses two CRM systems at the moment, one for tracking sales performance and one for marketing purposes and event management. A year before this research was conducted, the company changed its CRM for sales from another solution, so the new software has been already in use for approximately 12 months. In the first part of this chapter CRM system for sales is referred to exclusively.

All of the interview subjects agreed on the concept, that keeping track of the customer activities and interactions is vital for efficient customer relationship management. One of them mentioned that due to the business' current size and state of internationalisation it is necessary to have a dedicated software storing the data related to potential and existing customers.

“Without our CRM system, it would be increasingly difficult to monitor, manage, steer lead and administrate anything relating to the customers without having a sophisticated software behind it.” Country Manager, Sweden

One of the team leaders interviewed recalled the time when the company was relying on a previous CRM software for account management that proved to be insufficient for their needs. Based on her description, it was overly complex and considerably less user-friendly than the current CRM system in use. As a result, most of the salespeople did not use it properly or did not use it at all.

“There was no possibility to track anything decently, it was hard, and nobody did it. It didn't serve the purpose that it needed to serve. It escalated in those situations when people left the company and new ones came. We didn't have any history of the customer.” Team Leader 2, Sales

The importance of keeping history of the customer events, interactions and agreements culminates when an employee leaves the company taking all knowledge with them about those customer relationships that they managed. As in SaaS business scalability is one of the key driving forces, having and using a CRM system adequately can increase the scalability of account management and making customer case less dependent on individuals.

However, tracking of data does not only serve the transferability of accounts from one person to another. Salespeople might have up to 50-60 customers to take care of. Keeping track of each interaction and remembering all the information that was said and all the actions agreed upon in the meetings and during the phone calls can be challenging. Thus, CRM system is a valuable source of information for the person handling the account as well. The available information about the customer relationships can also enable upselling, can lead to more efficient saving of potential churning accounts and overall building trust. Without the information available to the person managing a prospect or a customer account, crucial points or actions can be forgotten about a customer relationship which in the long run leads to decrease of trust in the service provider and deterioration of the customer experience.

“If the customer has to remind every time and tell the same stories it does not lead to a good customer experience.... Especially if there would be a same person be responsible of a customer organisation it would definitely in the long run would lead to the fact that the customer feels that “I’m not listened to at all”.” Director of Technology

Many of the interviewees mentioned the use of CRM as the reporting and monitoring tool for sales employees. Supervisors can evaluate sales employees’ performance by reviewing automatically generated reports or dynamic dashboards, about the number of contacts made at a certain period of time, size of the pipeline and amount of closed sales for each individual. Activities recorded in the CRM, for examples calls, booked and attended meetings with customers and potential customers, open deals and closed sales are KPIs upon which salespeople are evaluated. CRM can also serve as self-monitoring tool for the salespeople to see what level their performance is compared to their targets. Supervisors have an overall visibility on what salespeople spend their working days with. They can monitor if the salesperson is contacting the right companies in specific industries and the right contacts in those companies so if needed, they can advise some corrections.

The CRM system in the company overall was regarded as an expensive, however vital investment for managing customer relationships. The system is used as a data base of historical data, monitoring and reporting tool, for managing of overall sales pipeline, used as part of the setting the targets for sales employees and part of quality assurance of sales work. Multiple interviewees have admitted that though currently the CRM system is used more extensively than in previous years, its potential is still in its infancy in the company and there are much room for improvement.

How to ensure that the right data is entered into the CRM?

“If I have a question regarding something, I can just log in to our CRM system and check it from there. It shouldn’t be extra work, it should be less work.”
Team Leader, Technical Solutions

Even though the maintenance and keeping data in the CRM system up-to-date is continuous work required from the salespeople, the overall expectation of all the interviewees is that by using the system, the overall workload would be less than without the use of the CRM system. When asking about ways to ensure that the right data is entered into the system, the interviewees had different ideas. Easy-to-use, less complicated system is one of the prime factors that can support salespeople to keep the data clean and up-to-date. During multiple interviews the subjects mentioned that the right training is essential for every employee right from the start of their employment. One of the managers mentioned that the sales organisation uses the CRM as a quality assurance tool. They check the data quality level of each sales employee by spot checking some

of their accounts and some of the data that they entered. If the data is inadequate or some of the parameters are missing, the supervisors will ask the employee to fix the issue.

