



**CUSTOMER RELATIONSHIP MANAGEMENT AS A FACTOR OF CUSTOMER
SATISFACTION IN ADVERTISING COMPANIES**

By

Vogiatzis V. Konstantinos

A THESIS REPORT

**Presented to the Project Management Program in the
School of Management of
City University of Seattle
In Partial Fulfillment of the Requirements
For the Degree of
MASTER OF SCIENCE OF PROJECT MANAGEMENT**



June/2008



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This Master Thesis was elaborated in the frame of the collaboration of the City University of Seattle and the Graduate Technological Education Institute (T.E.I.) of Piraeus to fully implement at TEI of Piraeus Campus the CU's MS in Project Management Program approved by the Hellenic Ministry of National Education and Religion Affairs as by decision E5/58291 published in the Hellenic Government Gazette (FEK) B/924/5- July-2005.



June/2008

Vogiatzis Konstantinos

CUSTOMER RELATIONSHIP MANAGEMENT AS A FACTOR OF CUSTOMER SATISFACTION IN ADVERTISING COMPANIES

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DEDICATION

To Katerina

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BIOGRAPHY

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Vogiatzis V. Konstantinos, completed his studies in the Department of Marketing, at the school of Management and Economy of Athens T.E.I. on June 2006, and is a qualified marketing manager of technological education.

He worked in the Sales department at Sia & Papou O.E. (clothing company) and in client service at “Le Prestige” (restaurant and catering) in Charleroi (Belgium) before his graduation.

For the time being, he is enrolled at City University as post – graduate of the MS in Project Management program. Furthermore, he is working for one of the biggest Hellenic advertising companies in Greece, Kino S.A., in the Department of Client Service and Pricing as client liaison assistant and he expects to use the Project Management knowledge he gained studying at City University for his personal and professional growth.

ABSTRACT

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Customer Relationship Management as a Factor of Customer Satisfaction in Advertising
Companies

The core concept of Project Management is a satisfied and delighted customer. Often, project managers in advertising sector take care of only deliver a project within time, cost, and performance but not cultivate good relationship with customer and increase customer satisfaction, which will provide the company with a “good name” in the marketplace and consequently more and more potential customers and projects. Through three case studies of Greek advertising companies, this thesis investigates the way advertising companies can take use of customer relationship management in order to enhance customer satisfaction. Findings indicate that customer satisfaction is accomplished because CRM develops and supports strategic alliances around immediate communication and spread of project data and information between advertising companies and their customers. Furthermore, CRM has a positive impact on service quality that is crucial factor of customer satisfaction. The thesis concludes that Projects Managers of advertising companies must develop some CRM practices in order to gain a deeper understanding of customers, stay in touch with customers, bring customers into the project process, and provide to customers advanced service quality.

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CHAPTER 1 – INTRODUCTION

1.1 Nature of Study

In today's competitive advertising market, it is necessary for most companies to succeed in the area of customer satisfaction.

In this direction, most advertising companies use customer relationship management (CRM) either to satisfy customers or to attract new ones.

The nature of this study will be to consider the impact of using customer relationship management to help ensure customer satisfaction and how CRM contributes to a successful completion of advertising projects.

1.2 Needs Assessment

Stakeholders for this thesis include almost all employees of advertising companies, and, of course, the Project Manager who must oversee the advertising projects.

This thesis will provide stakeholders with:

- The ability to identify problems with dissatisfied customers that are caused insufficient Customer Relationship Management.
- An understanding of how customer relationship management is connected with time, performance, vision, needs and the expectations of the customers of an advertising company.
- Improved Customer Relationship Management to stakeholders.
- The proper tool or recommendations to manage complex advertising projects and maintain customer satisfaction.

Additionally, as the client liaison assistant, the author intends to apply this study to his workplace, as customer satisfaction problems have been identified as critically important to advertising projects.

1.3 Purpose of the Study

This study will examine the relationship between Customer Relationship Management (CRM) and its effect on customer satisfaction in advertising projects. Investigating the two variables will reveal important information regarding the relationship between: CRM, and customer satisfaction. The author will look at the advantages of implementing a CRM strategy in an advertising company. Furthermore, this study will attempt to investigate how customer satisfaction can affect an advertising company's profitability. Finally, through this analysis, it will possible to arrive at a conclusion and a set of recommendations regarding implementing a CRM system in an advertising company and the effect it will have on customer satisfaction.

1.4 Employment Position

Marketing managers, such as Konstantinos Vogiatzis, usually work as supervisors in advertising projects after some years of experience and they have the same responsibilities as a Project Manager. One of the main responsibilities of a Project Manager is relationship building to gain the long-term trust and confidence of customers, who are the main stakeholders of almost all stakeholders. In today's competitive environment, strong relationships between project manager and his/her customers are often the competitive edge that captures opportunity and, to this end, advertising companies are using customer relationship management (CRM).

Despite the rapidly growing role that customer relationship management is playing in companies throughout Greece, the dimensions of CRM in the advertising sector and its effects on customer outcomes remain static. This final thesis, will investigate the effect on customer satisfaction of a customer relationship management implementation because it is well known that many advertising projects often fail to keep customers satisfied due to the final product or the service provided.

It is expected that this study will point out the results of an analysis of customer relationship management in advertising projects, and then will create a tool or a set of useful instructions that will make excellent application to advertising issues, and will be useful knowledge to help ensure customer satisfaction.

1.5 Relation to the Program of Study

Customer Relationship Management tends to be the most effective way to succeed in customer satisfaction; it is the most important value – added differentiator.

In PM 512 (The Customer in the Project Process), it was mentioned that customer satisfaction is the key to a successful project. The course emphasized the need to create and sustain a client focus, including techniques for promoting and maintaining client participation. Particular emphasis was placed on identifying the actual needs and wants of customers. The course also stressed the importance of maintaining an awareness of the customer's central role during every phase of a project.

Furthermore, during the PM 511 (Project Quality Management) it was mentioned that many project manager's organizations have not developed an ability to respond rapidly to changing customers' needs and expectations. Many of them have not developed the ability to

listen to their customers. This frequently results in isolation from the customer and very often the projects end up as a disappointment, not adding any value for the customer. This alienates the customer for future deliverables.

CHAPTER 2 – PROBLEM STATEMENT

2.1 Problem Statement

In today's advertisement market, many advertising companies face difficulties in their effort to keep delighted customers. Advertising campaigns often fail to meet time, performance, vision, needs and expectations due to poor customer relationship management.

Sub –Problems:

- The lack of customer relationship management causes the customer to be unhappy with the final product (TV spot, radio spot etc). In order to improve this situation advertising companies typically make changes to the final version losing time and reducing profits.
- Conflicts between people arise due to the lack of adequate and accurate information.
- Because of past problems, customers are less likely to establish a future collaboration with the same advertising company.

2.2 Rationale for the Problem Statement

In today's market, customer satisfaction is based on more than just the technical quality of a project. To remain competitive, an advertising company must offer excellent customer focused service.

Customer satisfaction is the most important value- added differentiator. Technical and creative skills are available from a wide variety of advertising companies, so customers are increasingly using service as the differentiation that determines which company they will hire. A customer's satisfaction with the final product is sufficient only if the customer is also satisfied with the service that was provided. So the customer relationship management is essential to gaining the long-term trust and confidence of customers.

This MSPM Thesis challenge is to make sure that customer relationship management in advertising companies adds value to customer satisfaction and does not impede it.

2.3 Hypothesis / Objectives

If we prove the efficiency of implementing customer relationship management in advertising companies, then we will enable them to build better collaborations with their customers and be successful in achieving their satisfaction.

CHAPTER 3 – REVIEW OF LITERATURE

3.1 CRM

3.1.1 Introduction to CRM

Deregulation, diversification and globalisation have caused a remarkable rise in competition and these marketplace realities have forced advertising agencies to change from a product – centric approach to a customer – centric approach. According to Rahman (2006), amplified price competition, reducing customer loyalty and reduced regulation as some reasons that has brought customer relationship management one of the most famous nowadays business buzzwords. Alvarez et al. (2006) declare that customer – centric approaches such as CRM have become an vital part of twenty first century business and CRM software has been one of the most interesting segments in the business solution marketplace.

Customer relationship management is a clear customer focus business practice and means different things to different people (Park & Kim, 2003). It is the application of a strategic framework for knowledge management. It works only when processes are implemented that match the business needs to the clients requests. The scope of an effective CRM system is to set up in-house knowledge history in a way that maximizes customer value and increases productivity by clarifying the effort required to exactly match client’s expectations.

In advertising sector, to be effective a CRM solution needs to engage the customers in ways that simplifies their interaction with the company, speeds delivery of services and ideally saves them money, while growing the advertising company’s profitability. The attractive factors for companies moving in the direction of CRM software are to improve customer satisfaction level, to retain existing customers, to improve lifetime value, to provide strategic information from the CRM systems and attract new customers (Xu & Walton, 2005).

3.1.2 What is CRM

The Customer Relationship Management (CRM) strategy evolved from the old perception that the customers are actually paying the employees salary and consequently a company's activities should focus on the customers. Nowadays it has evolved into a strategic solution for several business problems that are often encountered in marketing, service and sales (Rajnish, 2002) to help reduce redundancy and undesired costs. (Institute for International Management and Technology, 2003). CRM is a fusion between customer centric business processes and today's information technology. The idea is that CRM should serve as a single point interface for the organization and makes it easier to achieve the objectives of increased profitability and loyalty (Institute for International Management and Technology, 2003).

CRM is a business strategy to choose and manage customers to optimise long – term value. The basic subject matter for any company is to become customer – centric (Findlay, 2000). CRM focuses on the customer; identifying trends and patterns by collecting data from every possible interaction with the customer at all access points (Ciszewski, 2001). The company can then use this data for particular business purposes, marketing, service support or sales, while concentrating on a customer – centric approach rather than a product – centric. Such a strategy allows a company to address all the types of customers it serves at different points in their life cycle.

In today's highly competitive business environment, every advertising company is aiming at becoming more information oriented. Information plays a key role in the development of strategy and can be used as value exchanges with their customers thus building a high brand value in the minds of the customers. This would lead to a high level of customer confidence, assurance and trust in the organization (Maliaris, 1990).

A CRM system is considered triumphant when the customer is satisfied with the final product and with the services provided. Ensuring a successful CRM system means structuring the relationship between the project manager and the customer; understanding the customer's needs, expectations, strengths, and weaknesses; reinforcing the relationship with the customer service; communicating with the customer; and maintaining a good relationship during difficult times (CH2M HILL, 2001).

3.1.3 CRM Definitions

The core of CRM thinking originates from three concepts in marketing management: customer orientation, relationship marketing and database marketing. With the advancement of information and communication technology, these three marketing tenets have come together in the idea of CRM (Langerak & Verhoef, 2003).

With such a new concept and with so much ambiguity, vagueness and surrounding misunderstanding, finding agreement over the definition of CRM could be seen to be very difficult. Following is a sample of definitions offered in the literature.

Reed (1999) proposes what he describes as “stable” definition of CRM: “identifying and interacting with customers for more profitable, long term involvement with the company”.

Fletcher (1999) focuses on specific tasks in her definition: “CRM is a way of using existing customer information and controlling further data as it accumulates over time. Customer relationship management also means ensuring that staff have easy access to customer histories”.

Greenberg (2002) gives a more complete and comprehensive definition: “Customer relationship management (CRM) is a business strategy to acquire and retain the most valuable customer relationships. CRM requires a customer centric business philosophy and culture to

support effective marketing, sales and service processes. CRM applications can enable effective customer relationship management, provided that the company has the right leadership, strategy and culture”.

Kotter (2003) defines CRM as: “The process of managing detailed information about individual customer touch points with the aim of maximizing customer loyalty. The aim of CRM is to produce high customer equity which is value, brand and relationship”.

Buttle (2004) defines CRM as: “CRM is the core business strategy that integrates internal processes and functions, and external networks, to create and deliver value to targeted customer at a profit. It is grounded on high quality customer data and enabled by information technology”.

3.1.4 Why CRM

Customer relationship management has become a strategic necessity for companies in almost every business sector. Companies and organizations are moving closer to their customers, spending more effort in finding new ways to create value for their customers and changing the customer relationship into one of finding and partnering rather than one of selling and order taking. Organizations and companies will be more successful if they give attention to acquiring a share of each customer rather than a share of the entire market. (Park & Kim, 2003).

