What makes a SaaS company cross the chasm? – Analysing factors that make customers purchase a freemium service.

Dissertation submitted in part of fulfilment of the requirements for the degree of

Master of Science in Marketing at Dublin Business School

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Declaration

I, Haripriya Naidu, declare that this research is my original work and that it has never been presented to any institution or university for the award of Degree or Diploma. In addition, I have referenced correctly all literature and sources used in this work and this work is fully compliant with the Dublin Business School’s academic honesty policy.

Signed: _____________________________ Date: 05/1/2019
Acknowledgements

This dissertation journey has been a roller coaster ride right from the beginning where I had no idea of how I would write a piece that is close to 20,000 words. It all started with a vague idea in my topic of interest to a decently developed research. The process of honing and refining my idea wouldn’t have been possible without my research methods guide Prof. Gary Bernie who kept me on my toes till I got a decent research question. I’d also like to thank Prof. Shaun Hayden and Prof. Shakeel Siddique whose feedback on my development of research topic made me rethink and redesign my question. A special thanks to Prof. Alan Morgan who filled my thoughts with positivity while I was in a medley of ideas that didn’t solidify appropriately. His pat on my back gave me the courage I needed at that point. I hope I live up to the confidence you showed in me.

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Lastly, my peers have been great to work with and have maintained healthy competition that kept me motivated throughout.
Abstract

Business softwares companies are moving to the cloud space to reduce infrastructure costs and ease accessibility to the users in the long run. Such softwares are coined as SaaS products that can be accessed from anywhere under the sun. Such softwares have become a trend and follow a subscription model to keep the business running. Because of the industry explosion, it is important to understand the strategies used by such companies to attract loyal customers as every SaaS product has an equivalent competition. This study talks about the freemium strategy adopted by the companies and the factors that make customers move from the free version to the paid version. This study demonstrates service encounters with and without incidents that is considered as a subset of relationship marketing. Research has been done using qualitative and quantitative methods that highlights a general customer tendency towards a service like this and the service provider to understand their lookout while designing and selling such a service.
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Introduction

There is a rise in the number of companies in the last few years. According to the Irish Times (2018), almost 60 companies are formed every day. Companies work efficiently only when they have a good working infrastructure that takes care of the management of the work flow and other back office chores. A lot of companies have started outsourcing all these chores to SaaS companies. Software as a Service (SaaS), in layman terms is a website that can be accessed from anywhere that can take care of all the jobs that makes an organization function. Google apps, Salesforce, Skype, Dropbox are a few examples of SaaS products that are widely used by companies to ease their general organizational activities. SaaS products have been designed to suit the needs of companies in almost all fields. SaaS products have been categorised into 2 sections – Vertical SaaS i.e. products like Asana, Slack have been developed to cater to organize project management and control for various companies and Horizontal SaaS a lot of such softwares are developed to manage specific hospitals and their daily workflows including billing and bed allotment (Mulpuri, 2018). These services are offered at a subscription that is either billed monthly or annually depending on the company and its requirements. SaaS has been exploited to serve almost all fields around the world.

On the other side, the industry has exploded in the last few years. To illustrate, Forbes (2018) says that Japan will become the SaaS giant in the coming years. This has called for great competition in the industry where a lot of companies are developing unique SaaS products and making their mark in the industry to become successful. This cutting edge competition brings the need to research about the factors that make a SaaS company succeed and flourish. This comes under the assumption that all the SaaS companies that are making such services are useful in the market and have individual competitors. Considering this industry to be in the service marketing domain, the researcher in his course of MSc. Marketing explored the different aspects of service marketing which focused into Relationship marketing and dug deep into the applications of relationship marketing that catered to the SaaS industry.

Relationship marketing is a strategy that develops to keep customer attention by getting their loyalties through providing quality of services through various communication channels. Rasul (2017) states that, “Relationship marketing refers to all marketing activities
directed toward establishing, developing, and maintaining successful relational exchanges.” He also mentions that building permanent relationships with customers will increase profits to the company (Rasul, 2017). This concept also displays the importance of lasting relationships and satisfying customer needs by improving service delivery and quality (Michel, 2001). Researchers also show that rewarding relationship marketing with business partners which is based on trust, communications is an important factor to improve productivity in a service company (Kasabov, 2011).

According to Pope (2008, cited in Iona and Alexandru, 2016), there are three interdependent theoretical approaches to relationship marketing viz. behavioural perspective, network theory perspective and the managerial perspective. Looking at the behavioural perspective and the network theory perspective, understanding the consumer is of utmost priority. Trust in the brand, satisfaction and commitment become crucial aspects of customer loyalty. To second this thought, Steve Olenski (Forbes, 2013) states that the most crucial aspect to relationship marketing is emotion. This is possible when the customer becomes a part of the marketing process for any company. There is a wide spreading phenomenon of the customers being the value co-creators than just being the receivers and hence customer engagement becomes most important in relationship marketing outcomes (Pagani, Hofacker, & Goldsmith, 2011; Ramani & Kumar, 2008; Sharma, Conduit, & Hill, 2014; Singh & Sonnenburg, 2012, cited in Braun et. al, 2017).

Hence, service quality, service delivery, value creation, customer engagement, consumer behaviour, etc. contribute to the relationship strategies. SaaS companies like Zoho or Google have come up with various strategies to help the companies make informed choices. For example, Zoho provides basic services under their umbrella at no cost for life-time. But an upgrade of the services come at a subscription cost that is billed annually. Also, Linkedin provides its premium services at no cost for a month for people to explore the services and then can pay for the same services in the long run. These strategies go through the above mentioned procedures to bring about the most effective relationship marketing strategies.

Through this research, the researcher would like to explore one aspect of relationship strategies – The concept of Live-in Marketing and its effectiveness on consumer senses to. The academic term for the idea is experiential marketing which implies (in this case) that a
consumer can use the services at his/her own space without any stress of purchasing the service or product.

**Live-In Marketing/ Experiential Marketing**

Schmitt (1999, cited in Gabriela, 2015) estimates experiential marketing to be a strategy of engaging a consumer emotionally which may be the cause of extraordinary experiences in the service cycle. According to Gentile, Spiller and Noci (2007, cited in Gabriela, 2015), experiential marketing derives from interactions between a service and a consumer and implies involvement of a customer at various levels viz. rational, emotional, sensorial, physical and spiritual (Gabriela, 2015). Experiential marketing also implies that only happy customers can be considered as loyal customers, and this is possible when the expectations are interpreted by experience (Trisca, 2017). Trisca (2017) also stated that, “The fulfilment of customer expectations depends on the degree of empowerment granted to the customer by the firm”. In the next section, we can have a look at how the customers can feel encountered and at the same time experience services without having a pressure to buy them before use.