“I would heavily check what could we automate. If we rely on people, people can always make mistakes. If you leave the option to make a mistake, the mistake will happen.” Team Leader, Technical Solutions

At the moment, most of the data is entered into the CRM for sales manually. In one of the interviews a team leader suggested to review all the processes that the company follows when a customer interaction is recorded into the system and see what can be automated. Automation is expected to lower the administrative workload and mistakes will less likely to happen.

Use of two CRM systems

The analysis above was dealing with the CRM system used by the sales department. As mentioned earlier the marketing department maintains a separate CRM for events and marketing campaign purposes. It is used as a “side-CRM”, as the master data is always exported from and imported back to the CRM for sales.

The Director of Marketing has discussed in the interview that there are several problems with this double solution. First of all, the activities of marketing cannot be transparently tracked and cannot be visible to all of the company, as the access to the CRM for marketing is much smaller scale than that of the CRM for sales. Secondly, as data is exported for marketing campaigns and then imported back, there is a high chance of data loss during the transfer between the two systems. On the other hand, the reason for maintaining two CRMs currently is still feasible, because all the team members of the marketing department are trained to use that for marketing automation, email marketing campaigns and event management purposes. The Director of Marketing argued that retraining the team would take time and would result in temporary decrease in efficiency so the threshold for changing solutions is still too high, even though the interviewee sees it inevitable in the future.

With the CRM system for sales in place, now marketing campaigns can be more targeted and precise, however the marketing department is dependent on the sales organization’s actions to enter the data related to potential or existing customers and keeping that up-to-date.

Use of customer data in product development

During some of the interviews, discussions were opened about the use of customer data from the CRM. They thought that the developing the software further according to customer requests is very important and can increase the customer experience and it keeps the product close to the market needs.

“If you are only listening to the customer and let them direct you in product development then you end up having a mish-mash of everything instead of a clear directions or guidelines on what to develop. „ Director of Technology

On the other hand, the Director of Technology commented that though it is a good idea to listen to customer, he would be careful to exclusively follow their requests. Wishes from different customers can be divergent so if the company would develop each request that would result in a product with different useful features but without clear focus. It is important to keep a good balance between listening to ambassadors and prioritising requests that are useful for most of the customer portfolio than implementing each new feature that is requested.

Customer Knowledge Management

Based on the interviews the interview subjects consider customer knowledge management a valuable factor in creating and contributing to customer experience. Knowledge about customers and partially knowledge from customers is stored in the CRM. Knowledge for customers is available in the form of different documents that salespeople distribute to them personally, moreover the company maintains an extensive Frequently Asked Questions page about the functionalities of the product.

The company has numerous senior employees, whose knowledge about processes, customer handling and sales is not documented thus it remains tacit. If that knowledge would be available, that would help first and foremost junior employees. One of the team leaders pointed out this as a development area in the company to more extensively record and disseminate know-how and best practices to better act in different situations with customers and potential customers. That would result in better customer experience.

“I think we have much tacit information in the company, so there’s a lot of knowledge that someone more experienced, supervisors have but all the newer employees don’t know. „Team Leader 1, Sales

The problem with knowledge from customers (about the product, possible use cases, problems and solutions) that could be distributed and in later cases re-used is that currently these are stored under each customer individually in the CRM system. Easy and systematic retrieval and exporting of this information from the CRM system is presently not possible.

Most of the interviewees mentioned the FAQ page as a main centralised source of knowledge for customers and they considered empowering customers through providing knowledge is crucial component of customer experience.

“We have a lot of information for the customer, but then it becomes an issue that where is it and it has been spreading around too much. It should be cleaned up and unified and to make it easier to find.” Team Leader, Technical Solutions

They also mentioned that this is another possible development area, to provide more useful and insightful pieces of information more frequently at least to the existing customer portfolio. Many of the interviewees saw as one of the responsibilities of marketing to provide more materials that can be used to inspire and educate that will lead to higher software use and consequently smaller churn rates.

“CRM system can help to prevent making the same mistakes, over and over again. Because clearly when a customer has churned, something hasn't gone optimally. Something on the customers' side, something on our side and in the best-case scenario when the information is in the CRM you can actually make the decision and deduct what has been the reason that has led to the churn.”
Customer Service Specialist

CRM system was regarded to also have a crucial role in documenting lessons learned and knowledge from previous customer cases, especially in churn cases. A customer service specialist has mentioned any company representative responsible for that particular customer can use the system to adequately record customers' details who terminated their contract and give a comprehensive and detailed description on the reasons of the churn. CRM systems do not only help managing customer relationships, but also can act as one of the main sources of help in case of a churning or churn risk customer.