Every company goes through distinct phases in its interaction with customers: acquisition, retention and enhancement. It is important to define CRM goals for each phase. The business processes of the typical professional services firm, such an advertising company, interact with the customer at many different points. Acquisition data includes development of contacts of marketing, business development and sales. Retention data includes information collected during an advertising project. The enhancement data comes from creation of

customized service specific to each client's needs and preferences. When done in the approved manner, the customer's experience can be documented and mined for trends, lessons learned and successes.

Consolidating, categorizing and analyzing that information and experience can provide very useful data that would allow project managers of an advertising agency can better serve each customer with services that anticipate their buying patterns, lower their budgets, and of course surpass their expectations for quality and better their scheduling requirements.

Buttle (2004) argues, to develop and implement a CRM system four supportive conditions are essential:

1. Leadership (management commitment) and organizational structure
2. People (internal customers)
3. Process (the way things done by the agency)
4. Information technology

3.1.5. CRM & Organizational Design

It is often CRM considered to be a matter of service design and sometimes worse after sales service design rather than an organizational design. The reason for this popular belief is that CRM is about a person-to-person organization relationship between the customer and the service employee, in reality is exactly the opposite, which is CRM, is about person-to-organization relationship (Kotorov, 2002).

Kotorov (2002) recognizes three stages in the progress of CRM. The first two stages are based on the person-to-person view point of CRM, and the third stage is based on the person-to-organization view point is called the ubiquitous organization. The emphasis in the first two

stages is above all to service design and more specifically on personalization, while in the third stage it is on organizational and process design to offer customer everywhere access and immediacy. A ubiquitous organization has two characteristics: first, time and location and second, immediacy. Following are the three CRM evolutions stages:

The first stage is known as 100 percent focus on customer (figure1). The core idea is that information and communication technology should be used first to personalize the relation with the customer and then develop the organizational response to customers needs. In this stage, CRM expands the scope of attention to customers, but not the scope of the service offered and delivered to them.

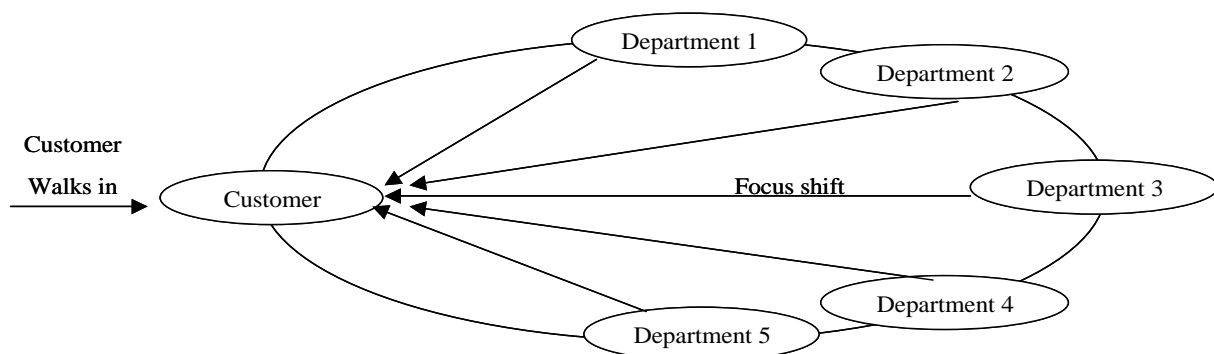


Figure 1: Core CRM concept: 100 percent focus on customer (adapted from Kotorov, 2002)

The second stage is known as 360 degrees view of customer (figure 2). The center idea behind this stage is that advanced market performance is the result of advanced skills of understanding the customers. This stage is a development of the first stage by including technologies supporting predictions of customer buying patterns and price differentiation. Differentiation in service allows for differentiation in prices, which consequently enhances the profit margins of various projects. Stages 1 and 2 emphasize three important facts:

- Relevance of the service customer
- Responsiveness to customer needs

- Sensitivity to demand

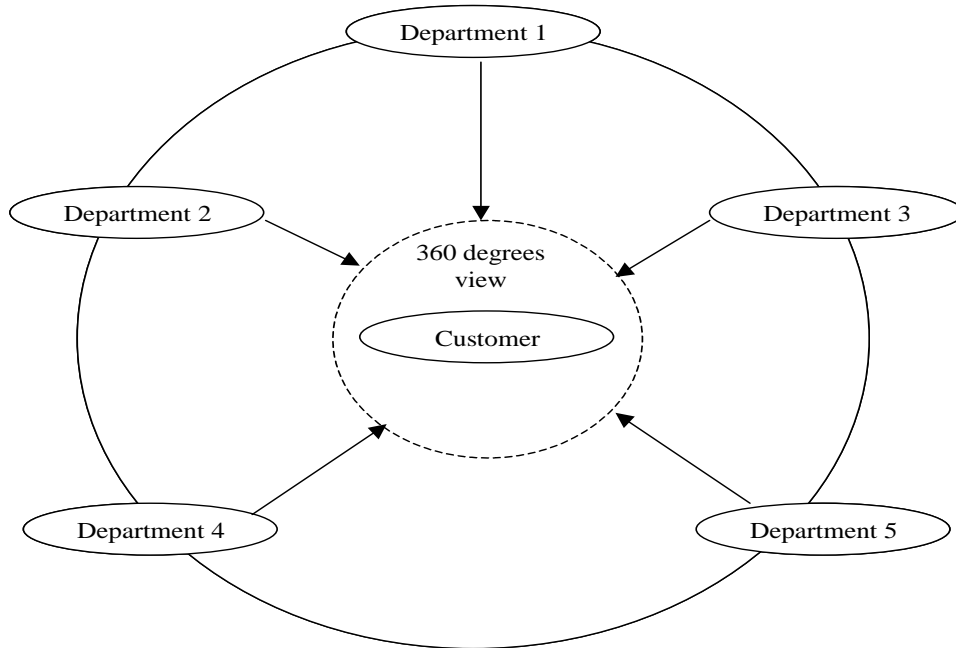


Figure 2: Core CRM concept: 360 degrees view of customer (adapted from Kotorov, 2002)

The third stage is about how organizations ensure that services are relevant to the customer, solved in a timely manner, and on demand. The main difference of this stage is the integration of the information and process from the previous two stages in a ubiquitous demand chain in which scope and scale are increased through location and time independence and immediacy (figure 3).

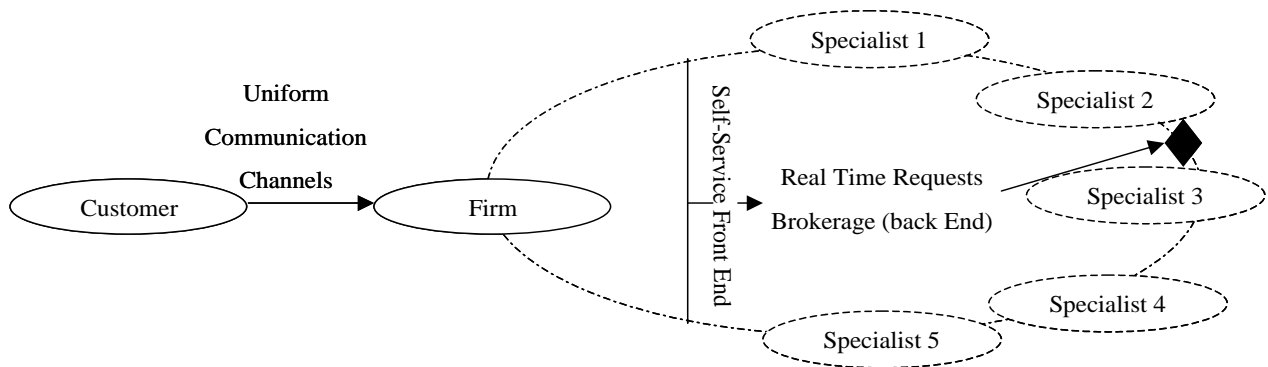


Figure 3: Ubiquitous Organization (adapted from Kotorov, 2002)

3.1.6 Architecture of CRM

According to Xu and Walton (2005), there four parts of application architecture of CRM:

Operational CRM. Customer data is collected through various touch points such as contact management system, mail, fax, contact center, sales force, etc. These data then are stored and organized in a customer centric database, which is made available to all employees cooperate with the customer for a specific project. Operational management can provide complete and comprehensive tracking of information relating to any contact with the customers. The benefit of this part of CRM is to personalize the relationship with the customer, and to widen the organizational response to customer's needs for their projects. This is what Kotorov (2002) refers as 100 per cent focus on customer.

Analytical CRM: Data stored in the database is analysed through a variety of analytical tools in order to produce customer profiles, identify behaviour patterns, and determine satisfaction level and support customer segmentation. This part of CRM is referred as 360 degrees view of the customer. Technologies supporting the analytical CRM system include CRM portals, data warehouses, predictive and analytical engines and sequential patterns; clustering, classification and evaluation of customer value. The outcome of the analysis is customers are more effectively segmented and offered services that fit better to their profiles.

Bradshaw and Brash (2001) claim that in CRM, there is a "virtuous triangle" (figure 4). Its aim is to ensure that you can know your customer completely, and then act according to their needs and your interest. Front office, back office and analytic systems must be included. The back office executes the customer requirements. Customer contract function in the back office, are generally billing and logistics, which is moving into the front office environment.

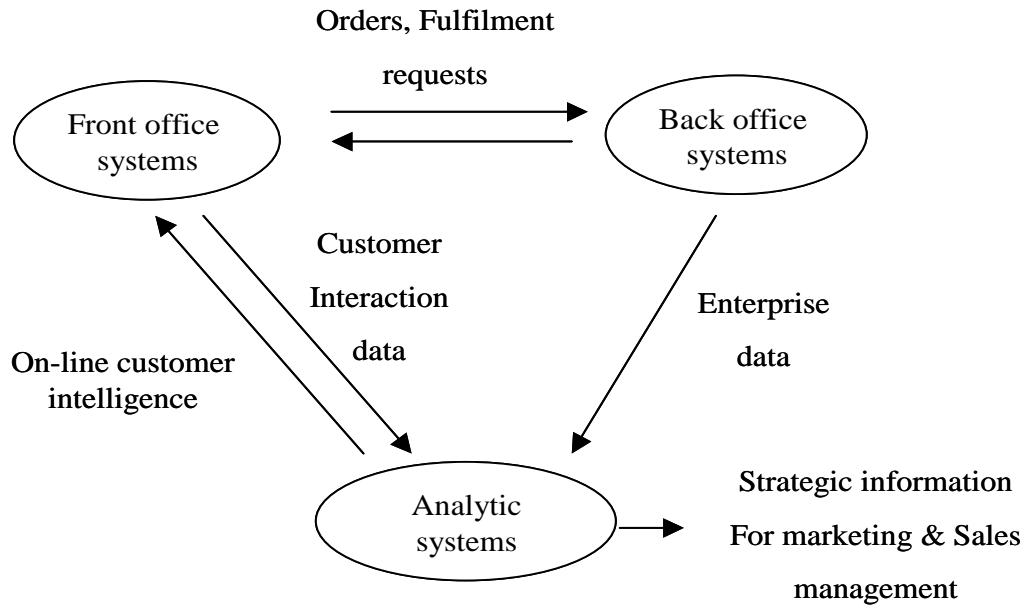


Figure 4: The “Virtuous Triangle” of CRM (adapted from Bradshaw & Brash, 2001)

Analytical CRM software allows companies to look for patterns in the customer data they have collected. The outputs from this are strategic and tactical information. The strategic information can be used to determine future strategy, while the tactical information will help to modify existing practice. Increasingly, the tactical information is generated and used actively from and by customer communications (Bradshaw and Brash, 2001).

Collaborative CRM: The CRM systems are integrated with enterprise-wide systems to allow greater responsiveness to customers. A CRM can be extended to incorporate employees, suppliers, or partners. A collaborative CRM offers knowledge and tools to everyone in the extended enterprise.

Each segment of CRM (operational, analytical and collaborative) is dependent on the others (Reynolds, 2002). For example, analytics drives the decision making in operational CRM for the deployment of marketing, sales and customer service process. Although, without data collected via the operational CRM processes, analytical CRM would not have any data to work with. Moreover, the data processed by the analytical CRM tools could not be effectively

disbursed and strategic decision-making would not be occurred, without collaborative CRM.