**Free Trials and Service encounters**

Free trials or samples (in the product domain) can be considered as a form of experiential marketing where the service offers an experience to a potential customer at his/her own ease. Datta et.al (2015) suggest that consumers have a low relationship with the service in the beginning of the free trial and based on the service quality and perceptions, the customer lifetime value can be affected which may lead to loyal customers for paid versions and also quote, “Free trial customers are doubtful but opportunistic”. However, information services tend to be freely available for life considering the competition between service companies (Arora et.al, 2017). If we consider SaaS platforms to be informative applications for consumers, there are two types of free trials according to Arora et.al, (2017) viz. free trials with limited feature or free trials with limited time. Feature limit trials are free for life
and the upgrade to advance feature will come with a cost whereas time limit trials are full access trials for a limited period of time and continued access will come with a cost. These upgradations happen when parameters like service quality, customer expectations, etc. are met.

With the following premise, the researcher formulates a question, and sets objectives to the study.

What makes a SaaS company cross the chasm?

- To explore the factors that make a SaaS product successful
- To analyse the factors with secondary research by collecting facts from authors from the respective fields
- To accumulate an understanding on the company’s perspective on those using SaaS based products regularly
- To compare the knowledge from primary and secondary research.

Rationale for the Research:

According to Pope (2008, cited in Iona and Alexandru, 2016), there are three interdependent theoretical approaches to relationship marketing viz. behavioural perspective, network theory perspective and the managerial perspective. Looking at the behavioural perspective and the network theory perspective, understanding the consumer is of utmost priority. Trust in the service, satisfaction and commitment become crucial aspects of customer loyalty. There is a wide spreading phenomenon of the customers being the value co-creators than just being the receivers and hence customer engagement becomes most important in relationship marketing outcomes (Pagani, Hofacker, & Goldsmith, 2011; Ramani & Kumar, 2008; Sharma, Conduit, & Hill, 2014; Singh & Sonnenburg, 2012, cited in Braun et. al, 2017). Companies like Netflix, Zoho, Drop box and other SaaS have aced in Live-in marketing. This study will give light to aspects like customer experience and brand perception using the Moment of Truth while exploring live-in marketing strategies for SaaS companies. The following research looks at a relationship between services offered by SaaS companies and customer perceptions about those
services. Very little research has been done on this front where SaaS is the subject of services industry. This study will be a realization for the researcher about the strategies used by SaaS companies for businesses.

**Suitability of Researcher for the Research:**

The researcher is a software engineer turned marketer who has been involved in marketing strategies in start-ups. The major strategies have been account management and service marketing strategies. This work background and the concepts in MSc. Marketing course like consumer behaviour, strategic relationship marketing and the Moment of Truth initiated interest in the topic. The learning style of the researcher learns best when the knowledge attained is useful to achieve anything big in the near future. The researcher aims to work in the tech services field and with the rise in the SaaS based companies in Dublin and the world in general, the researcher hopes to have a good research that helps in the future strategies in companies.

**Time, Cost and Project Management:**

The timetable of the research is presented with a Gantt chart (refer research timetable). The study will be managed with a project management tool – Asana. The project management will be using the Agile frameworks of management which means that the development of this research will be incremental, and each task will be divided into small specific doable units. The Gantt chart is a proposal of such a development and is presented in an extension application of Asana called Instagantt. A log book (refer appendix 2) is maintained to analyse the daily study of research papers, improvement of the study and to realize new concepts to the study (refer Appendix). The cost attached to the study would be meagre as of now that will simply involve face-to-face conversation meetings, travel cost for survey and interviews, and physical prints where surveys need to be taken in person.
Scope and Limitations

This research aims to find the relationship marketing strategies of the SaaS companies and how businesses perceive such strategies. The scope of this research is limited as the time allotted for this study is around 100 days which is not enough to carry out substantial study. Hence, among all the factors that make a successful SaaS company, only three factors have been spoken of in the research. These factors have been chosen randomly based on service marketing study in general. A few more limitations are mentioned as pointers below.

1. There has not been demographic bifurcation in terms of understanding of perception of SaaS companies is missing
2. SaaS companies and their strategies have been spoken of in a general sense. Vertical and horizontal SaaS products have different values in the market which could not be talked about.
3. It has been assumed that the employees of the two companies surveyed have been instrumental in the decision to pay for a service
4. Only two SaaS companies have been spoken to for qualitative study. Recommending a suggestion would be difficult as it may not be able to hold enough water.
5. Only two companies have been surveyed that have been using SaaS products for a long time. More companies like these could give a better understanding of the reasons companies pay for SaaS based products.
6. Interviews from more successful SaaS companies would discuss the three factors in further detail.
7. Qualitative analysis has been with respect to the notes taken during the interview. Voice transcripts would have helped better in the analysis which could not be taken due to individual choices.
8. Due to time constraints, literature could not have gone to the extent that could give out more refined facts about the industry and strategies.
9. In this research, satisfaction and loyalty quotients were mapped with individual factors. This has just shown individual importance of each factors. Deeper research could have permutation and combination done with the factors and then checked for loyalty quotients to give an analysis of the comparison of the factors and an
insight could be generated that tells SaaS companies, which factors to focus on priority.

Literature Review

From the 20th century, the consumer decision making process has been consolidated into a three step consumer journey which are the need, purchase and experience – The moments of truth (MOT) (Muzellec, O’Raghallaigh, 2018). This concept was introduced by Procter and Gamble and was categorised into First MOT, Second MOT and Third MOT. Another MOT was coined by Google called the ZMOT (Muzellec, O’Raghallaigh, 2018).

**First Moment of Truth:** When a consumer requires a service or a product and looks forward to purchasing it in a retail environment.

**Second Moment of Truth:** When the purchased service is being used or experiences by the consumer.

**Third Moment of Truth:** When the consumer shares his/her experience about the service online or offline without bias.

**Zero Moment of Truth:** When there is a stimulus that pertains to the need to purchase a service. This also can be called as the search phase of a consumer.