The role of CRM in creating customer experience

Based on the interviews, CRM system has a significant role in managing customer relationships and creating customer experience. CRM contains information, historical data, upcoming events and actions and different activities with the customers. One leader in the sales organisation told that by reviewing and using that available information in the customer interactions, the salesperson shows respect towards the respective customer's time and effort that they spent previously with the company.

“Once we contact the customer again and if we would contact the same person than it's good for us to know the dialogue from before. It just gives more respect to the person you are contacting” Country Manager, Sweden

The salesperson is able to continue from where they stopped the discussion previously thus enabling natural progression of the cases and development of customer relationships. This way the customer feels that they are listened to and that the company cares about them in a meaningful way.

4.1.4 Service quality

During the interviews the discussion about service quality mainly orbited around the role of instrumental performance and expressive performance of the offering of the company in creating customer experience.

“With existing customers service quality, so the system and the people are everything. If they would like to use the software, the software needs to be up and running, and the people need to be available to help and be active.” Country Manager, Finland

Instrumental performance

One interviewee emphasized that the standard measure for instrumental performance in the case of SaaS products is availability that comes before any extra features. Until the software is available the customer can gain the business value through the software. The company constantly develops the software trying to keep up with industrial trends by renewing functionalities, adding new features typically based on customers’ requests or improving user experience. Due to the wide range of industries the company is serving, the role of security and availability is of key importance in their strategy.

“Security and privacy become more and more important as the customer size increases. The bigger customers we have the more important the solid grounding, that the product is available, and the product is cyber security at the highest level.” Customer Service Specialist

While security and privacy might have less importance for a smaller customer organisation, with fewer users and less user data, those aspects are becoming more valuable for global collaborations, possibly with hundreds of users in several countries.

Main aspects of the product that affect customer experience based on the interview with the Director of Technology is shown in Table 6.

TABLE 6 Aspects of SaaS product affecting customer experience

Provided value and features	What is the main business value that can be created with the use of the software?
Uptime, availability and reliability	When is the software available? It is expected from a SaaS product to be constantly available, so customers are able to get business value anytime.
User experience	Is the software easy-to-use, is it intuitive and logical?

Expressive performance

Even though the company provides a product available online, close customer contact is a substantial part of the offering. With frequent meetings and trainings, the company wants to make sure that the customer gains proper understanding of the product and its usability. The interviewees all agreed that human contact is a vital part in their business. One of the team leaders from sales told in his interview that in his experience some of the customers acquired was

the result of their connection and sympathy and not primarily thanks to the product's superiority.

"Sometimes I feel that there are some customers who are customers because they like me." Team Leader 1, Sales

Source of customer experience

One of the most dividing questions about service quality was: "What is more important in factor in creating customer experience: instrumental performance or expressive performance?" Some employees despite coming from the same departments have answered slightly differently. A part of them said that the company principally should focus on improving the product as the customer's value comes from there. Humans can make up for the product's smaller shortcomings, but if it does not function properly, customer experience cannot be of high quality.

"The product [is the deciding factor in creating customer experience]. Because if the human is the best human in the world, but the product is not working then what's the point. It's more scalable business if you have a product that is state of the art, well-functioning and working and less risk to the business, because people come and go." Country Manager, Sweden

Another employee stated that instrumental performance is usually what remains constant, while expressive performance can change along with the change in personnel. The largest deviation is in the expressive performance, the quality of the service customers receive from different representatives of the company. Therefore, a solid working software is essential for customer experience, while the company can differentiate with high quality customer service.

Others had different opinions claiming that the real customer value is born through the interactions between the company representatives and the end users. Through strategic and tactical discussions, user trainings and other contact points with the service provider the customer understands the product's abilities, limits and gains inspiration for working differently than before.

"I think in our case the human expertise [is the main source of customer experience], because if we are not there sharing the expertise or consulting the company, the software itself is useless. They don't know in what cases would they be able to use it and how to use it or how they get the value out. We are changing the way companies work so if that change would be coming from the customer, they wouldn't need us in any way." Team leader 2, Sales

Some of them saw customer experience relying on both aspects. Depending on the industry of the customer organization, account management can have less or more weight. One of the leaders in Finland estimates that around 60-80% of the customer experience is dependent on the instrumental quality, the software product itself and the remaining 40-20% is the account management around it.