Collectively, operational CRM, analytical CRM and Business Intelligence work at the same time to drive the customer life cycle (figure 5).

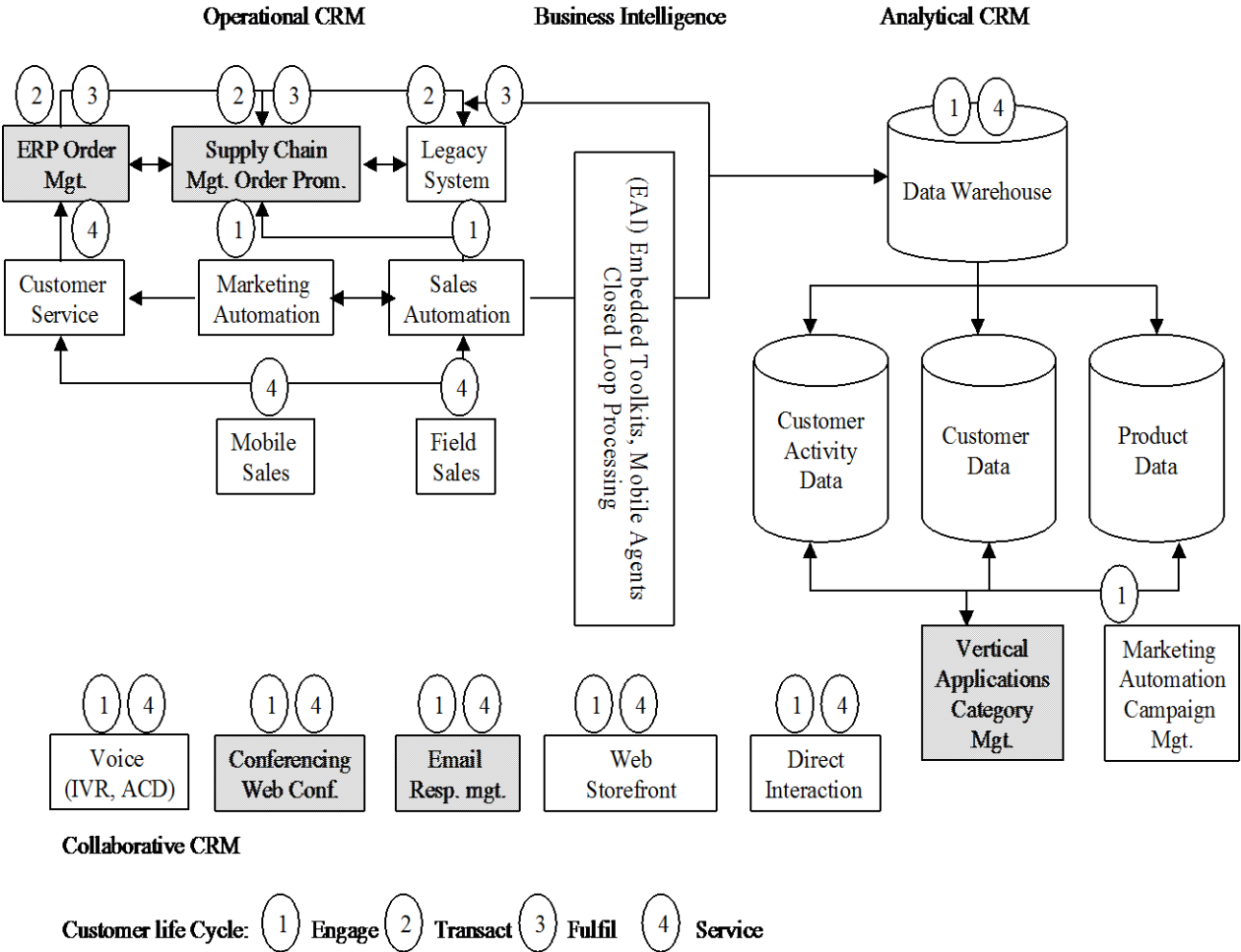


Figure 5: The CRM Ecosystem Courtesy of Meta Group Inc. (adapted from Reynolds, 2002)

e-CRM: Allows customer information to be available at all touch-points within the company and among external business partners through the Internet. The e-CRM systems allow internal and external users to access customer-related information via the Internet. Rowley (2002) argues that e-CRM enables online ordering, e-mail, and a knowledge base that can be used to generate customer profiles and personalized service.

It is clear that information technology plays a considerable role in the development of CRM. It can be used to automate and enable some CRM processes and proper CRM strategies can be implemented through the help of technology, which can manage the data to understand customers. CRM technology like CRM portals, data mining, data warehouses, and predictive and analytical engines facilitate the collection, analysis and distribution data internally (Ngai, 2005), it can also help companies to collect unprecedented amount of data to decide the economics of customer acquisition, retention and life time value (Ngai, 2005), and turn them into information for their strategic business purposes. The result of the analysis is customer segmentation which leads to deliver services (or products) that better fulfil the customer buying profile and drive to customer satisfaction.

On the other hand, a lot of people believe that CRM is just technology and by implementing technology, their CRM initiative is completed. Many companies have difficulties in implementing a CRM program because they let software vendors to guide their approach to customer relationship management. These companies make a mistake and misunderstanding between CRM technology (software) and the core concept of customer relationship management, which creates barriers in implementing successful CRM programs. A very important aspect is to know CRM is not technology but customer – centric concept; technology is an enabler and a tool for CRM implementing (Greenberg, 2002).

3.1.7. The Benefits of CRM

The real value to a company lies in the value created for their customers and in the value the customers deliver back to the company (Newell, 2000). The value does not lie in more information and in more advanced technology but in the customer knowledge and in how the

company uses that knowledge to manage their customer relationships. So, knowledge is the sole of CRM (Newell, 2000).

According to Newell (2000), a number of companies are not transforming the information to customer knowledge and therefore they miss the opportunity to provide value to their customers. Although, applied in the right way, CRM is the tool that drives to profit. If companies are transforming the customer data into knowledge during a project and then uses that knowledge to build relationships it will create satisfaction and loyalty, followed by profits. The most important benefits of CRM described below (Newell, 2000):

1. Lower cost of recruiting customers: Customer recruitment cost will decrease and there will be savings in marketing, contact, follow-up, fulfillment, services, and so on.
2. No need to recruit so many customers to preserve a steady volume of business: Increase in long-term customer relationship will minimize the need for new customer recruitment.
3. Reduced Cost of Sales: Long-term customers are more responsive than the new ones that will decrease the selling cost. As well as marketing campaign cost will also decrease due to familiarity with distribution channels.
4. Higher customer profitability: Customer profitability will increase by higher customer wallet-share, up-selling, cross-selling and follow-up sales and satisfied customer refers to more customers
5. Increased customer satisfaction, retention and loyalty: The satisfied and retained customers need your services frequently. The customers initiatives increases bounding relationships and as a result – loyalty.
6. Evaluation of customer profitability: The company evaluates which customers are profitable, going to be profitable in future and never profitable in future. The key success

in business is to deliver economically beneficial customers, acquire them and never let them go. All the customers are not beneficial; if the customers are taking company's time, energy and resources without generating enough business, they are dangerous customers.

3.1.8 CRM Software in Advertising Companies

CRM software for advertising agencies provides a single source for information about customers and contractors. The system enables to automate the whole advertising project: from the cost estimate to final payment collection and job fulfillment. Advertising CRM business objectives are the following:

- Single source of customer data:
 1. Customer information
 2. Sales history
 3. Customer documents
 4. Meeting and call history
 5. Email correspondence
- Project tracking:
 1. Business processes: Automatic task creation and task fulfillment control
 2. Team work organization: Project team formation, Gantt Chart, task distribution and job cost registration
 3. Project documents flow: Standard documents and reports, and document versions
- Project finances:
 1. Calculating the project profitability

2. Time sheets and Time costs

3.2 Customer Satisfaction

3.2.1 Customer in Project Management

At the heart of Project Management is a satisfied and delighted customer. Reaching this level of satisfaction is much more than just achieving technical quality on a project. It is about involving the customer in decisions and offering customer-focused service built about strong relationships. According to CH2M Hill (2001), all projects begin and end with the customer. In focusing on the customer, the whole organization and especially project manager's and project team's duties are to:

- Understand the customer's business needs and expectations, both for the project and the services.
- Develop the project vision and generate alignment around it.
- Plan for customer involvement, communication, and service.
- Gain endorsement of the project work plan early and maintain endorsement through meaningful dialogue with the customer during the project.

Barkley and Saylor (2001) point out that by keying into every customer expectation at the point at which that expectation can be translated into project development, project managers can develop a real-time relationship with the customer to ensure that customer's voice is part of every project dialogue. The presumption here is that customer value comes primarily from the growing confidence that the customer gains in a project relationship that the project team is working in the interest of the customer. Without this leverage through constant communication

and access to the key gateways in the project management process, today's customer lacks the assurance that the project is progressing as the customer expects it to (Barkley & Saylor, 2001).

Figure 6 is a pictorial representation of project management. The objective of the figure is to show that project management is designed to manage or control company resources on a given activity, within time, within cost, and within performance. Time, cost, and performance are the constraints on the project. If the project is to be accomplished for a customer, then the project has a fourth constraint: good customer relations. It is possible to manage a project internally within time, cost and performance and then alienate the customer to such a degree that no further business will be forthcoming.

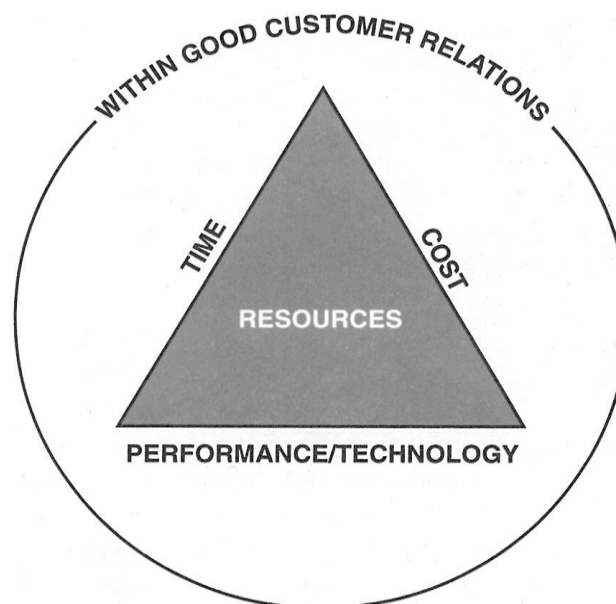


Figure 6: Constraints of Project Management (Kerzner, 2006)

Consequently, according to Kerzner (2006), successful project management can then be defined as having achieved the project objective:

- Within time
- Within cost
- At the desired performance / technology level

- While utilizing the assigned resources effectively and efficiently
- Accepted by the customer

Meeting or exceeding customer expectations requires establishing and maintaining a customer-driven organizational culture focused on doing whatever it takes to add value for the customer. This involves: Get to know the customer; communicate continually with customer; and cultivate relationship with customer (CH2M Hill, 2001). The organization and its teams must completely understand customers and their processes. The teams must be organized so as to enable them to develop a partnership with suppliers and a relationship with customers that allow them to adapt their processes immediately to any customer's desire.

3.2.2 Definition of Customer Satisfaction

The concept of customer satisfaction has drawn the interest of academics and businesses for more than three decades because of the fact that customers are the primary source of the most firms' income without the emergence of a consensual definition of the concept. Oliver (1997) states: "Everyone knows what (satisfaction) is until asked to give a definition. Then it seems, nobody knows". Following is a sample of definitions offered in the literature.

Westbrook (1981) noted that overall satisfaction with a particular service provider resulted from the customer's evaluation of a total set of experiences. This concept recognizes that satisfaction is determined by a cognitive process of comparing what customers receive (rewards) against what they give up to acquire the service (costs) while the latter views satisfaction as an emotional feeling resulting from an evaluative process. So, customer satisfaction is defined as an emotional reaction, which results from a cognitive process of evaluating the service received against the costs of obtaining service

Peters and Waterman (1982) gave credibility to the value of focus the company on customer needs and desires.

Churchill and Suprenant (1982) held to the concept that customer satisfaction is a direct outcome of purchase and use as a result of a buyer comparing rewards and costs of purchase to anticipated outcomes and consequences.

Yi (1990) defined the customer satisfaction as a collective outcome of perception, evaluation and psychological reaction to the consumption experience with a product or service.