The following literature will focus on the Second Moment of Truth (SMOT) where the services are experiences and how a service company reaches out to deliver a good service experience that measures effective outcomes of the service. The literature will be pertaining to SaaS platforms being the service company and the services will be the free trials offered to consumers.
Understanding Commitment towards a service

Menon and O’Connor (2007) suggest that effective relationship strategies is measured in terms of the behavioural and affective commitment towards a service.

**Behavioral Commitment:** the commitment of a consumer towards a service which is contract bound or calculative due to lack of options. The consumer may stick to the service because it could be inconvenient to switch to another service provider. There is no willingness or trust involved (Menon and O’Connor, 2007).

**Affective Commitment:** the commitment of a consumer that is driven by perceptions and trust. The consumer shares a rapport and generates emotional attachment with the services in due time (Menon and O’Connor, 2007).

Relationship between Behaviour and Affective Commitment

Interpersonal relationships between a service and a customer is a moment of truth that provides a customer to verify and validate the perception he had about the service provider (Menon and O’Connor, 2007). Hence, affective commitments towards services is fostered after a few experiences which is why behavioural commitment is required at a customer level before upgrading to affective commitment. The contractual attachment if positive can turn into trust based attachment. This can be considered as a platform for affective commitment that is built appropriately across different levels of behavioural commitment provider (Menon and O’Connor, 2007). Reversely, customers will be open to behavioural commitments with enhancements in the long term relationship based on the values and rapport from the services.

Hence we can assume that a long term commitment is the accumulation of affective commitments on increasing levels generated at each service by the service provider or at each moment of truth. This can also be based on past research that talks about perceptions, emotions, service quality to investigate the customer instances to reach an overall comprehension.
Implication of Affective Commitment

At each levels of service, there are two types of interactions between the service and the consumer viz. the exchange of service (What) and the interpersonal dimension (How) and because affective commitment is a measure of trust and emotional value attached, this dimension will either increase or destroy the affective commitment between the service and consumer (Menon and O’Connor, 2007). The figure below shows the moments in services and their respective outcomes. Affective commitment is a product of customer experience than service quality.

**Figure 1: Service moments (Mennon and O’Connor, 2007)**

In the next sections, a detailed review of the customer experience that benefit the use of service moments.

**Customer Experience**

Customer experience as mentioned is the figure above is different from service quality. Klaus and Maklan (2007) suggest that the measurement parameters has to be different from service quality.
Customer experience, to begin with can be defined as a customer’s rational and affective judgement of all the direct and indirect interactions with the service (Klaus and Maklan, 2007). Klaus and Maklan (2007) also suggested a few parameters to measure the quality of customer experience.

1. Customer perception based on understood expectations.
2. Value proposition of the entire service and not a few experiences of the customer.
3. Emotional and peer influences.
4. Customer Dominant Logic
5. Customer Satisfaction

Out of the mentioned parameters, the researcher details the following parameters along with the assessment of customer journey in the further sections.

**Customer Dominant Logic**

Service dominant logic had limitations. It recognized the value created and assessed by consumers in their own space based on the interactions between a service providers and customer but fails to analyse the value created by the consumers by themselves or together (Tynan et.al, 2014). Hence the customer dominant logic tries to fill this gap as in the logic, the customer is the focus than service provider (Heinonen et al., 2013, cited in Tynan et.al, 2014). Heinonen et al, (2013, cited in Tynan et.al, 2014) suggests that the customer dominant logic also predicts to harmonize and dominate the formation of customer value which relates to customer experience and usable value.

This advancement in service brings intriguing insights about the complex domain of service experience and its process which is not completely under the umbrella of the services or the service provider.
Customer Journey

Customer experience can be capsulated as a journey with a service firm from the purchase to the use cycle across various touchpoints which is an iterative and a dynamic process and includes past purchase and external factors in the service (Lemon and Verhoef, 2016). With previous research, customer experience is conceptualized as three phases of purchase viz. pre-purchase, purchase and post-purchase with an intention to examine the journey in a holistic way (Howard and Sheth 1969; Neslin et al. 2006; Pucinelli et al. 2009, cited in Lemon and Verhoef, 2016).

Pre-purchase: This phase encircles all the interactions between a potential consumer with the brand and environment before purchase. Conventional marketing literature defines pre-purchase as a need, search or consideration that also determines goals of service expectations (Hoyer, 1984; Pieters, Baumgartner and Allen, 1995, cited in Lemon and Verhoef, 2016).

Purchase: The second stage comprises all interactions with the brand and its peripherals from the time the service is purchased across the usability or the experience phase. The touchpoints in this phase result in information overload and purchase confidence and satisfaction relevant to the purchase and extended to digital environments as well (Broniarczyk, Hoyer and McAlister, 1998; Iyengar and Lepper 2000, cited in Lemon and Verhoef, 2016).

Post Purchase: This phase analyses the interactions of a customer and its service provider after the actual purchase. It includes consumption, engagement and post-engagement requests. Here, the service itself becomes the touchpoint for a customer and becomes basis for service recovery, word of mouth and other forms of customer engagement (Holbrook and Hirschman, 1982; Kelley and Davis, 1994; Van Doorn et al., 2010, cited in Lemon and Verhoef, 2016). Court et al. (2009, cited in) also suggests the loyalty angle to the extension to the engagement journey.
SaaS service encounters

Service industry in the online market has replaced face to face interactions with technology-based interfaces with individuals. The management of the service encounters in a SaaS set-up should be a given equal importance by any organization in the field (Barrera, R. B., García, A. N. and Altamira, B. S, 2016).

Parasuraman, Zeithaml, and Berry (1988, cited in Barrera, R. B., García, A. N. and Altamira, B. S, 2016) suggest that the best approach to measure service quality is the SERVQUAL model which comprises of five dimensions or encounters viz. tangibles, reliability, responsiveness, assurance and empathy. In the online context, dimensions like responsibility and empathy can be considered only when a customer interacts with a company representative (Parasuraman, Zeithaml, and Malhotra, 2005, cited in). Also, tangibles cannot be considered as the customer is interacting only with the software. An addition can be made to the dimension which can be the information quality or user design (Fassnacht and Koese, 2006, cited in Barrera, R. B., García, A. N. and Altamira, B. S, 2016). As conceptualized by Collier and Bienstock (2006, cited in Barrera, R. B., García, A. N. and Altamira, B. S, 2016), service quality in an online domain can be evaluated by the interaction (user experience), the result of the service and the way service failures are managed (recovery management and employee interactions).