Service quality and customer satisfaction

Service quality was described as the determining factor of customer satisfaction by one of the interview subjects. He explained that customer satisfaction is dependent mostly on the working of the software (instrumental performance) and the service the customer receives in a form of information, instruction, training and support. If the overall service quality is good, the customer is satisfied, then in many cases the customer relationship lasts for many years. Even if that person who purchased has left the original company and started in a new position somewhere else, it is likely that they will repurchase the solution again.

To prove that customer service is in itself not sufficient for keeping the customer satisfied a sales team leader has told a story how one company representative lost a customer, even though she provided outstanding service. The underlying reason for termination was the lack of the business value they expected.

“We have this one representative with which almost every other customer laughs. She obviously provides fantastic service, and even gained in our customer surveys 10 out of 10, but the customer has terminated the contract. They have been really happy with the customer service, but they haven’t gained the value. Then there can be some external force in that company that says, “We have this software that nobody uses, and now we need to terminate this agreement.” “Team Leader 1, Sales

The interviewees had different ideas to improve service quality. They mentioned that coordinated training and more systematic onboarding would help develop the expressive performance, the human aspect of the offering. In connection with the instrumental performance, one has pointed out to put more emphasis on user experience management as that will be one of the deciding factors in customer experience. One team leader raised the possibility of giving beta testing rights to ambassadors and more experienced users. The company gets first-hand feedback about a new function or feature, while those users involved in the testing would feel valued and trusted that might result in increased brand loyalty.

Some of the interviewees mentioned that system-generated health- and inactivity reports could provide more visibility on the software usage or the lack thereof. Similar reports would help account responsables investigate the causes of inactivity and starting the discussions with the customers to prevent churn.

One of the interviewees suggested further empowering users, through the introduction of self-service and administrative functions. He said that human touch and support cannot be completely eliminated from the account management process and neither it is the goal of the company, however giving more power to the users might raise customer satisfaction.

Customer churn

Churn rate is an important health indicator in SaaS business. Most of the interviewed employees viewed both continuing the collaboration and churn as the accumulation of the perceived customer experience along the customer journey. Multiple interviewees mentioned that keeping a customer takes less effort than acquiring a new one.

“It is really expensive to get a customer. They stay for the first 12 months period and then they say no. We have gone all the tough paths to get them and then we lose them. It’s not only mentally really challenging for the salesperson, but it is bad business.” Director of Marketing

The Director of Marketing and other sales leaders have expressed that they consider marketing to, educating and inspiring existing customers are essential part in creating customer experience. Furthermore, the Director of Marketing articulated that marketing department should have a more significant role in trying to keep customers and lowering company churn rate in addition to being responsible for the external image of the company and lead acquisition.

“When we are talking about a recurring business model, the longer we keep the customers the better. It can be that a small customer is more valuable for longer period than big customer for one year. “ Customer Service Specialist

During the interview, a customer service specialist has told that in SaaS-business recurring revenue coming from long term customers is the backbone of the business, so the company has to concentrate on keeping those customers satisfied. In some cases, customers with smaller contractual value can have higher lifetime value than those with higher contractual value, who stay for a short period of time only.

The reasons for churning of customers can be complex. Occasionally, a customer terminating a contract can be the outcome of a factor on which the service provider does not have any effect, for example a central purchasing decision of the parent company, organisational changes or a difficult economic situation on micro- or macro level. Churn can result from poor overall customer experience, inadequacy or bad business fit of the product. Accordingly, the company needs to direct their resources to influence aspects on which they can have an effect, developing the software to fit the needs of the market and developing their employees to give better customer service. In brief, become more customer centric.

“There are clear cases when the product does not fit the need, but in most cases lack of information and contact points with the customer. And by contact points I mean not just calling the customer, how they are doing but having actually something to say and giving the information to the customer.” Team Leader, Technical Solutions

The Team leader of the technical team sees the issue of churn unique to each customer that cannot be attributed to directly to instrumental or expressive performance. Some of them leave due to the product not providing sufficient value to the organisation that results in abandoning the use of the solution on a large-scale. Churn might be caused by the lack of communication and improper account management. The interviewee found it problematic, that while at times the customer is contacted frequently the meaningful dialogue is missing due to the lack of content to share. There is little said to educate, to inspire or help the users during those calls or meetings and at times those are only completed tasks in the CRM.

“Churn is a bit like in an airplane. There has to be many things that has to go wrong at the same time. And if one of the engines is broken the airplane still flies and lands. Of course, it doesn’t perform to the optimal performance. It’s a bit bumpy and shaky for the passengers. And the churn is kind of the same. There are many things that have gone wrong until this decision was made.”
Country Manager, Sweden

In another interview, a country manager has explained churn as the cumulation of events during the customer journey. Rarely, churn is the consequence of one misstep from the service provider, but in most cases the customer had a series of negative experiences that led to the decision to terminate the contract.