According to Hunt (1997), satisfaction is a function of consumer's belief that a company or organization was treated fairly.

Oliver (1997) addresses the definitional issue: "customer satisfaction is generally described as the full meeting of one's expectations. It is the feeling or attitude of a customer towards a product or service after it has been used".

Kotler (2003) gave a more complete and comprehensive definition: "Satisfaction is a person's feelings of pleasure or disappointment resulting from comparing a product's perceived performance (outcome) in relation to his her expectations".

Satisfaction refers to achieving the things we want. If satisfaction is interpreted as "not going wrong", the firm should decrease complaints, which by its own is not sufficient. To satisfy customers, company should improve its products and services.

3.2.3 Importance of Customer Satisfaction

Satisfying customers is one of the primary objectives of every business as identify that keeping existing customers is more beneficial than having to win new ones to replace those lost. Several management and marketing theorists, like McColl-Kennedy & Scneider (2000) and

Reichheld & Sasser (1990), point out the importance of customer satisfaction for business's success.

Good customer satisfaction has an effect on the profitability of almost every business. When customers perceive good service, each will typically tell nine to ten people (Gitomer, 1998; Reck, 1991). It is estimated that about one half of American business is built upon this informal "word of mouth" communication (Gitomer, 1998; Reck, 1991). Improvement in customer retention by even a few percentages points can increase profits by 25 percent or more (Griffin, 1995). Furthermore, according to research of the University of Michigan, for every percentage increase in customer satisfaction, there is an average increase of 2.37% or Return on investment (ROI) (Keiningham & Vavra, 2001). Many research studies link customer satisfaction to financial performance, such as operating margins, ROI, accounting returns and that customer satisfaction reduces the cost of sales, service and communication. According to Anderson, Fomell and Lehmann (2004), the percentage of positive or negative customer satisfaction move the financial performance in the same direction (figure 7).

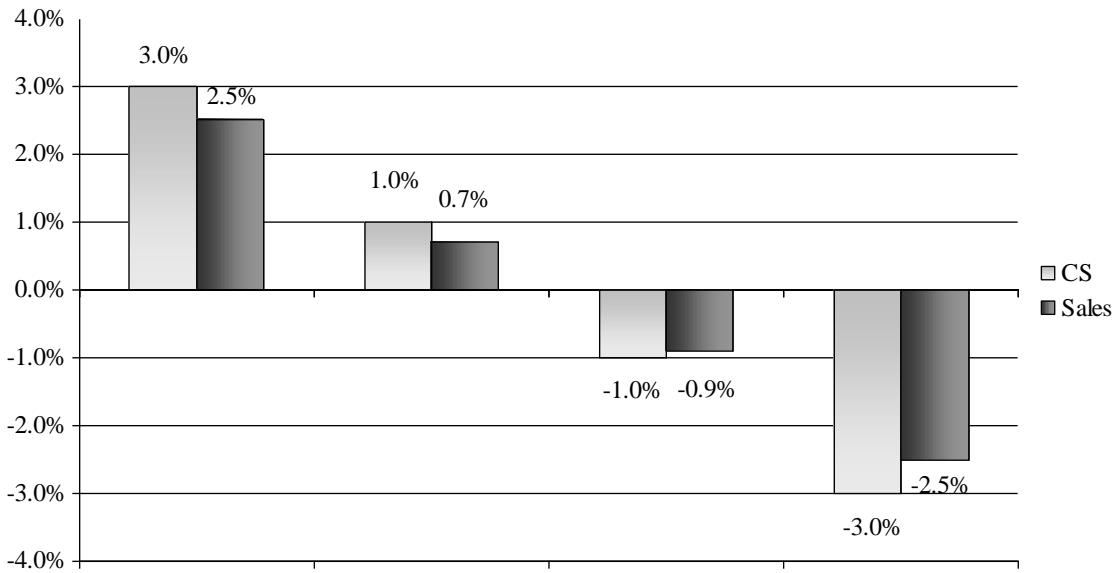


Figure 7: Relationship Between Customer Satisfaction and Sales (Anderson, Fomell and Lehmann, 2004)

On the other hand, lack of customer satisfaction has an even large effect on the bottom line. Customers receive poor services typically relate their dissatisfaction to between 15 and 20 others. The average American company typically loses between 15 and 20 percent of its customer each year (Griffin, 1995). The cost of gaining a new customer is ten times greater than the cost of keeping a satisfied customer (Gitomer, 1998). In addition, if the service is poor and the service incident is so negative, the negative effects can last years through repeated recollection and recounting of the negative experience (Gitomer, 1998; Reck, 1991).

Jochen Wirtz (2003) refers that the main mechanism of success in the market place is customer satisfaction and lists the results of customer satisfaction as follows: repeat purchase, loyalty, positive word-of-mouth and increased long-term profitability. The message is clear, satisfied customers improve business and dissatisfied customers impair business. Customer

satisfaction has to be considered as an asset that should be monitored and managed like any physical asset.

3.2.4 Components and Requirements of Customer Satisfaction

Customer satisfaction begins with clear operational definitions from both the customer and the organization. Understanding the motivations, expectations, and desires of both gives a “keystone” in order to best serve the customer and furthermore it may even provide data on making improvements in the nature of business. According to Naylor and Greco (2002), the value of clearly defining the key concepts and fundamentals of satisfaction provide a template by which information are gathered about what is, and what is not, working. This includes both the hard measures, those that are more tangible and observable (i.e., number of complaints, average delay of a project completion, product returns, etc) and soft measures, those less tangible aspects (i.e. politeness, helpfulness, etc) (Hayes, 1998). In order to know about customer satisfaction, the organization needs to seek such information from both within and without.

The organizational requirements of customer satisfaction are the internally based processes, standards, components and criteria that a business strives to achieve. These are the performance goals set forth by the business, for the business. Meeting or exceeding these is often sign of success or failure. Although, many times these components of customer satisfaction may overlap with those set forth by the customer.

These processes, standards and components that are considered important by the customer are another important source of information. In order a business to meet the needs and desires of a customer, the business must know the needs and desires of the customer. This information is not only important for business success, but also for understanding and improving

customer satisfaction. In this way, the standards and components of satisfaction are setting from the perspective of the customer (Hayes, 1998). Mohamed Zairi (2000) developed the following cycle, which shows in order to have a constant improvement of customer satisfaction there should be a cycle which starts with listening to voice of customers then analyzing their comments, developing actions and at the end implementing. Figure 8 illustrates this cycle:

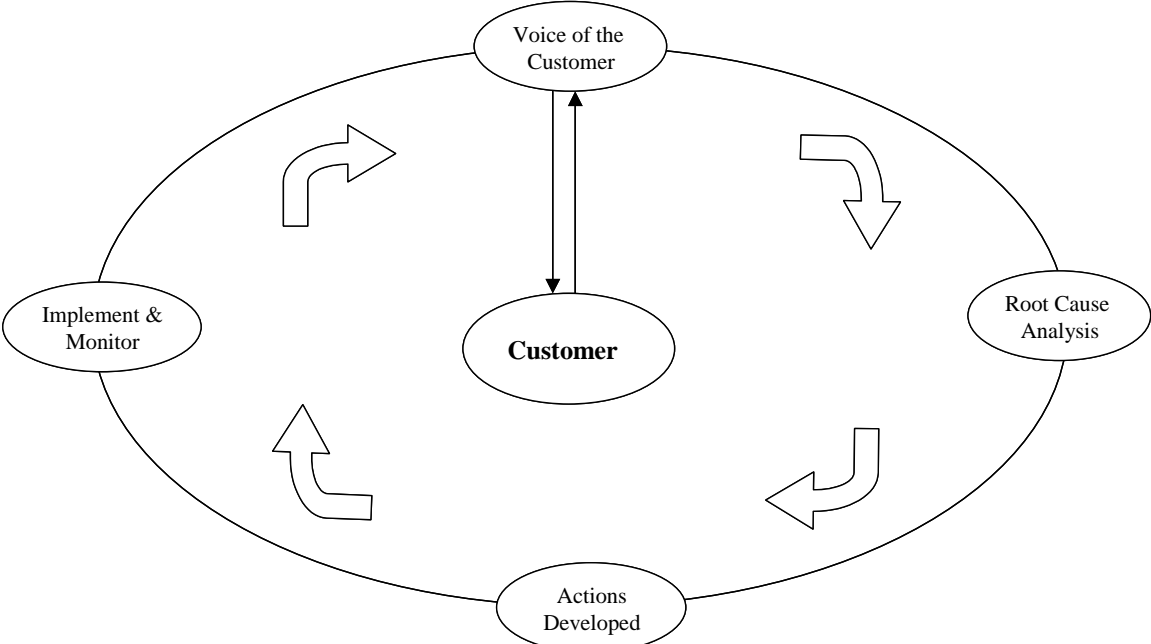


Figure 8: Customer satisfaction continuous improvement (Zairi, 2000)

From this continued definition and installation of various sources of data, the actual development of a customer satisfaction tool can begin in earnest. As always, the planning of the research is the most crucial component in a successful information-gathering process.

3.2.5 Customer Satisfaction & Service Quality

In this study, it is crucial to establish the relationship between customer satisfaction and service quality. The issue revolves around the debate as to whether satisfaction precedes service quality or the alternative, does service quality precede satisfaction.

Boulding et al. (1993) noted that service quality and customer satisfaction were treated as one and the same by the business press. Bitner (1990) views satisfaction as an episodic, transaction-specific measure. Still not convinced, Bitner and Hubbert (1994) subsequently raised the question whether or not service quality and customer satisfaction is distinguishable from customer's perspective. However, studies by Cronin and Taylor (1992) treat satisfaction as a cumulative rather than a discrete measure and it become obvious that satisfaction / dissatisfaction had to separated into two distinct types based on a given service encounter or a total service experience.

Bolton and Drew (1994) in their research concluded that there is a diversity between a single encounter and the total service experience, they stated: "In a dynamic framework, customer satisfaction with a specific service encounter depends on pre-existing or simultaneous attitudes about service quality and customer post-usage attitudes depend on satisfaction." From their conclusions, it is implied that service quality is an input and customer satisfaction an output. However, taking their statement and dissecting into one would have to conclude that Bolton and Drew (1994) view this dynamic framework from the side of service quality establishing the perceptions necessary for the customer to get satisfaction from a specific service encounter as opposed to pure service causing the customer to receive satisfaction.

While the issue is foggy, it is reasonable to conclude that there is a accord among the researchers that although service quality and customer satisfaction are two different constructs they can still have common indicators. Furthermore, there is agreement in the literature that both service quality and customer satisfaction have an influence on building strong relationships with customers and customer loyalty.

3.2.6 Today's View on Service Quality

As all companies compete to some degree on a basis of service, service quality becomes extensively important to achieve a sustainable competitive advantage and customer-driven strategies require satisfying customer preferences.

Customers' perceptions and expectations of service quality are increasingly used to predict company profitability and scenarios for improved market share. Although many others "quality-focused" initiatives have often failed to increase company performance, customer-perceived service improvements have been shown empirically to improve profitability (Buzzell and Gale, 1987).

Providing advanced service quality requires creating a distinct relationship between what the customer wants and that the company provides, or a relationship between customer requirements and essential business elements (Evelyn and DeCarlo, 1992). Service quality literature recognizes expectations as an instrumental influence in customer evaluations of service quality. Expectations are understood as the desires or wants of customers and according to Drege (1991), meeting rising customer expectations has proved to be one of the most difficult and complex challenges to service businesses.

Companies that actively search for and integrate the best service processes to improve the performance and the perceptions of their customers are found to excel in relation to their competitors (Sellers, 1991). According to Robledo (2001), companies that surpass customer expectations without impairing profit margins have frequently been found to develop a solid foundation of customer satisfaction and loyalty based on segmented service. Determining levels of customer service is understood to depend on accurately assessing customer expectations, so that companies are able to meet highly valued customer expectations and avoid apply those

services to customers do not value. Successful customer service focused companies measure their service to find out how well they are satisfying their customers and superior companies have been shown to be consistently excellent listeners to their customers building strong relationship via CRM concept.

3.2.7 A Model of Customer Satisfaction (The Met-Expectations Model)

One model of measuring customer satisfaction that has received considerable attention in business environment is the Met-Expectations Model. It is also known as the Discrepancy Model, Disconfirmation of Expectations Model or Gap Model for Managing Quality (Parasuraman, Berry, & Zeithaml, 1988). The main condition of this model is that quality can be defined by the differences between the customer and the business in terms of service quality. These differences, or gaps, can be used to identify the relative strengths and weaknesses in service quality of a business. Furthermore, this provides a measure of performance quality (Patti, 1987).