This paper talks about three dimensions of service quality that may lead to effective loyalties viz. User experience and design, Recovery management and Employee interaction and empowerment.

User experience and design

The role of a website design and navigation is important in sustaining value and interest of the customer on the online portal (Ranganathan and Ganapathy, 2002, cited in Lin, C. and Cheng, L.-Y., 2017). Although, it is a myth that the design is only for aesthetic value, studies have proven that the influence of an effective user design have an impact on loyalty intentions (Wolfinbarger and Gilly, 2003, cited in Lin, C. and Cheng, L.-Y., 2017).
Customer satisfaction is an important mission for service business strategy and has been proven to be a priority in almost all businesses (Gitman and Carl 2005; Jiao et al. 2006 cited in Lin, C. and Cheng, L.-Y., 2017) This section describes the design approach to customer satisfaction. Risdiyono and Koomsap (2013, cited in Lin, C. and Cheng, L.-Y., 2017) suggest a “design for customer” method where the needs of a customer can be broken down to service objectives that would reduce the gap between what the customer is looking for and what the service provides. Many techniques have been proposed to ensure effective user experience by measuring the feeling and emotions of a customer about a service and then progressing to creating a potential design that captures required interactions between the user and the service (Lin, C. and Cheng, L.-Y., 2017). The needs of a customer can be obtained through observations that have been instigated through interactions between the user and the service during marketing activities, service demonstrations and other promotional activities. Research has proven that high level employee customer interactions can develop customer experience and eventually shape customer satisfaction and in the process attain loyalties (Harris et al. 2000; Mascarenhas et al. 2006; Wong and Fong 2010; Wong 2013, cited in Lin, C. and Cheng, L.-Y., 2017).

User experience comprises of usability and emotional dimensions of the user about the service with the medium of technology (Zhou et al. 2013, cited in Lin, C. and Cheng, L.-Y., 2017). It is broadly defined as all interactions between the user and the service. This can be coined as a type of service encounter. User experience must be considered during the entire customer life cycle of the service. This is possible when the cues from the customer are taken into consideration in the process of service encounters which can help attain suitable user design (Berry et al. 2002; Haeckel et al. 2003, cited in Lin, C. and Cheng, L.-Y., 2017). Hence, user experience interaction must be kept in constant scrutiny and must have a high level of performance. A service company must keep in mind that the three components of UX is user, product and design and these are evaluated in terms of service quality in this service encounter (Lin, C. and Cheng, L.-Y., 2017). Going deeper, instrumental (usability and functionality) and non-instrumental (aesthetic, motivational and symbolic) qualities are evaluated which are difficult to grasp (Lin, C. and Cheng, L.-Y., 2017). Hassenzahl and Tractinsky (2006, cited in Lin, C. and Cheng, L.-Y., 2017) proposed a UX evaluation methodology as
- User - Emotional state (expectations, pre-conceived notions, etc.)
- Service - Characteristic of the products (purpose, complexity, usability)
- Interaction

Garret (2010 cited in Lin, C. and Cheng, L.-Y., 2017) makes a structure where the five elements of a web portal trigger user experience viz. Strategy, Scope, Structure, Skeleton and Surface that cover the abstract and concrete aspects of the website and its objectives. Abstract comprises the macro elements of the service and concrete gets into micro aspects of the service. Forlizzi and Ford (2000, cited in Lin, C. and Cheng, L.-Y., 2017) suggest the inclusion of external elements to evaluate user experience quotient like the surrounding and culture. Companies must update themselves regularly with the latest technology and innovativeness when it comes to interactions with the web service which will give information about the user experience that a customer has (Lin, C. and Cheng, L.-Y., 2017).

Based on the same lines, (Dabrowski, D., Basinska, B. A. and Sikorski, M., 2014) suggests elements of a web service that comprise of the UX umbrella that have a strong impact on e-service quality.

- Visual Clarity

Clear navigation for the entire website and easy flow of the service attributes.

- Ease of use

Efforts to get a particular job done on the website must be minimal and shouldn’t take too long to reach there.

- User Guidance

None or minimum guidance required to understand the website and if assistance is required, it has to be at your fingertips.

- Information Content

Detailed information spread that is understandable first hand.

- Interactivity
Response from the web service must be prompt and must be able to solve problems efficiently

- **Personalization**

The web service or website must be customized to the requirements of a customer so that the customer can make the best use of the service.

- **Service Demonstration**

Aid to access the website if any minor issues.

- **Recommendations**

The website or web service must be open to take recommendations from the user and implement it accordingly in the future.

- **Customer care**

Live customer care must be available for issues that can be resolved on the go.

As the research took a more solid shape, (Dabrowski, D., Basinska, B. A. and Sikorski, M., 2014) suggested that after empirical analysis, it was found that visual clarity, customer care, service demonstration and user guidance formed a positive impact on the customer satisfaction and loyalty intentions. Among these characteristics, visual clarity played a strong role in determining the quality of the web service that directly was proportional to loyalties.

According to Choi et al. (2006, cited in Lin, C. and Cheng, L.-Y., 2017) the major dimensions of UX in a web service are interaction, navigation, structure, information spread and content management and Garret (2010 cited in Lin, C. and Cheng, L.-Y., 2017) incorporates all these into the five elements suggested above tailored to each service layered one above the other to bring about a positive emotional experience that leads to satisfaction and loyalty. This section aims at conceptualizing a tried and tested UX model that companies can incorporate in their strategy for expected results.
The y-axis talks about the features that the service would comprise of and the x-axis would determine the level of UX interaction in the feature. The four parts are a snapshot of the design efforts the company must take care of in accordance with the two types of service attributes which are Abstract and Concrete:

- **To be improved**
  For the services that are abstract but have not been given enough UX importance and hence haven't met the required expectations.

- **Optimal Efforts**
  These attributes are in the abstract block and have high UX interactions. These attributes must be maintained and kept their performance high.

- **Carefree**
  Low priority area where the attribute is concrete but has low UX interaction. The customers will understand that such sections are only for basic information sharing.

- **Surplus**

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**Figure 2: Product Attribute vs UX interaction (Lin, C. and Cheng, L.-Y., 2017)**
These attributes have high UX levels if interactions which can be reduced and more priority can be given to attributes that require better interactions.