“Almost all leaving customers are categorically the ones who haven’t been using the software.” Country Manager, Finland

Another country manager has told that in his experience the underlying reason for a customer terminating their contracts is that they have discontinued to use the software. If the customer has been onboarded successfully in the beginning phase of the customer journey, the possibility of churn is significantly lower providing there are active users.

Product Customisation in SaaS business

Product customization in SaaS-business is a sensitive area. The service provider is interested in keeping the multi-tenant software standardized while the customer organisations might have unique needs that require tailored solutions. The interviewees had a consensus that while delivering customer requests in a form of a new feature or function is beneficial if that addition serves the whole (or most of) the customer portfolio. Some customers’ feature requests are considered with higher weight due to their contract sizes than those of others, but nevertheless, the features to be implemented should be assessed in advance and estimate its possible influence on the customer experience of the whole portfolio.

One of the country managers would refrain from customizing the product to only one customer. There can be many stakeholders within the company who

has to be informed about the customization that increases the need for documentation of these exceptions and accurate internal communication. Non-standard solutions also increase the possibility of errors that might negatively affect customer experience in the long-term.

“Customization might increase the satisfaction to a single customer. But we are doing scale business, so we want to have thousands of satisfied customers”
Country Manager, Finland

He also explained, even if only one customer could provide a significant increase in their annual revenue by ordering some customized features, it would still not be worth the price. Implementing such a feature would result in higher financial dependency on that particular customer and they would gain higher influence on the development direction of the service provider.

5 DISCUSSION

The goal of this master's thesis was to examine the role of employees in creating customer experience in SaaS-business, what are the contributing and influencing factors and how they think they can influence it in their daily work. Building on the reviewed literature about customer experience, customer relationship management a research model was created. I explored those subjects in detail within the framework of a case study of a Europe-based SaaS company. Eight thematic in-depth interviews were conducted with employees from the case company which were then analysed in the previous Results and Analysis chapter.

This chapter will present empirical findings and will suggest concrete managerial actions to the case company on improving customer experience. Finally, this section ends with the evaluation of the research and proposes further research directions.

5.1 Empirical findings

The first research question of this study concerned the role of employees in creating customer experience. The study findings show that customer experience is considered to be cumulative customer perceptions about the brand, the product and all the interactions with the company. Most importantly according to the interview participants, customer experience is heavily intertwined with the gained business value. Customer experience starts already when the individual learns about the existence of the brand or the product(s), which is also the starting point of the customer journey. Consistent communication across all channels and all touchpoints is key to providing good customer experience. This finding is in accordance with previous research (Nenonen, Rasila, Junnonen & Kärnä, 2008).

Study findings show, that customer experience is relying on service quality, primarily on instrumental performance. If the product, in this case study the SaaS software is working without major issues, most of the customer experience and satisfaction can be traced back to it. The software is considered to be source of customer value, thus the base of customer experience. Security in SaaS software business is regarded to be a valuable component and can affect customer satisfaction (Goode, Lin, Tsai, Jiang, 2015) However, in this study interviewees agreed that the experience comes first and foremost from the business value the software can provide, then from security and user experience.

Superior customer experience can be achieved by providing something extra to customers and exceeding expectations. Therefore, expectation management in the earliest stages, in general in the pre-purchase phase is critical to deliver superior customer experience. Furthermore, expectation management and being transparent about the company's offering can build trust that leads to long-term

customer relationships. One study has shown that cumulative customer experience and customer satisfaction has substantial influence on the length of the customer relationship (Bolton, 1998).

In an ideal case, the relationship between the SaaS service provider and the customer is reciprocal. Both strive for the healthy co-creation of value and maintain a win-win mindset (Goode, Lin, Tsai & Jiang, 2015). Based on the conducted interviews, frontline workers including sales, marketing and customer support representatives and employees working in product development are considered to have the most important role influencing customer experience. Elements that the company can provide to help employees provide better customer experience are higher level of automation, more extensive employee training and more tailored sharable information available to customers. Alignment on internal processes, more internal communication to provide similar customer experiences throughout all the touchpoints by all departments in touch with customers at any point of their journey. Not every single customer of the firm is a strategically important customer (Buttle, 2001) however some of them need to be treated as one. Based on the interviews, employees value the presence and actions of ambassador customers as they are considered to have a positive effect on customer experience.