The Met-Expectations Model of Customer Satisfaction is based upon a framework of five possible service quality gaps (Parasuraman, Berry, & Zeithaml, 1993). The first four are those on the provider side of service and the fifth relates to the customer side of service. These gaps are:

- Gap 1: The difference between customer expectations and management perceptions of customer expectations. This is the point of knowing what the customer expects. In business world, it is significant for an organization to being clearly aware of what it is exactly that the customer expect.
- Gap 2: The difference between management perceptions of customer expectations and service quality expectations. This gap has to do with the coherence between the

organization's established specifications of service quality and expectations of its customer. The intended service has to meet the expected. The customer must determine the standards of service delivery for satisfaction to be positive.

- Gap 3: The difference between actual service quality specifications and the service actually delivered. This is also known as the service performance gap and it is the difference what an organization provide as service standards and practices and what employees actually deliver to customers because either the inability or unwillingness of staff to perform as the organization describes. Failure of a company to monitor the provision of service will lead to lower customer satisfaction.
- Gap 4: The difference between service delivery and what is communicated to customers. The coherence between business assurances of service delivery and actual service delivery is the issue of this gap a company must deliver service based on promises made to customers. Failure to deliver as promised can lead to customer dissatisfaction, not only with service, but the agency as well.
- Gap 5: The differences between customer expectations and perceptions. A key difference that affects satisfaction is between customer expectations and perceptions. The service delivery must meet or exceed expectations. Failure to do so can lead to customer dissatisfaction while meeting or exceeding these can lead to satisfaction (Keiningham & Vavra, 2001).

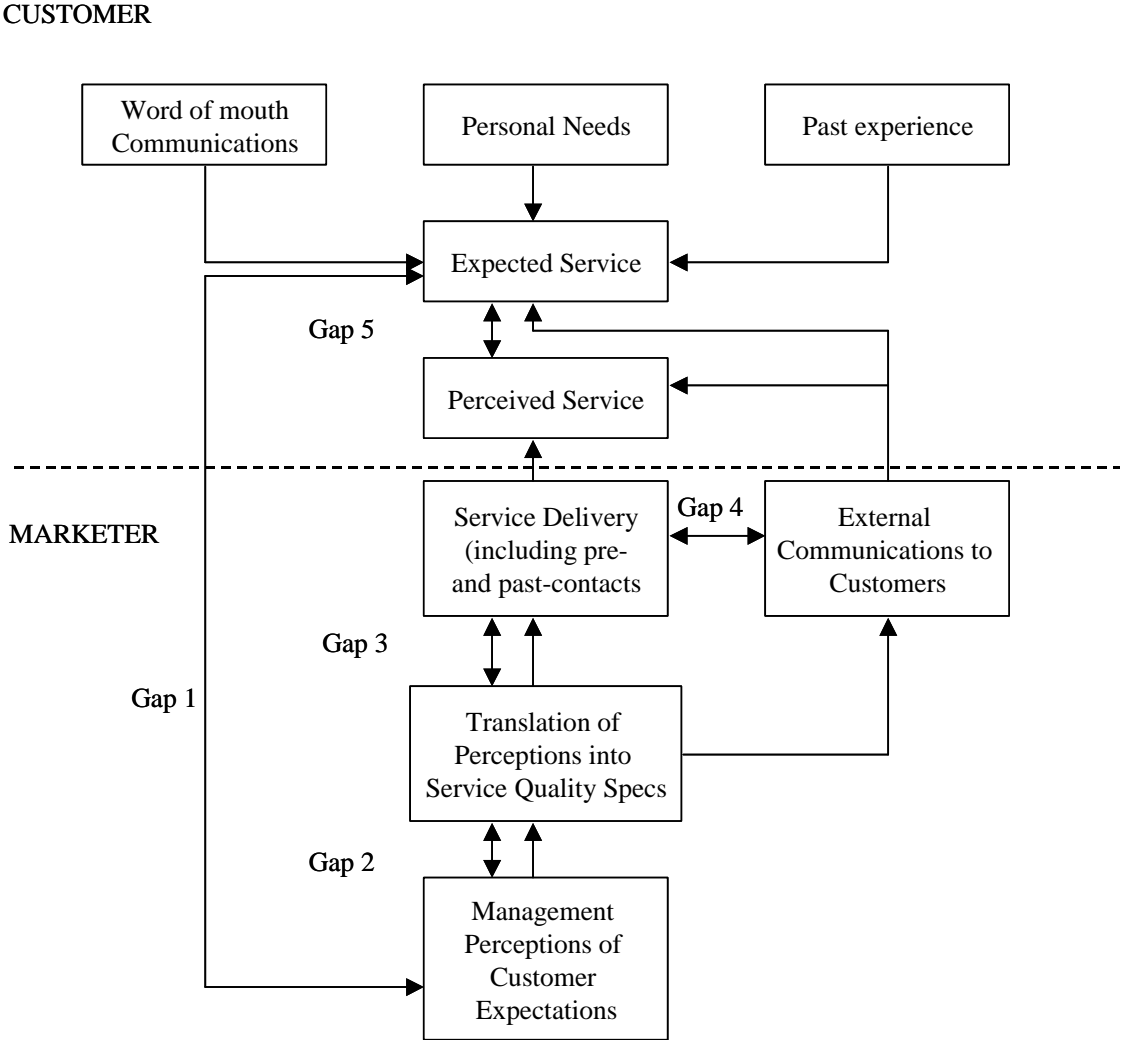


Figure 9: Conceptual model of service quality ((Parasuraman, Berry, & Zeithaml, 1993)

The model is appealing in its simplicity logic; customer expectations of service that are closely matched with perceived actual services will be satisfied customers. If expectations exceed actual services, the client is dissatisfied or worse. On the other hand, if the actual services get over expectations, the customer is satisfied.

3.2.8 SERVQUAL Instrument

The studies of Parasuraman and his research team to develop and refine a scale for measuring service quality as perceived by clients, led to SERVQUAL. SERVQUAL measures

customers' expectations and perceptions respectively along different kinds of service attributes grouped into five dimensions. Parasuraman (2004) defines these five dimensions as following:

1. **Tangibles:** This quality dimension involves those attributes pertaining to physical items such as equipment, buildings, and the appearance of personnel and the devices utilized to communicate to customers. Because advertising agencies provide B2B services, the appearance of physical facilities, equipment, materials and personnel are considered to be not of high importance. The study will examine this dimension focusing on communication materials, the way of interaction with the customers.
2. **Reliability:** This quality dimension involves the consistent, dependable, and accurate delivery of promised services.
3. **Responsiveness:** This quality service dimension describes those aspects of personnel that demonstrate willingness of an organization's personnel to help customers and provide prompt service. The characteristic is the service-orientation of the staff members.
4. **Assurance:** This dimension includes the knowledge, skill and ability of personnel to inspire trust and confidence to customers, as well as the level of courtesy.
5. **Empathy:** This dimension of service quality relates to the level of caring, and individualized attention that personnel provides to customers.

Parasuraman (2004) states that he and his research team did an in-depth investigation of each of the gaps of the Met-Expectation Model to find potential causes of each gap. The study resulted in an extended model of service quality that relates for each gap a list of specific organizational defects that could cause the gap and the five service quality dimensions as customers' assessment of service quality (figure 10).

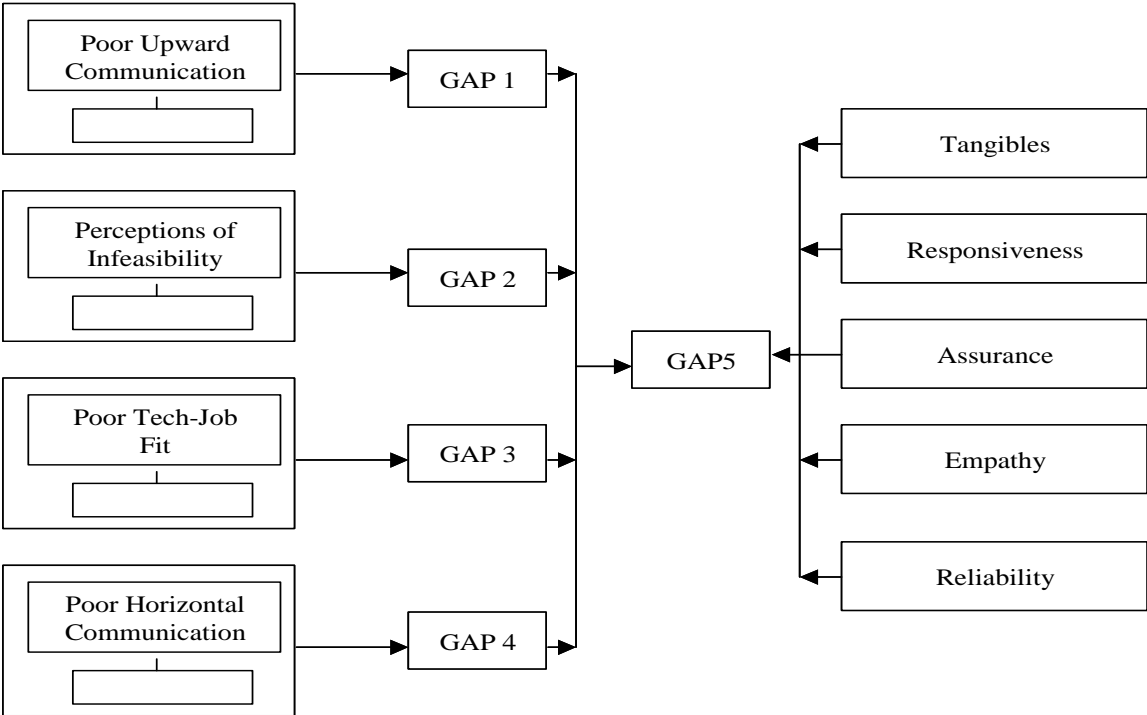


Figure 10: Extended GAPS model (Parasuraman, 2004)

CHAPTER 4 – METHODOLOGIES AND PROCEDURES USED IN THE STUDY

4.1 Research Design

Researches can be classified according to their purpose and how much knowledge the researcher has about the problem before starting his investigation. They are most often classified as exploratory, descriptive or explanatory (Saunders & Thornhil, 2003). The definition of each is as follow:

- Exploratory: it is a mean to find out “what is happening”, to seek new insights and to access phenomena in a new light
- Descriptive: it is a mean to describe exact profile of persons, events or situations
- Explanatory: It has to do with studies that establish casual relationship between variables. The emphasis is given on studying a situation or problem in order to explain the relationship between variables.

The research purpose and research questions of this thesis indicate that this study is mainly explanatory since its intention is to explain the relationship between customer relationship management and customer satisfaction in project-based advertising companies and draw conclusions from collected data.

4.2 Research Approach: Qualitative vs. Quantitative

The research approach is either quantitative or qualitative. The best research method to use for a study depends on study’s purpose and research questions.

A quantitative approach implies the search for knowledge that will measure, describe and explain facts of our reality. Its data obtained from samples and observations seeking for relationships or patterns that can be expressed in numbers rather than words. On the other hand,

qualitative research is a search for knowledge that investigate and understanding the facts by an inside perspective. Its aim is to receive extended information and so obtain a deep understanding of the research problem.

As a result of the above explanations, we can decide that our research is qualitative. First, the research question posed will provide answers that cannot be measured in numbers, and second, a qualitative research method suits us best, as the purpose of this study is to gain an deeper understanding on how advertising companies can take use of customer relationship management in order to enhance customer satisfaction.

4.3 Research Strategy

Focusing at qualitative research as a general approach the focus turns to the research strategy we will use to gather the data. There are five main research strategies: experiments, surveys, archival analysis, histories, and case studies. Each strategy has advantages and disadvantages depending on the following conditions: 1) the type of research question posed, 2) the extend of control a researcher has over actual behavioural events, and 3) The degree of focus on contemporary events, as opposed to historical ones. The research strategy suit to our research question, which does not require control over behavioural events and is focused on contemporary events, is the case study.

A case study research is a technique to study one or more situations similar to researcher's problem. An advantage with performing a case study is that a complete situation can be investigated in depth. However, the results from a case study should be seen as tentative and since most situations are typically in some sense it is dangerous to make generalizations based on the result.