Recovery

Along with user experience and technical service quality, comes a set of unforeseen failures that may occur along the use of the SaaS service. Barrera, R. B., García, A. N. and Altamira, B. S. (2016) brings the ability to manage such failures as an important feature of a SaaS company to succeed. This section talks about the employee’s capacity to deal with service failures and how a problem can be resolved effectively. It also sheds light on the effects of recovery management in a service environment that can be directly proportional to the SaaS industries today.

Liat, C. B. et al. (2017) defines service failure as the inability of the service to accomplish the standard service. From a customer perspective, service failure occurs when there is an issue during the process of a service delivery (Mueller et al., 2003, cited in Liat, C. B. et al., 2017). Liat, C. B. et al. (2017) also mentions that customer start developing pre-conceived notions when a service failure occurs and its is of utmost importance for the service provider to bring the customers back to the satisfied state by dealing with the failure in the most appropriate way. Griffin and Lowenstein (2002) and Evans (2002) cited in, Liat, C. B. et al. (2017) implied that the it is important to offer win-back programme to retain valuable customers and it has been proven that a win-back programme can generate as good as 1.7 times more sales if the customers are satisfied with the overall service (Bowen & Chen, 2001, cited in Liat, C. B. et al. (2017) and in return a customer who has experienced failure and has not been responded with an immediate solution has resulted in negative word of mouth which reduced revenue exponentially (Zemke (1999, cited in Liat, C. B. et al. (2017).

Moreover for every service a different approach to maintain service recovery must be developed.

As a part of the service recovery process, the provider not only needs to eliminate the cause of the issue but handle the customers tactfully which will be discussed in detail in the next section of the literature review (Lewis & Spyrakopoulos, 2001, cited in Liat, C. B. et al. (2017).
An empirical research by () highlighted that service recovery mechanisms and service quality have a positive effect on customer satisfaction and the experience can be perceived by a customer itself. As service delivery is important for evaluation of the customer’s perception on the service, service recovery generates a level of trust and satisfaction during the service encounter. Service recovery also helps in generating positive word of mouth advertising and reduces negative feedback due to a service failure. Service recovery, according to (Liat, C. B. et al. (2017) is an asset where customer retention is cheaper than acquiring new customers by almost 15 times. For instance, the hotel industry and it’s service delivery that has great competition in maintaining their image in the market. Customers who face issues with the room service or any other service have a strong notion about the failure and are prone to leave the hotel with a negative impression that would spread among their network. The hotel management must take keen interest in managing service quality and most importantly service recovery measures as a fundamental as failures are bound to happen. The approaches mentioned for the hotel industry for service recovery management were as follows.

- Compensation

A free upgrade to a premium service could be an added compensation offered as an apology for service failure and a measure to wipe the negative emotion to service satisfaction.

- Procedures

Each service failure must be scrutinized with a detailed procedure that will ensure the failure is minimised in the future.

- Policies

Service recovery policies need to be friendly and customer centric. Rigid policies will not create a wow- moment for the customers and according to (Liat, C. B. et al. (2017), the customer will take the rules for granted.

- Staff training

The staff must be trained to be able to handle the customers tactfully. The tone of voice, apology and personalization of offers must be made to keep the customers comfortable.
The goal of all service providers must be delivering quality service to all customers at any point in time. Although, there can be system failures when we look at web services/SaaS products. Whether it is a failure from the service provider or an issue faced by a customer, the service company must be able to recover from failures. This process can be termed as Service Recovery and is a critical service encounter that measures customer loyalty. Shaw, N. G. and Craighead, C. W. (2003) suggest pointers that may be useful for retaining customers while managing service recovery.

- **Reviewing complaints**

Shaw, N. G. and Craighead, C. W. (2003) suggest that the customer should always find it extremely easy to register a complaint. Resources must be developed that allow users to report complaints on every interaction with the web application itself.

- **Keep the customers informed**

Once a service failure is reported, the customer should have a track of the process of recovery even if it is through automated messages sent to the customer. This gives the customer a sense of trust that efforts are being put to fix problems.

- **Classify failures**

There can be different types of service failures that can occur with customers and they may not accept to follow a tedious process to get it fixed. Clustering of the type of issues will give a sense of understanding to the service provider when an issue arises and will be able to give appropriate solutions quicker.

- **Give a way out**

If there are issues that cannot be clustered into the pre-defined types of failures, the service provider must constantly communicate with the customer via emails or live chats enabling him/her to generate a trust that the issue is being taken care of.

- **Consolidate data from failures**

This is an important process to be followed by the service provider to minimize failures in the future. Collecting data from the previous failures can be used in rebuilding the service.
version that would completely avoid or minimise the failure intensity in the updated version of the service.

- Designate funds for severe failures

Some failures are time consuming and could be major that has a chance of the customer leaving the service provider. At such instances, immediate solutions must be given along with some extra value add as a compensation to retain the customer. The value add can be anything from a gift voucher to an extra feature in the web service.

- Always follow up

Once the issues are resolved, follow ups are important to understand if the issues are not relapsing. This could be common traditional phone calls to the customer or use of emails or live chats that help the customer come back with a feedback about the service.

**Customer Relationship**

Another type of service encounter is when the customer interacts with the employee of the service company (Czepiel et al. 1985, Shostack 1985, Solomon et al. 1985, cited in Victorino, L., Verma, R. and Wardell, D. G., 2013). (Carlzon, 1987 Victorino, L., Verma, R. and Wardell, D. G., 2013) says that this is one moment of truth that is critical when it comes to evaluation of a service quality and hence management of the interaction has to be diligent and controlled. A common method for controlling the interaction is to maintain a standard script around which employees or front-line staff of a service company communicate with the customer generally or when an issue arises. Phrases like “it was a pleasure interacting with you” are scripted to keep uniformity in the interaction with the companies. A scripted encounter manages two major aspects of the service interaction.

An organized flow of the tasks being completed in case an issue arises or while giving general information about a service.

To give behavioural cues while interaction with the customer to keep the organizational uniformity during such encounters.
This section focuses on the scripting the verbal elements in an employee or the defined frame that a front-line employee must restrict himself to. Depending on the management requirements the employees in a company have the flexibility of using a standard format or a customised format of interaction with customers. Although, it has been proven that a script must be adapted depending on the type of issue generated in between a service encounter (McCarthy et al. 2010, Tansik and Smith 1991, cited in Victorino, L., Verma, R. and Wardell, D. G., 2013).