The second research question was trying to find answer to *what the role of CRM system is in creating customer experience*. The study findings show that employees consider CRM software as an essential part in the toolkit for providing customer experience, therefore they all think that maintaining and developing it is a cornerstone in the business operations, which shows that CRM system implementation has been successful. Based on the discussions, customer relationship management seem to take a strategic place in the business goals. Even though based on the interview sessions, utilization of CRM could potentially be higher, the whole organisation including the management is committed towards customer relationship management and working in a customer centric way, which is essential to avoid the major issues or possible failure of CRM implementation (e.g. Payne & Frow, 2005, Croteau & Li, 2003). The interviewees considered their CRM system vital due to the current business size and the number of current customers. Customer centricity includes the company's ability to manage each customer individually (Bose, 2002). Without a specific CRM software, business would be overly dependent on people and would lack scalability and the use of information stored in the CRM system in customer discussions creates trust.

One of the main goals of a CRM system is to provide quality information for making well-grounded decision in the boardrooms (Bose, 2002). From the management point of view, CRM system is used as a sales performance reporting and monitoring tool for the sales department. This enforces even further that keeping CRM data up-to-date and working in a customer-centric way is part of the overall company strategy. The processes are approximately in place; however, several interviewees have mentioned, that the quality of data and the amount of rich data (detailed textual information about the customers) could be increased gradually.

In the study it was found that employees working in contact with customers see customer knowledge management an important topic to be developed. According to a Canadian study, knowledge management factor is critically impacting CRM initiatives (Croteau & Li, 2003). Some part of the information about customers and from customers are documented and can be found in the central CRM system that is available for every employees who need it. However, there are significant amount of knowledge about particular customers, best practices and processes scattered around the company “in the heads of senior colleagues”, that is not recorded in any written or digital form.

On the other hand, knowledge for customers is available firstly in the form of tutorials and frequently asked question postings about product functionalities, secondly in presentation slides and other tailored documents that are sent to customers or shown during training sessions on a case by case basis. Neither prospects nor existing users are provided regular newsletters about product updates, tips and inspiration and there is little social media engagement with customers, even though social media has proven to provide a good platform for companies to establish connections with customers outside the traditional sales channels (Sashi, 2012).

The background knowledge on the product usage, tips and tricks that goes beyond general how-to instructions are almost exclusively coming through the company representatives. Nonetheless, the company does provide regular seminars and other events which cultivates the creation of a customer community around the software and gives opportunity to users and non-users alike to exchange ideas.

The third set of questions was about *what the relation of service quality and customer experience is according to the employees and what aspects of service quality influence customer satisfaction*. Service quality has a direct effect on customer experience so indirectly influences the company’s retention and consequently its churn rate, according to the study findings, which is in line with previous research (Venetis & Ghauri, 2004). In connection with instrumental quality and its influence on customer experience, interview participants mentioned that the main most important component is that the product solves a business need and delivers customer value. Without it, the business does not exist. Further important instrumental quality components were the software’s responsiveness (software availability), security and data privacy. This is aligned with the finding of another study according to which out of SaaS-QUAL measures, the Responsiveness and Security has most influence on customer satisfaction and perceived usefulness (Benlian, Koufaris and Hess, 2011). Interestingly, the implementation of additional customer requested features were considered somewhat relevant, but only to a degree until it complies with the product strategy and it benefits most of the customer portfolio instead of only one or few big customers. For the majority of users, excessive number of features in a product might increase confusion and, in some cases, has small or no positive effect on customer experience (Pralhad & Rawasmamy, 2004). One phenomenon multiple employees highlighted that often when implementing a new feature, the company concentrates almost exclusively on the provided additional business value without perhaps

carefully considering pleasant user experience or ease-of-use. Profound understanding of the SaaS software's technical capabilities and its instrumental performance is indispensable for efficient expectation management when a customer transitions from the pre-purchase to post purchase phase (software implementation). To increase the quality of customer experience, the salesperson needs to be truthful to the customers about the technical specifications and also the software needs to holistically live up to those expectations. Major errors and failures have been shown to negatively affect customer's willingness to continue using a particular service in the future. The weight of these service failures depends on the cumulative customer satisfaction up to that point in time (Bolton, 1998).