In this research, we conducted three case studies as a multiple case study has the benefit of being more reliable and realistic than a single case study regarding the researcher’s conclusions. Both within case analysis and cross case analysis are presented. First, each case is analyzed independently and compared with theories, and second, the three cases are compared with each other in a cross case analysis. The aim of doing a cross case analysis is to be able to compare the single cases with each other and to generalize results (Miles & Huberman, 1994) (Figure 11).

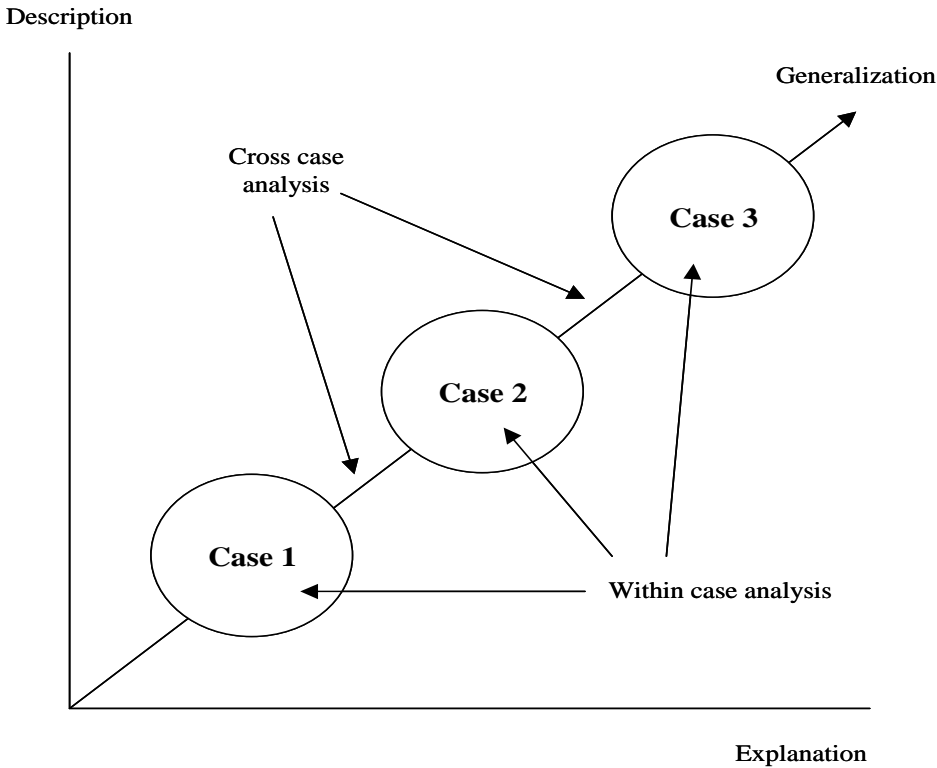


Figure 11: Sequential Iterative Analysis (Miles & Huberman, 1994)

4.4 Data Collection Method

For this study interviews were used as the data collection method. An interview guide (provided in appendix A) was used in order to discuss issues connected to the literature review.

This allowed the respondents to answer with flexibility and to confirm or dismiss certain facts having a casual conversation with the researcher. Interview guide consists of three parts:

1. Company presentation: the researcher gathers data about the company and its involvement with CRM.
2. Company's CRM benefits: the researcher roots about CRM benefits and examines if the respondent will mention customer satisfaction as a CRM benefit impulsively.
3. Correlation between CRM and customer satisfaction: The researcher ask respondent to comment the relationship of two variables and how affects each other. Furthermore, the respondent is asked to refer how CRM affects service quality, which is a crucial factor of customer satisfaction.

All interviews included in this study were conducted face-to-face. This type of interview gives the chance to explain questions avoiding misunderstandings and the duration of the interview can be rather longer allowing a better feedback from the respondent (Zikmund, 2000). The interviews were conducted in Greek, as it is the mother tongue of the respondents, and took about one hour each to conduct. Without delay after the interview session, we tried to read notes though all the data gathered in order to keep them close to our mind.

4.5 Sample Selection

The first step in choosing our sample selection was investigating which advertising companies were suitable for our research purpose. So, we started to list advertising companies that were most active ones on the Greek market and apply CRM philosophy. Due to the fact that most of companies refused to give us an interview claiming lack of time, we selected three advertising companies as our sample based on our personal relationship with respondents.

Furthermore, the researcher works for one (Kino S.A.) of the three advertising companies. The advertising companies in question were: Kino S.A., Solid Communications, and Alector Advertising S.A. The respondent for Kino S.A. was Mrs. Lily Polidorou, for Solid Communications was Mrs. Olga Nikolakopoulou, and for Alector Advertising was Mr. Socrates Baltas.

Advertising Company	Name of respondent	Position of respondent
KINO S.A.	Lily Polidorou	Head of Client Service
Solid Communications	Olga Nikolakopoulou	Marketing Director
Alector Advertising	Socrates Baltas	Sales Manager

Table 1: Advertising companies and respondents included in this research

Above names and positions are made public after the persons' consent.

CHAPTER 5 – RESULTS

5.1 Within Case Analysis of Kino S.A.

Company Presentation

Founded in 1984, Kino S.A. is now recognized by the Greek and European market as a pioneer, and subsequently one of the most successful advertising companies. Kino deals mainly with television commercials, but also with direct marketing, public relationships (PR) and event organizing. Apart from numerous Greek awards Kino has received, its advertisements have also been awarded in many competitions and festival abroad, e.g. Cannes Film Festival (1999), New York Festival (1986, 1997, 1999, 2002, 2006) and elsewhere, totalling to 20 international and over 150 awards at advertising festival since its establishment.

Kino S.A. employs 44 permanent and collaborates with 60 independent professionals. Some of Kino's most important customers are the following: Diageo Hellas, Kraft Jacobs Suchard Pavlides, ION, Elais, Fage, BP Mobil, Procter & Gamble, Miele, Vodafone, HSBC, Germanos mobile phones, Hyundai etc. and company philosophy is described as: "By understanding exactly our client's needs, we are able to provide creative solutions excelling in quality and innovation". Based on this philosophy, Kino implemented a CRM strategy in 2002 in order to improve existing customer services and unify its customer data across the business. Until then, there was no integrated record of this data, Kino's IT systems were not able to collect information centrally and so the company found it complex to get a clear picture of its customers. Our respondent at Kino was Lily Polidorou, who is the head of the client service at the company. To be able to take on the convenient that was needed throughout the interview, we asked the respondent to focus at Kino.

How can company's CRM benefits be described?

Mrs Polidorou states that CRM strategy made the company more project based and for sure, more customer-centric. The implementation was incredible successful, with not important problems at the beginning of the implementation as employees adapted to the changes quickly.

The respondent credits six activities to CRM, which she calls “the backbone of customers relationships”. These are the following customer related interactions: understanding, engaging, personalizing, transacting, fulfilling and servicing. Customer relationship management, she claims, exists to deal with customers in efficient ways by managing touch-points with them via a variety of different channels. These actions are timed with a collaborative frame of methods so that customers can be identified, profiled, and provided with exactly what they need. According to her opinion, CRM for Kino is a necessary element of the whole customer experience, in which the actual physical offering often assures minor importance to the way it is delivered and serviced or enhanced. Since CRM implementation in March 2002, the manager of sales department has been able to identify some key benefits:

- Enhanced customer satisfaction, and therefore customer retention, that ensures Kino's good reputation in the market.
- Increased value from retained customers and reduced costs associated with supporting and serving them, increasing Kino's overall efficiency and reducing total cost of sales.
- Identifying needs more effectively by understanding customer requirements based on historic trends.
- Reduced and improved reporting. The data is held centrally and it is possible to set up automated reporting processes to produce daily and weekly reports tailored specifically to individual customer requirements.

- Evaluation and measurement of customer value. CRM differentiate high-value customers and prompt services are provided.

Does CRM affect customer satisfaction in your company? And how?

Mrs. Polidorou strongly believes that appropriate use of CRM affect positive customer satisfaction. According to her words, basic CRM actions include gaining, analysis, and use of knowledge about the customers in order to better understand their needs and wishes and satisfy them. By using customer data wisely to deliver what the customer needs, advertising companies create long-term, collaborative relationship with the customers. Kino, with the CRM approach is modified to meet the customers' needs and as a result CRM is utilized to build up data that is available through technology and then use it to serve better the customer and benefit the company at the same time. Target of an advertising CRM is to gather more and more accurate information about customers, analyze these data and get a 360-degree view of customer in order to be aware of every customer activity, complaint, sales history, etc. before any interaction with him.

Mrs. Polidorou also claims that about 69% of Kino's customers were leaving because of service problems. This changed after the implementation of CRM strategy, as one of the main benefits of CRM is the improved service quality. Kino managed to transform the disadvantage of service quality into a strong advantage using the following CRM features:

- Find critical information and resources quickly. A powerful knowledge base search engine, helps service professionals quickly locate resolutions to customer issues.
- Manage for maximum productivity. The reporting capabilities of CRM software help managers capture and analyze customer service metrics to assess team effectiveness.

- Help customers help themselves. CRM empowers customers to find answers they need online at their convenience. With CRM web customer portal, customers can view everything about their project.
- Integration for a complete customer view. CRM integrates with back-office applications so projects managers can access key customer information.

Mrs. Polidorou, noticing the correlation between the following service quality customer dimensions and CRM, referred:

Tangibles (way of communication with customers)

Good customer relationship management means effective communication with customer. Kino's CRM software offers self-service portals, giving customers a complete view into their projects. In this way, customers have the chance to take delivery of accurate and updated information, place new orders or order changes on projects, view their order or change histories, and make comments online. Kino's CRM contact center facilitate communication and enables call history maintenance and furthermore CRM software is integrated with Outlook and Notes so that appointments, tasks and contacts are synchronized and also copy of e-mails and their attachments are saved as part of customer's historical records and activities.

Reliability

Reliability has to do with "doing what is promised" and "doing it at the appropriate time". Top management of Kino believes that CRM applications enable advertising agencies influence reliability by facilitating the timely, accurate processing of customers orders and requests and the ongoing management of customer accounts. Access to a centralized knowledge database consisting of previous expertise and case histories and CRM automations like project team formation and Gantt Chart, which check availability of resources and create accurate

timetable, help to deliver completed projects at certain time. Furthermore, Mrs. Polidorou notes that as the knowledge database grows, this enable them to estimate better the exact complication of a project and work on this according customers needs.

Responsiveness

Willingness of a company's personnel to help customers and provide them high-quality service depends on training and policies of company but also CRM functionality. A CRM solution that accelerates process and improves quality of customer service drives to customer satisfaction. Kino's data warehouse is used to keep record of all documents, presentations, notes, creative ideas, proposals or sales activities related to each customer. This CRM feature helps Kino's personnel to have access on accurate data that help decision-making, resolve customer questions and issues improving service quality and accelerates process because of the ease-of-use and automations tools of software. Every employee of Kino has access to customers' data, which make easier for them to show willingness and provide prompt service.

Assurance

Mrs Polidorou states that the upgrading in customer knowledge that company is gaining using CRM applications, gives the capability to personnel inspire trust and confidence to customers as it gives company a competitive advantage to respond better customer needs. It is easier to make someone trust you when you know his behaviour, desires, and needs. This knowledge often makes Kino's people face possible conflicts, delays, or communications troubles with customers before happen and schedule accurate a project, find solutions to a variety of problems and resolve an issue during a project before a customer request or complaint, predicting his behaviour. These repeated actions cause to customer the assurance that the project will be matched to his expectations.

Empathy

Customer relationship management applications enable Kino to customize its offerings to each customer. By accumulating data via customer interactions and possessing this data to discover hidden patterns, CRM applications help Kino customize its offerings to suit the individual tastes of their customer. The high levels of caring and individualized attention and interest that are provided via CRM enhance the perceived quality of services from a customer viewpoint and consequently customer satisfaction.

5.2 Within Case Analysis of Solid Communications

Company Presentation

Established in 1991, Solid Communications is a Greek – owned advertising agency and the Mother Company of the Solid Group as public relation needs are covered by Solid Relations and promotion and direct marketing by Solid Sales. The core business of Solid Communications is to develop a constant and dynamic communication strategy for its customers and to implement this strategy during advertising projects in the most creative way.