For service companies that have high volume of customers and generally get similar kind of requests or issues, the encounter must be uniform when it comes to all the employees dealing with such requests. Although the employee may not follow a strict framework, but the phrases used in handling the requests can be standardized. It is been suggested that when a standard script is used to deliver expected level of service quality which can be controlled and can avoid any mistakes or major failures while delivery and can also play a role of supporting the employee in making decisions for a particular customer (Chase and Stewart 1994, Stewart 2003, cited in Victorino, L., Verma, R. and Wardell, D. G., 2013). With these scripts implied, it is also important to understand how the customers are perceiving these encounters as a part of service satisfaction (Victorino, L., Verma, R. and Wardell, D. G., 2013). It is not clear if this approach has a positive, negative or a negligible impact on service quality (Chase and Dasu 2001, Zomerdijk and Voss 2010, cited in Victorino, L., Verma, R. and Wardell, D. G., 2013).

It has also been observed that such service encounters form a stereotypical experience for customers (Smith and Houston 1983, cited in Victorino, L., Verma, R. and Wardell, D. G., 2013). Also, the behaviour of the interaction becomes stagnant in the eyes of a customer (McCallum and Harrison 1985, cited in Victorino, L., Verma, R. and Wardell, D. G., 2013). Hence, scripts have to be developed according to the customers perception and expectation that will generate a positive impact on the satisfaction of the service provided in this encounter (McCallum and Harrison 1985, Smith and Houston 1983, Solomon et al. 1985, cited in Victorino, L., Verma, R. and Wardell, D. G., 2013).

In the same context, Victorino and Bolinger (2012) cited in (Victorino, L., Verma, R. and Wardell, D. G., 2013), conducted an empirical research to justify the customer perception on
standardized service scripts. It was observed that the customers require a sense of standardization in the way employees communicated with them when it came to general enquiries or service encounters without incidents. For example, giving a service demonstration, the customer wanted to know all the nuances of the service step-by-step so that no pointers are missed. At such instances, an employee could be replaced by an automated system (Bowen (1990, cited in Victorino, L., Verma, R. and Wardell, D. G., 2013). But for encounters with incidents that needed a customized solution, for instance a service not functioning properly or an issue with pricing, the customers expected the interaction to be more tailored to their requirements that gave a solution fit for them. Standard scripts were an absolute no-no in such cases because it was perceived that no solution came out of the interaction (Bowen (1990, cited in Victorino, L., Verma, R. and Wardell, D. G., 2013).


Customers are aware of the common sequence of information flow and it is easier to predict how customers predict service encounters like these. Their behavioural cues are easy to capture during a service encounter and then take the required measures in imbibing flexibility in service scripting.
Satisfaction

Key element in consolidating and managing customer experience is the qualification to measure and investigate customer reactions to the service offers, especially attitudes and judgements of which customer satisfaction began in 1970 (Lemon and Verhoef, 2016). Satisfaction can be determined as results from a correlation between performance and expectations. Evaluations of a customer’s expectations is considered as a framework for customer satisfaction which are also coined as “standards” categorized into disconfirmation paradigms (Oliver, 1980; Parasuraman, Zeithaml and Bery, 1991; Dean, 2002, cited in Lemon and Verhoef, 2016). The disconfirmation paradigm can be defined as a function of satisfaction quotient between expectations and service performance and its deviation variable to its actual performance. Positive disconfirmation bends towards loyalties and word of mouth and the negative to the opposite (Zeithaml, Berry and Parasuraman, 1988; Zeithaml, Berry and Parasuraman, 1993, cited in Lemon and Verhoef, 2016).

There have been direct measurement and direct measurement of satisfaction. For instance: “How are you satisfied?”, or emotional quotient like the happiness factor in engagement or the amount of attention a customer gets (Bolton, 1998; Oliver1980; Westbrook and Oliver, 1991; Anderson and Mittal 2000; Oliver, Rust, and Varki, 1997; Rust and Oliver, 2000; Schneider and Bowen, 1999, cited in Lemon and Verhoef, 2016).

Research has examined and validated the effects of satisfaction on consumer behaviour on the service performance and the results have been evidently displayed the success of a service based empirical studies as well (Anderson, Fornell, and Mazvancheryl, 2004; Bolton and Drew, 1991; Gupta and Zeithaml 2006, cited in Lemon and Verhoef, 2016).
Methodology

After secondary research being done in the section above, the researcher demonstrates the findings with the current scenario in the industry and this helps in validating theories that have been discussed in the previous section. Saunders (2016) identifies the knowledge is created when it can be developed and practiced in the industry and hence business studies needs to be involved in the world of theory and the industry and the interaction between the two will create theories that are feasible at a managerial level. However, researchers have found relevance gaps in the blend of research aims and objectives to which Saunders (2011, cited in 2016) developed categories to address the differences between managers and academicians – focus of interest, methodological imperatives, outcomes and views of others. These categories helped in zeroing down on the main purpose of business research which was to develop sustainable knowledge to back organizational problem solving.

The current research project focuses on understanding the impact of the academic theory in the real world and then drawing conclusions to how organizations can implement the knowledge shared to develop business opportunities. Research methods in this study follows the Saunder’s research onion design where each layer of the research heads to deeper details of the research process.

Research Philosophy

Saunders (2016) defines philosophy as a system that assumes the development of knowledge. The assumptions can be categorised into three types according to Saunders (2016) viz. human assumptions, assumptions that come from life experiences and the personal value influence. Best research can be brought out when the assumptions are suitably made in the research process. Saunders (2016) believes that a researcher would be able to identify the type of research philosophy used when he/ she critiques his/her own thinking and beliefs and is ready to retrospect in every phase of the research. As the figure shows, assumptions, research design and research philosophy are interconnected and interdependent on each other to develop the best research methodology.
These insights give rise to the different paradigms or perspectives that a researcher may have while choosing the best research philosophy. This study falls into the interpretive paradigm because according to Saunders (2016) the perspective that makes humans interpret the world and when those interpretations make a difference in the organization, we can club such research into the interpretive paradigm.

**Interpretivism**

A crucial angle to this philosophy is that the researcher must look at situations from a customer point of view and understand the issues that may have to bring about organizational development (Saunders, 2016). A set of issues may be addressed when customers come together and give an opinion and there must be an involvement of the researcher’s values and beliefs (Saunders, 2016).