One of the most controversial point of the study was about where customer value is essentially coming from, instrumental or expressive performance, to which no unequivocal finding has been found. Most of the employees have highlighted technical quality as the primary source of customer value, therefore they claimed that instrumental performance has stronger influence on customer experience than expressive performance. According to one of the interviewees, that until the software is working on at least an acceptable level, it is reliable, secure and has the necessary features to get the business value out of it, the customer will most likely be satisfied and most likely to extend its contract period than if the product is lacking, not reliable or not secure but the expertise received from company representatives is professional. One employee has claimed that the main source of customer value is the expertise the employee provides to customers, because without proper guidance the software cannot be used to its full extent. Another employee mentioned that customer value is coming from both technical quality and functional quality. Depending on the customer industry, functional quality can have more or less weight. Summarizing the findings of this particular question I conclude, that the relation of instrumental and expressive performance in connection with the source of customer value is hierarchical, depicted in Figure 10. Following this logic, if customer value is primarily sourced from technical quality, in this case the SaaS software itself, the software has higher influence on customer experience, however not exclusively. This finding is in accordance with a finding of a previous study, according to which the product experience of is the starting point of customer experience (Berry, Carbone & Haeckel, 2002).

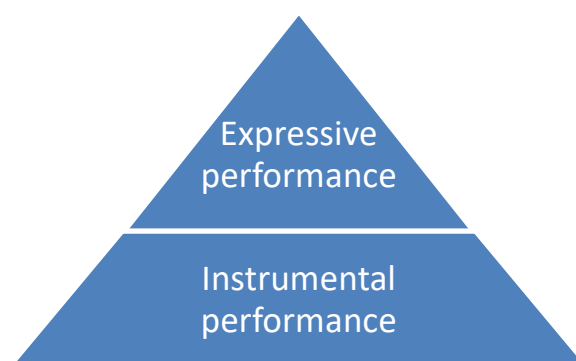


FIGURE 10 Sources of customer value

Technical quality can be considered a starting point or base for customer experience, while functional quality in the long run can contribute to customer delight. Both are partly responsible for creating customer experience, but while high instrumental performance is indispensable for good customer experience, high expressive performance is not necessarily. It is important to mention, that the data was collected from altogether eight people at a software company, therefore these findings cannot necessarily be generalized into any industry or even specifically to the SaaS industry. Future research might investigate the concept in question further with a representative sample. However, it needs to be mentioned, that service quality represents only a part of customer experience. As experience includes emotions and external factors, such as peer influence it is much more comprehensive concept than service quality (Maklan & Klaus, 2011).

5.2 Managerial implications

The road to start developing customer experience is long that starts with systematically investigate the perception of current customers (Berry, Carbone & Haeckel, 2002). In order to start transforming the organization, leaders are advised to survey all stakeholders involved in customer experience business, experience providers (employees) and experience receivers (existing customers and potential prospects) alike. Suggestions for improving customer experience based on the conducted study can be found in Table 8.

TABLE 7 Conclusions and suggested actions

Conclusions	Suggested actions
Part of internal processes concerning account management are unclear (e.g. churning accounts)	Align internal processes by involving decision-makers from each department. Reinforced training and clear internal communication. Utilize technology (CRM, internal tools) to a greater extent (automation) to implement new processes. Appointing accountable process owners for each new process
There is a lack of systematized information about customer experience	Start collecting input from users directly through an in-app or separate customer survey. Conducting a customer journey audit with the most trusted customers.
Knowledge management (internal): Codification of customer knowledge and best practices is partly lacking	Systematic codification of knowledge and organization of regular knowledge-sharing sessions.
Knowledge management (for customers): Little amount of educational or inspirational material is available about the software.	Generate higher volume supportive content about the software and make it available for prospects.
Low number of touchpoints that are not human-dependent and lack of online engagement with customers	Marketing automation and customer satisfaction surveys.
Low participation of marketing function in customer retention.	Engage with the users via different touchpoints. Represent the company and its offering in more online and offline channels in higher frequency.

In order to provide the best customer experience possible, the company needs to have aligned and clear processes about managing customers. This can be achieved by reviewing existing processes, finding gap areas that are not yet covered and create new processes to ensure delivering the best possible customer experience across the organization. It might include increased utilization of the CRM system and other internal tools, but it can also lead to automizing previously manual tasks: e.g. invoicing. Process automation is inevitable for efficient operation of enterprise computing systems, such as CRM systems (Bry, Eckert, Pătrânjan & Romanenko, 2006). Customer experience, however, does concern individuals outside the organization, therefore conducting a customer

experience audit with several users is inevitable to get a comprehensive picture on the current situation. Input from existing software users will help the organization significantly in developing customer experience they provide.