Comprising of about 59 full-time professionals, Solid Communications has a customer base of over 180 and places approximately 1.500 job advertisements per annum. Some of its most important customers are the following: Eurika (aroxol & algoflash), Nikas, Emporiki Bank, Intersport, Katselis Bakeries, Panathinaikos F. C., Lussile, Bic, Tim etc. Solid's philosophy is to stand by its clients to help them improve their competitiveness by implementing integrated communication strategies and creation of campaigns with character, penetration and endurance. According to Solid's executives, capacity for listening customers can perform in the creative process and produce value. In this direction, they have to understand completely customers'

needs and adapt creative ideas on them. Solid implemented a CRM solution in 2001 in order to automate processes, provide “touch” with their customer base and monitor critical events of projects and so the company deliver outstanding service to customer. Our respondent at Solid was Mrs. Olga Nikolakopoulou, who is the marketing director at the company. To be able to take on the convenient that was needed throughout the interview, we asked the respondent to focus at Solid Communications.

How can company’s CRM benefits be described?

After using CRM strategy for about five years, Solid has been impressed with CRM overall functionality and its ability to support strategic business processes. The software integrated easily into existing IT infrastructures and was progressively customised to fit exactly Solid’s business needs. “CRM give us the ability to plan for customer involvement, communication, and service,” says Mrs Nikolakopoulou.

Before CRM implementation, Solid was using a number of different and often outdated spreadsheets to manage customer information and sales opportunities, which drive to business growth. Mrs Nikolakopoulou states that CRM implementation was the option to enable Solid’s employees to spend more time on sales and improved customer services, and less on business administration. The way employees manage customer information has been transformed, enabling them to have a more effective relationship with customers. According to the respondent, CRM has really helped Solid to build up a competitive advantage by improving its data capture, and management, creating more efficient and timesaving business processes. During the years of CRM implementation, the following key benefits has been able to be identified:

- Efficiencies in time management using automated processes.
- Increased customer satisfaction and drives to customer loyalty. Mrs. Nikolakopoulou states that CRM focuses on customer needs using historic trends and recognize that the better the company treats to customers, the higher the customer satisfaction and loyalty will be.
- Enhanced communication with customers. CRM has the ability to gather data about customers, store data in an easily accessible format, analysis, and using the data to effectively communicate with customers.
- Improved quality of advertising projects customising them. CRM identify lifetime value drivers, lifestyle changes, behavioural cues and customer attitudes that drive to customize creative ideas.
- Efficiencies in data capture.

Does CRM affect customer satisfaction in your company? And how?

Mrs Nikolakopoulou believes that many times the desire of employees to provide prompt service is not necessary adequate to satisfy customer. All employees must have an excellent cooperation during the various phases of projects; share the same accurate customer data; and communicate in efficient ways with customers. Solid's CRM focus on these factors delivering customer-focused data that is critical to achieve overall customer satisfaction. The creative team, the marketing department, the sales team, and customer service department use CRM and so manage to communicate efficient with customers and have the same customer information, which provide a holistic view over all of the business activities. The knowledge of customer

behaviour, desires, complaints and sales history provide the opportunity to Solid to better the customer interactions and finally achieve customer satisfaction.

The marketing director of Solid agrees that customer service is a critical parameter in achieving overall customer satisfaction. According to her opinion improved service quality is a point of differentiation from competitive companies and this is a good motive for implementing a CRM strategy. Solid used the following CRM features to better the quality of provided service:

- Customer service data are used as a feedback to resolve various customer issues and help the decision-making. CRM centralizes sales and customer data into a single, efficient environment for managing all aspects of customer interaction. Having the data organized in this manner enables the advertising company to more easily analyse all this information and gain clear picture of customer in order to resolve possible problems during projects or decide according customer's philosophy maximizing customer satisfaction.
- Acceleration of customer service process due to CRM automations (e.g. orders management and record of complaints) and CRM knowledge base search engine that provide the whole customer history in few seconds.
- Continuous communication with customer via CRM web customer portal. In this way, Solid use customers to better services and projects delivers.

Mrs. Nikolakopoulou, noticing the correlation between the following service quality customer dimensions and CRM, referred:

Tangibles (way of communication with customers)

Customers are people, and people want to be acknowledged by having their needs and views heard and understood. Often, customers change their approach or priorities throughout

projects; these changes can present opportunities for Solid to provide further services. Solid's CRM web customer portal provides a frequent contact with the customer and helps to become perceivable these customer changes by the organization. One of the main reasons that CRM affects positively customer satisfaction is the fact that establishes a communication system between project team and the customer. Call-center, self-service portal and e-mail notification system establish a continuous dialogue with customer in order to build the road drives to customer satisfaction.

Reliability

Providing to customers what is promised in the promised time develops reliability. Delivering of successful projects enhance customer's trust in the company, create satisfaction and build strong relations with the customer. CRM helps Solid to create accurate and workable schedules, manage available resources, and build customer service plans based on knowledge database identifying customer values and desires in order to deliver qualitative advertising projects and meet deadlines for deliverables.

Responsiveness

Responsiveness demonstrates to customers the willingness to adapt to meet their needs and expectation, and provide customer service. CRM helps Solid with this service dimension in two ways. First, using customer database, they are able to identify expectations and possible behavior or changes in the beginning of the project and take into serious consideration these parameters during the project plan in order to decrease the need of reschedule. Secondly, CRM helps Solid's personnel resolve customer questions or issue, having access on updated data. Many times, they service customers in few seconds using ease-of-use automations tools of software.

Assurance

Solid through CRM applications tries to cause to customers the emotion of assurance that the advertising campaign or TV spot will be just like they wanted and help in promotion of their products or services. This happens because via CRM the project team and project manager have not only a complete view of customer but also a view of the whole market. This does not mean that Solid use data of competitive companies. Apart from the fact that it is unprofessional, legislation forbid to an advertising company produce an advertisement for a brand while it has already done it for a competitive one. CRM gives to Solid the opportunity to measure success of its projects and provide a continuous learning to its employees in how to manage customer relations.

Empathy

No matter how large or small is a project; customers expect their job to be at the top of project manager's and project team's list. CRM customize Solid's profile to match to each customer and make him feel that is important for Solid. This individualized care to customers separately helps to build strong relations with them, provide service upon their singularity and finally succeed satisfy their needs.

5.3 Within Case Analysis of Alector Advertising S.A.

Company Presentation

Alector Advertising history began in 1947 and its founder is Takis Theoharopoulos. It was the most lasting and the most renewed advertising agency in Greece and the only agency in Greece that has been awarded with the Bronze Lion in Cannes Festival for TVC "Mad" of Yiotis in 1998. Alector provides fully integrated marketing and communication services with

consistency, well-organized strategy, originality and creativity, always preserving its position among the most efficient advertising companies in Greece.

Alector Advertising employs totally 38 experienced people and some of its most important customers are the following: VIANEX (Pharmaceuticals), EXALCO, Hellenic Association of Insurance Companies, ELGEKA, VW Karenta, Lidl, Andreadis home stores, Man & Manetti etc. Company's philosophy is described by the following phrases: "the advertisements that we create add value, because in every form they are based on clear strategy and creative excellence. We continuously evolve our partnership with our clients in order to develop their sales and image". In 2001, Alector changed logo and renewed portfolio by 60% because the break of its affiliation with the Lowe group. CRM is decided to be used in order to help the process of attract and retaining new customers. Our respondent at Alector was Socrates Baltas, who is the manager of the sales department at the company. To be able to take on the convenient that was needed throughout the interview, we asked the respondent to focus at Alector Advertising.

How can company's CRM benefits be described?

Mr Socrates Baltas states that CRM strategy was crucial as the loss of many customers created the need to attract new ones but also retain these new customers providing high-quality services. The implementation was successful as all employees attend seminars on the software but also on customer relationship management way of thinking. Today, Alector has achieved to attract very important customers who declare satisfied and act as a positive word-of-mouth.

The respondent credits to the CRM solution the fact that Alector both capitalizes on its continually increasing lead volume and also retained its focus on building strong relationships

with customers that is critical to success in the financial marketplace. He claims that the fully integrated CRM system, gives them the opportunity to gain a clear picture of their customers via an ongoing client database. This holistic view on customers helps them to continuously improve their workflow as well as the communication system. CRM is the reason that Alector is developed as a customer centric organization. Keeping a spotlight on customers via CRM, Alector utilizes every opportunity to fulfil its customers' needs, cultivate their loyalty, and foster long-term, satisfying relationships. Alector's CRM solution helped to transform the way its employees did business with customers in a series of ways. The manager of sales department refer the following CRM benefits:

- Customer retention as a result of customer satisfaction and loyalty. CRM software applications, such as front office, customer support center, and web applications, improve Alector's capabilities to capture the voice of customers and understand complete their needs and as a result delight and satisfy customers.
- Attract of new customers via positive word-of-mouth of existing satisfied customers.
- Facilitate employees to provide astounding customer service, and it has been proven that great service is what motivates customers to be loyal to the organizations they deal with.
- Personalized customer experience by using information that employees collect from previous interactions.
- Increase revenue by using customer histories to create new opportunities to sell additional services or extend cooperation.
- Time efficiency and cost reduction. CRM enabled Alector to support more customers with existing staff and increase productivity.

Does CRM affect customer satisfaction in your company? And how?

Mr Socrates Baltas supports that CRM is the way of putting customer at the heart of your business. With the CRM technology, Alector's goal is to have a 360-degrees view of the customer, which enables it to improve the quality and satisfaction of each customer interaction and maximize the profitability of its customer relationships. CRM is a win-win strategy for both Alector and its customers. According to Mr Socrates Baltas, CRM applications help Alector gain customer knowledge and that this knowledge helps company improve customer satisfaction that is critical ingredient for success in the increasingly competitive advertising market. Customer relationship management philosophy changed the way employees communicate, collaborate and share information throughout the company. The back-office systems and front-end systems facilitate and coordinate how Alector collect, manage and use customer data. Equipped with these tools and armed with the information they yield, Alector can better anticipate customer business habits and more efficient response to its needs, which drive to customer satisfaction.

“In advertising sector it is not enough if the product (TV spot, advertisement campaign or promotion actions) meets the functional requirements of the customer, it should also meet certain other customer like the quality of the service”, says Mr Baltas. The customer satisfaction is a combination of both technical & human behavioural aspects. CRM addresses the project processes ensuring quality, but also addresses customer service independently. Alector's revival after the break of its affiliation with the Lowe group has to do mainly with the capability of CRM offer service of high quality made him distinguish from the antagonistic advertising companies. Alector used the following CRM features to better the quality of provided service:

- Employees who serve customers are able to deliver a wider range of services using CRM, reducing handoffs and multiple staff interventions.

- Quicker access to information and ability of employees to work with data in general improve service quality.
- Self-service web portals enable absolutely customised service.

Tangibles (way of communication with customers)

Communication is an aspect of high importance in customer relationship management and CRM provides multiple, integrated touch points. In Alector, self-service portals give customers the opportunity to be active parts during their projects obtaining information or offering feedback. They are able to have a complete and continuous updated view about the process of project and communicate effectively online saving time. Additionally, call center support and e-mail response management are part of the CRM system help in providing first and second level support to customers and simultaneously record data for future interactions.

Reliability

According to Mr. Baltas, the most important service quality dimension is reliability. It has no meaning anything if you cannot manage to deliver what you have promised and in the time you have promised it. CRM helps employees of Alector to manage the process of a project better and in an organized manner in order to meet deadlines of desirable project. Mr Socrates Baltas claims that CRM system helps Alector by capturing key customer interactions, process data, monitoring against targets and proactively alerting project manager and project team with recommended further actions based on company's database via success projects and lessons learned. As this database grows as Alector enhance the possibility to gain customers' reliability.

Responsiveness

Willingness of company's personnel to help customers and provide service of high quality depends on how easy is for employees to find easy the information answer customers'

questions. Alector's CRM ensure quicker access to information databases for service providers so improved responsiveness to customers leads to improved service quality leads to customer satisfaction.

Assurance

Alector's CRM applications involve tracking of customer behaviour to gain insight into customer tastes and needs. Because customer knowledge is dynamic and changes rapidly, CRM capability record it is significant. The opinion of the manager of sales department is that CRM facilitates learning about customers by enabling Alector to analyze behaviours across various transactions and this learning is expressed as assurance in interaction with customer. Top management but also employees are sure that decision-making based on accurate data and this assurance reflect to customers.