In this case, the researcher is trying to analyse business that use SaaS products for free in the beginning and then purchase them after they have had a good experience out of the product. The researcher is trying to understand the businesses as consumers/ customers and their points of view when it comes to paying for a particular service and all the factors
that a business will take into consideration before making such a purchase. Before getting into such an area of study, the researcher has been a part of businesses that have used free services and has an idea about the factors that make a SaaS product successful in the market. These beliefs acted as the first encounter towards the research and then post interviews and surveys they can be modified, accepted or completely scrapped.

Research Approach

A research approach is the next level in the research onion that goes deeper into the research theory using the philosophy mentioned above. Saunders (2016) mentions about the two different types of approaches that can be used in a research process – Deductive and Inductive. Deductive, in simple terms is when a theory is formed with previous reading and research which develop hypothesis and they are proved in due course with primary research. However, Inductive approach is used when the researcher collects primary data by exploring an existing phenomenon and in the process build a theory.

Being an early researcher, the approach for research will be the inductive because as shown in figure ..., inductive approach carries the bottom up approach. There is an observation about the SaaS companies and their effective free trial offers that create a unique experience for the businesses to understand the usefulness of the product. Based on the success of the strategies, a pattern can be drawn and based on qualitative and quantitative primary research and data collection, a hypothesis can be concluded with a theory that will link the premise that was observed in the first step. As this research will have a small sample and is in the intension to analyse a pattern or problem and not to fill knowledge gaps, inductive approach is justifiable under interpretive philosophy.
Research Design

The above section talks about the approach used to address the research question in line with methods of data collection. This section will focus on a guideline that the researcher would follow to reach a conclusion. Saunders (2016) mentions that research design is a framework that will aid in answering the research question in line with the philosophy and the approach used.

The design recommended for this research is mixed methods where both qualitative and quantitative methods will be used to carry out the primary research. Among the types of mixed methods mentioned by Saunders (2016), the most relevant for this study would be the concurrent mixed method.

Concurrent mixed method

This method as shown in the figure is a combination of qualitative and quantitative where both are carried out at the same time in the research phase (2016). In this scenario, it is important to understand what the end users (businesses) perceive while using SaaS based services and on the other hand, it is imperative to understand the strategies used by the SaaS companies to produce loyal customers. A combination of both will be analysed and validated to come to a common ground that derives the common factors that are develop best strategies for SaaS companies.
The purpose of having a research in the mixed method exploring the current situation in the tech industry and then coming down to an explanation of why the current scenario is the way it is and then recommend enhancements for a better market in the future.

**Research Strategy**

In the last section, the researcher discussed the design that was relevant for the research process. Moving deeper in the research onion, this section will highlight the strategies used in the research. Saunders (2016) suggests that a strategy is a plan of action for any research. Denzin and Lincoln (2011, cited in Saunders, 2016) say that research strategy is a methodological link between the philosophy and the data analysis post any primary research. Moreover, the design states that there is use of both quantitative and qualitative study in the research.

**Quantitative research:**

This type of research refers to any data collection technique that results in generation of numerical data (Saunders, 2016). Most responses to such data collection techniques are objective. This research moves ahead with a survey to be a quantitative type of research strategy. A survey strategy using questionnaires is a method of understanding a general tendency of an audience of a sample of a sizeable population. (Saunder, 2016).

This strategy will focus on understanding the behaviour of the customer side of SaaS based products. A variety of customers will be asked the same set of questions that will be
mapped to the SaaS product they use on a daily basis. This will give the researcher analysis of the free services a customer base uses and their experiences with the service till date. This will also give slight recommendations to the SaaS company to enhance their service quality.

**Qualitative research:**

This type of research refers to any data collection technique that generates non numerical data (Saunders, 2016). Most of the responses from such techniques are subjective. This research uses a narrative enquiry which is a representative of a firm that shares stories about his/ her experience that relates to the research development (Saunders, 2016). Interviews are most common form of narrative enquiry. Complete stories of different interviewees will form an assessment platform for literature studies by the researcher and the organizational insights provided by a personal account (2016).

In this case, interviews will be conducted to understand the SaaS companies and their strategies to produce loyal customers. Sales/ Strategy representatives from different SaaS companies will be able to give a detailed information about the most commonly known strategies that have been successful in getting more sales. They will also give some personal experiences that may add to the analysis. Such results will act as a catalyst to the research.

**Time Horizon**

Once a design is constructed, it is important to understand the time frame of the study conducted. Saunders (2016) defines two different time horizons that cater to different kinds of research studies viz. cross sectional and longitudinal. The example used by Saunders (2016) explains the difference between the two as a snapshot of a time period is called cross sectional and a diary of time frames is longitudinal.

This research will choose the cross-sectional time horizon as the views of customers or strategies of SaaS companies may not have drastic changes in small intervals of time. One
instance of research would be enough for concluding the factors that make a SaaS company successful considering the time available for research.

Data Collection

After the process of setting up research methodology and design, the researcher progresses towards collecting data to answer the research question. Data is collected in two ways in the study viz. secondary data and primary data.

Secondary data collection

The researcher began collecting facts from various journals and service marketing books that were available in the DBS library. Primarily the research began with articles about general trends in service marketing and the challenges companies face in today’s world. As the study progressed, concepts of relationship marketing were studied in detail where transactional relationships were going out of the trend and loyalty-based relationships were more valued and brought more customers. The literature review section holds facts and analysis done by different authors about relationships and the commitment experienced when a company looks for long term relationships than simple one on one transactions.

To give a direction to the research, the researcher used the technical skill set as a base to the service marketing and moved ahead in researching about relationship marketing in the technology service market in general. To add to the detail, SaaS products were on a boom for the last five years which did not have a lot of research put in to it. Hence, the researcher tried to look for common factors that make a SaaS company succeed in the market. The factors focused in the research as the literature review mentions as well is user experience and visual clarity, recovery management and employee empowerment and engagement. Most common keywords used while searching for secondary literature have been – service
marketing, relationship marketing, technology sales, sales strategy, customer loyalty, customer retention, SaaS products, Self-service technology, etc.

Primary data collection

This research looks at the deliverables by SaaS companies that make businesses committed to the service provided. Hence in a case like this it is important to understand what the businesses are looking for and have an understanding of what the SaaS companies are offering. Hence a combination of both qualitative and quantitative is used in the research.