Findings show that employees consider knowledge management an important concept in increasing the quality of customer experience. Organisations have a large amount of intellectual capital that needs to be managed to reach better results or increase operational efficiency. However, different teams should have different approaches to knowledge management. A small engineering team has different needs than robust sales teams (McMahon, Lowe & Culley, 2004). Beyond creation and codification of processes concerning customer experience, codification of other types of knowledge (customer information, best practices, lessons learned) increases transparency in the firm and empowers newer employees to share their tips and customer stories with others.

Providing knowledge about the software and its usage to customer for free can increase perceived customer value. Incorporating inbound marketing techniques besides outbound selling into the company strategy can attract wider audience and can help in acquire customers and retain them. Written or audio-visual content, for example informational blog posts or videos, monthly newsletters, higher social media activity can increase customer intimacy and leads to more committed users. In case of an online product customer touchpoints are more limited by number than those of a physical product in a retail environment. It is essential that companies working in the SaaS business carefully plan all their communication touchpoints with end-users. Potential users can be engaged by high quality content at different touchpoints and different customer lifecycle stages. Once they are engaged, they are more likely to be converted to loyal customers (Bezovski, 2015).

In connection with the previous point about inbound marketing, utilizing marketing automation tools combined with content marketing can ensure that crucial information spreads centrally and can offload company representatives in a way that they can concentrate on building meaningful relationships utilizing that content. Content marketing combined with marketing automation can contribute to acquiring potential sales leads as well. Nevertheless, both inbound marketing and marketing automation is something that the company gradually learns through trial and error for which management support is inevitable (Järvinen & Taiminen, 2016). Constant in-app monitoring of customer satisfaction gives feedback to decision-makers on the software is performing and how customers get business value out of it. The marketing function have substantial effect on the organisation's capability to innovate and takes significant part in creating its competitive advantage (Weerawardena, 2003). An organisation's marketing function is responsible for the external relationships, company image and branding and every element related to these. In addition, marketing can participate in efficiently retaining customers and increasing engagement. More frequent online and offline actions can complement the operation of both for new customer acquisition as well as retaining existing customers.

5.3 Evaluation of the research and further research

The goal of this thesis was to analyse customer experience, customer relationship management and the relation of service quality to customer satisfaction from the employees' point of view. Based on the conducted interviews and analysed material, several aspects of customer experience have emerged that can be valuable for the management of the case company.

Qualitative research does not attempt to produce generalisable findings, therefore generalisability of the thesis findings was not among the objectives of this study. As the gathered material for this thesis is solely from one case company, the limitations of the study are that its findings might be applicable to only the case company and its European SaaS market environment. A study set in a dissimilar market environment might produce different findings. Another limitation of the research is that although, when choosing the interview subjects, we with the consulting manager tried to carefully pick the key people who have the most knowledge about customer experience to acquire a comprehensive perspective. However, it needs to be noted that these employees are only a fraction of the company's personnel and they have a higher level of experience and seniority than most of the employees. Furthermore, all the interviews are from the same few weeks long period. Conducting this study at a different time period with different interview subjects might have led to different results.

One of the suggestions for further research is to take the presented study one step further by gathering data from a certain set of customers as well as interviewing company employees. That will enable identifying possible existing gaps between the company and customer viewpoints. Comparison of data gained from several companies from different industries or geographical locations should also be considered. In order to be able to generalise research results on a wider scale, involvement of higher sample is needed.

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6 APPENDIX 1: BREAKDOWN OF THEMES OF THE RESEARCH INTERVIEWS

1. Customer Experience:

- customer experience as a concept
- customer experience at the company
- customer experience creation in internal processes
- customer experience as an integrator
- relations between customers – the role of ambassadors in creating good customer experiences

2. Customer journeys

- customers' conception of the company during different touchpoints of the customer journey
- alignment of sales, marketing and customer service at different touchpoints
- customer decision journey
- company's ability to design sticking customer journeys
- aspects of customer journeys: automation, personalisation, journey innovation, contextual interaction

3. Customer relationship management and CRM system as a tool

- benefits of maintaining a CRM system
- potential risks of not using CRM system
- role of CRM in the sales and customer management process
- data quality in the CRM, utilizing CRM data
- use of CRM data for product development
- customer value and CRM
- customer knowledge management
 - o knowledge for customer
 - o knowledge about customers
 - o knowledge from customers

4. Service quality

- instrumental quality and expressive quality
- SaaS-service quality in the case company
- SaaS -service quality: rapport, responsiveness, reliability, flexibility, features, security and privacy
- churn