Empathy

CRM enables Alector to provide customized service by using the information employees collect from previous interactions. Sales literature, proposals, briefs, reports etc. are taken into serious consideration before any project in order to customise work will be done to match the customer desire. This helps Alector to succeed overall customer satisfaction.

5.4 Cross Case Analysis

Company Presentation

Kino S.A., Solid Communications and Alector Advertising are all advertising companies of the same size and implemented a CRM strategy about in 2001-2002. Their company philosophy is absolutely customer-centric and implemented CRM strategy in order to build strong customer relationships and better interaction with customers.

	Kino S.A.	Solid Communications	Alector Advertising
Number of employees	44	59	38
Company philosophy	“By understanding exactly our customer’s needs, we are able to provide creative solutions excelling in quality and innovation”	“Standing by our clients help them improve their competitiveness by implementing integrated communication strategies and creation campaigns with character, penetration and endurance”	“The advertisements we create add value to our customers as we evolve our company with them in order to develop their sales and image
Years of using CRM strategy	6	7	7
Reasons for implementing a CRM strategy	Improve existing customer services & unify its customer data across business in order to have a clear picture of them	Automate processes, provide “touch” with customer base and monitor critical events of projects in order to deliver better service to customer	Improve process of attract and retaining customers

Table 2: Presentation of companies included in this research

How can company’s CRM benefits be described?

All three advertising companies referred impulsively customer satisfaction as a main benefit for implement a CRM strategy. Furthermore, it was one of the first answers respondents gave in the above question, while some of the other benefits of CRM referred have also close relation with customer satisfaction.

	Kino S.A.	Solid Communications	Alector Advertising
Company’s CRM benefits	1.Enhanced customer satisfaction which ensures company’s good reputation, 2.Increased value from retained customers and reduced total costs of	1.Efficiencies in time management using automated processes, 2.Increased customer satisfaction recognizing better customer needs, 4.Enhanced	1.Customer satisfaction capturing the customers’ voice and understanding better their needs, 2.Attract of new customers via positive word-of-mouth of

	sales, 3.Effective identification of customers' needs based on historical trends, 4.Reduced & improved reporting, 5.Evaluation & measurement of customer value	communication with customers gathering, analyzing and using data of them, 5.Improved quality customizing advertising projects, 6. Efficiencies in data capture	existing ones, 3.Facilitate employees to provide better customer service, 4.Personalized customer interactions, 5.Create new opportunities to sell additional services or extend cooperation, 6.Time efficiency and cost reduction.
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Table 3: CRM benefits included in this research

Does CRM affect customer satisfaction in your company? And how?

Respondents from all three advertising companies sustained the positive correlation between CRM and customer satisfaction. Additionally, they put emphasis on customer service using CRM as a factor of customer satisfaction.

	Kino S.A.	Solid Communications	Alector Advertising
Correlation between CRM & customer satisfaction	CRM is utilized to build data that is available through technology and then use them to serve better customers. Getting a 360-degree view of customer in order to be aware of every customer activity, complaint, sales history etc. before any interaction with him, drives company to provide upgraded service and finally satisfy customer.	The creative team, the marketing department, the sales team, & customer service department use CRM and so manage to communicate efficient with customer and share the same customer data, which provide a holistic view over all of the business activities. The Knowledge of customer behavior, desires, complaints and sales history provide the opportunity to better	CRM changed the way employees communicate, collaborate, and share information throughout the company. The back-office systems and front-end systems facilitate and coordinate how company collect, manage and use customer data. Equipped with these tools and armed with the information they yield, company can better anticipate customer business habits and more

		the customer interactions and finally achieve overall customer satisfaction.	efficient response to its needs, which drive to customer satisfaction.
Impact of CRM on customer service	<ol style="list-style-type: none"> 1.Find critical information and resources quickly, and so accelerates customer process, 2.Manage for maximum productivity assessing team effectiveness, 3.CRM web customer portal enables customers have a complete view over their projects, 4.Integration provide CRM, gives project managers the ability to have access on key customer information. 	<ol style="list-style-type: none"> 1.Customer service data are used as a feedback to resolve various customer issues and help the decision-making during future projects, 2.Acceleration of customer service process due to CRM automations and CRM knowledge base search engine that provide the whole customer history in few seconds, 3.Continuous communication via CRM web customer portal 	<ol style="list-style-type: none"> 1.Reduction of handoffs and multiple staff interventions, as employees are able to provide a wider range of services using CRM, 2.Quicker access to information and ability of employees to work with data in general improve service quality, 3.Self-service web portals enable customized service,
<ul style="list-style-type: none"> ▪ Tangibles 	<ol style="list-style-type: none"> 1.Customers view accurate and updated information, place new orders, order changes on projects, view previous interactions and make comments online via CRM web self-service portal, 2.CRM contact center facilitate communication and enables call history maintenance, 3.CRM software is integrated with Outlook and Notes 	CRM establishes a communication system between project team and the customer. Call-center, self-service portals, and e-mail notification system provide a continuous dialogue with customer to build the road drives to customer satisfaction	<ol style="list-style-type: none"> 1.Web self-service portals give customers the opportunity to be active parts during their projects obtaining information and offering feedback, 2.Call-center and e-mail response management offer CRM software help in providing service to customers and record data for future interactions.

	so that appointments, tasks and contacts are synchronized.		
<ul style="list-style-type: none"> ▪ Reliability 	Access to a centralized knowledge database consisting of past expertise and case histories and CRM automations which check availability of resources and create accurate timetables, help to deliver completed projects at the predicted time.	CRM helps to create accurate and workable schedules, manage available resources, and build customer service plans based on knowledge database in order to deliver qualitative advertising projects and meet deadlines of deliverables	CRM system helps company by capturing key customer interactions, process data, monitor against targets and proactively alerting project manager with recommended further actions based on company's database via success projects and lessons learned. All this process meet specifications and deadlines of a project.
<ul style="list-style-type: none"> ▪ Responsiveness 	Every employee has access to customers' data warehouse, which is used to keep record of all documents, presentations, notes, creative ideas and frameworks, sales activity related to each customer. This make easier for employees to show willingness and provide prompt service.	CRM helps: 1. Identify expectations and possible behaviors at the beginning decreasing the need of showing responsiveness during projects 2. Resolve customer questions or issues, having access on updated data.	CRM ensures quicker and easier access to information databases for service providers so improved responsiveness leads to improved service quality leads to customer satisfaction.
<ul style="list-style-type: none"> ▪ Assurance 	Customer knowledge often makes employees face efficient conflicts, delays, and communication troubles or find	CRM give the opportunity to have a complete view of the whole market, which enables decision-making and cause to customers, the	CRM facilitates learning about customers by enabling company to analyze behaviors across various transactions and this

	solutions to a variety of problems during a project predicting customer behaviors. These cause to customer the assurance that the project will be completed successfully.	assurance of the success of their project.	learning is expressed as assurance in interaction with customer.
▪ Empathy	CRM applications help company customize its offerings to suit the individual tastes of their customer.	The individualized care provides CRM to customers helps to build strong relations with them, provide service upon their singularity and finally succeed satisfy their needs.	CRM via enables company to provide customized service by using the information employees collect from previous interaction.

Table 4: Relationship between CRM and customer satisfaction for companies included in this research

CHAPTER 6 – DISCUSSION, CONCLUSIONS, RECOMMENDATIONS

The core concept of Project Management is a satisfied and delighted customer. This means more than just achieving technical quality on a project, but offer customer-focused service built around strong relationships with customer. Advertising projects is to be accomplished always for a customer. This causes the existence of a fourth constraint on the project, except cost, time, and performance, the good customer relations. It is possible an advertising company to manage a project within time, cost and performance but customer feel alienated and consequently dissatisfied to such a degree that no further business will be forthcoming. Competitive business environment of advertising market makes matters worse for companies fail to be customer-centric.

Our study shows that the advertising companies are being increasingly aware of this reality and they develop closer customer relationships trying to achieve overall customer satisfaction by using customer relationship management concept. Advertising companies, which included in this research, all agreed that one of the main benefits of CRM is that increase customer satisfaction which is considered to be a crucial factor of success for all organisations. Customer satisfaction is accomplished because CRM develops and supports strategic alliances around instantaneous communication and transmission of project data and information between advertising companies and their customers. To summarize about how CRM contributes in improvement of customer satisfaction based on our findings, it can be concluded that:

- CRM actions include gaining of accurate data, analysis, and use of knowledge about customers. This holistic view over all customer activities helps advertising companies to understand better their needs and wishes and satisfies them (project customer-based scope definition).

- CRM gives to companies the ability to plan for customer involvement, communication, and service (stakeholders planning).
- CRM contributes to the evaluation, measurement, and differentiation of high-value customers in order to be provided customized creative ideas and services.
- CRM provides efficiencies in time management using automated processes and accelerates customer service.
- CRM provides continuously communication with customers.
- CRM facilitates the exchange of information between the company and the customer, which is vital to keep a strong relationship and for sure drives to customer satisfaction.

According to the literature review of our research, many times customer satisfaction and service quality are treated as one and the same by the business press. Although this is a little bit foggy, there is an agreement that both customer satisfaction and service quality have an influence on building strong relationships with customers and customer loyalty. Furthermore, CRM as a customer focused “tool” has a great impact on service quality. These reasons drove our research to be extended in how CRM improves customer service quality using the five dimensions defined by Parasuraman (2004). These five dimensions are: 1) tangibles (the study examines this dimension focusing on communication with customers), 2) reliability, 3) responsiveness, 4) assurance and 5) empathy. According to our findings, we can conclude that CRM has a positive impact on service quality via CRM because improves communication with customers, enhances reliability, enhances responsiveness, and create the feeling of assurance and empathy to customers and as a result contributes to the customer overall satisfaction and the successful termination of advertising projects. Based on the five quality dimensions arise from theory and

interviews of the advertising companies included in this research, we can conclude the impact of CRM on service quality:

- **Tangibles (communication with customers):** Call-center, web self-service portals, e-mail notification systems, Outlook and Notes as integrated parts of CRM software provide a continuous dialogue with customer, enhance service quality and finally drives to overall customer satisfaction.
- **Reliability:** CRM helps advertising companies deliver quality projects and meet deadlines creating accurate and workable schedules, managing available resources and check for their availability, building customer service plans based on knowledge database, and monitoring against targets or milestones and proactively alerting project team with recommended actions.
- **Responsiveness:** CRM ensures quicker and easier access to information databases for service providers so make easier for employees to show willingness and provide prompt service. Furthermore, it identifies expectations and predicts possible customer behaviors at the beginning of the project based on history trends cutting the need of showing responsiveness during a project.
- **Assurance:** CRM facilitates learning about customers but also the advertising market by enabling company to analyze behaviors across various transactions and this learning is expressed as assurance in interaction with customer.
- **Empathy:** The individualized care provides CRM helps advertising companies to build strong relations with customers, providing service upon their singularity, customizing offerings to suit their individual tastes, and finally succeed satisfy their needs.

The caution is that CRM does not solve all the key problems at the root of failed projects. CRM does not eliminate the barriers to good communication and collaboration in the various stages of a project; the essence of Project management is largely in order to complete successfully projects. CRM simply opens new ways to bring customers into the project process, makes them active parts of it, and provides the organization with “good name” in the market place, which finally creates more and more potential customers, projects, and a healthy “mission and vision”.

In writing this thesis, two different issues have come up and we feel can be included as implications for future research.

- To perform the same study on a larger sample of companies.
- To perform the same study from the customer point of view.

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APPENDIX A

Interview Guide**Company Presentation**

Name of the respondent and his / her position

Name of the advertising agency and main historical data

Number of company's employees

Description of company philosophy about customer relations

Years of using a CRM strategy and reasons for implementing such a strategy

How can company's CRM benefits be described?

1. Does your company have any CRM benefits?
2. What is / are your company's CRM benefit(s)? Can you describe them?
3. Why is / are these benefit(s) important for your company?

Does CRM affect customer satisfaction in your company? And how?

1. Is there any correlation between CRM and customer satisfaction in your company?
Comment this correlation.
2. Service quality is considered to be a critical parameter in order to achieve customer satisfaction. How your company's CRM strategy influences customer service quality?
3. How your Company's CRM strategy affects the following service quality dimensions:
 - Tangibles (communication with customer)
 - Reliability
 - Responsiveness
 - Assurance
 - Empathy