Quantitative data collection

Data for quantitative research as mentioned in the design will be a survey questionnaire. Employees/ users of two firms that use different SaaS based products have been surveyed. Both the companies have used a free version of the service for a while and then have switched to the paid version of the service. It is assumed that for both the firms, the service has been upgraded to a paid version after the employees/ users have been satisfied with the free version.

The first company is a chartered accountancy firm that has about 80 employees who use an online customised ‘work-flow management system’ developed by a SaaS company – Artisan Technologies. The company first tried the full version of the service for three months and then decided to pay for the service. Out of the 80 employees, 77 employees agreed to take the survey.

Moving ahead, another US based SaaS company Viewen.com is an online platform that provides shared server management and an online tool to create websites. They have a policy to provide the server management system free for life-time and have an extra cost for website development and a special VPN. Viewen.com agreed to host the survey questionnaire on their portal to allow the user of the company who have signed up for their paid services. The survey was up on the portal for about a week which allowed 195 users to
take the survey in that time-frame. The users of viewen.com are small business owners, mid-range companies and early entrepreneurs.

The survey questions are as follows. These questions were designed to find out their perception about user experience, recovery management and employee interaction. Questions 4, 5 and 6 expect a response that talk about the employee/user’s experience with the visual clarity and navigation of the service, 7, 8, 13 and 14 expect experiences when the service witnessed failure and how did the company manage the recoveries and 9, 10 and 11 discuss the way employees of the service company engaged with the customers. Finally, the last questions were asked if the satisfaction level for the service was enough for them to recommend the service to anyone else presuming that is the level of loyalty when the customer becomes the ambassador of the service.

1. Are you a full-time user of the software?
   - Yes
   - No

2. For how long have you been using the software in this company?
   - About 3 months
   - More than 5 months
   - Almost a year
   - More than a year

3. Did you use the free version of the software?
   - Yes
   - No

4. How well are you versed with the software?
   - Cannot understand
   - Pretty much there
   - I'm a Pro
5. Did you need any special training to learn to use the software?
   • Yes
   • No
   • A little bit

6. According to you, is the navigation easy to get your jobs done?
   • Not at all, it's confusing
   • I'm not entirely happy, but it's doable
   • Oh I'm blessed

7. Did you ever face a failure in the software?
   • Yes
   • No

8. Was the failure major?
   • The software has more bugs than functions
   • The software let me down sometimes, but nothing major
   • Not at all

9. If you experienced failure, did you get a chance to connect with the customer service team?
   • They never answer
   • I keep trying and get lucky sometimes
   • They are always reachable

10. Did the team give a standard response for your query?
    • Yeah! Same dialogues all the time
    • The representative tried but couldn't do much
    • Oh the representative was pro solution
11. Did the response help you in a positive way?
   • Yes
   • No
   • A little bit

12. Did you find the representative friendly enough?
   • No, he was rude
   • He spoke to the point
   • He was absolutely nice to talk to

13. If there was a major system failure, did the team provide immediate recovery measures?
   • Yes
   • No
   • A little bit

14. Did you receive anything as compensation for system failures?
   • Not at all
   • They simply solved the problem
   • They gave us complimentary services

15. Are you satisfied with the service?
   • Not at all
   • I'm just fine
   • Oh I find the software a value for money

16. Would you recommend the software to someone else?
   • That goes without saying
   • I'm not sure
   • I would never do that
Qualitative data collection

To understand the strategy side of SaaS based companies, semi structured interviews have been set-up with business representatives of different SaaS based companies who have been successful in generating customers by giving them free trial offers and then converting them to paid customers.

The first company is a start-up IT company that develops different SaaS based products like project management systems, work-flow systems, school management systems, etc. The software’s are catered to a wide range of audience that include CA firms, hotels, schools, recruitment firms, etc. The interviewee is the owner of the company – Dhruv Joshi. The second company is viewen.com – a US based company that started two years back and has a track record of acquiring more that a million users two years. The interviewee is the owner of the company – Orlando Delcid. They have used a unique strategy to keep the users happy and committed to the product they serve. The third company interviewed is a business representative of a global organization whose details remain undisclosed for confidentiality reasons. They are renowned for their computer hardware and software around the world. The representative handles the operations of the Irish market.

As this was a semi structured interview, the researcher sent an outline of questions that could discuss strategies pertaining to the three factors focused in the research.

1. What is the strategy for designing a web view for a particular SaaS product and what parameters are considered (navigation, customer interaction, integration with other software)?
2. What is the most important aspect of designing a web view?
3. When a service failure is reported, what measures are taken to resolve the issue?
4. Is the severity of the issue a pointer for providing extra compensation to the customer?
5. What measures are taken to avoid the failures being repeated?
6. Have you noticed an increase in loyalty because of efficient problem solving?
7. What are the active channels used by your company to engage with customers?
8. Does the employee of the service company follow a pattern or while responding to customers? Does he/she have the freedom to be flexible with the script and to what extent?
9. Can the employees have the power to provide solutions without consulting hierarchy?
10. What are your strategies for employee empowerment?
11. Your take on the current scenario of the SaaS products in the market?
12. Any suggestions for this research?

Data Analysis

The data analysis and findings will be a collaborated mix of the literature, survey and questionnaires. The main motive of this section will be to cross check and validate the responses based on the literature and a little bit of the researcher’s background knowledge. The interpretation will basically start from surveys that will involve understanding if the customer is a full time user of the application. This is to filter the outliers as the responses may not be appropriate if the customer has not used the application enough to be able to comment on the experience. Once the filter is done, the analysis will begin with tri-variate combination of every factor from the literature discussed. For instance, all the responses that involves the understanding of the user experience of the application will be grouped together as one variable.

Once the variables are clubbed, each variable will be mapped with the satisfaction variable and then the results will be mapped with the recommendation variable. This is to find the range of the customers who are satisfied and can recommend the software to the people they know. This type of mapping will generate appropriate results according to the researcher.
These results will then be cross checked with the interviews to understand if the pointers given by the company owners who make such SaaS applications. These two findings will then be put together in the discussion section.

Research Ethics

In the whole process of defining research methods and collecting data may have issues that may not be visible to the researcher’s eye if a few principles are not kept in place. These principles may be called as ethics. Saunders (2016) refers to ethics as standards of conduct that give guidelines to the way of behaviour towards the subject of the study or the people who may be affected by the research. The common ethical issues for research can be listed as integrity, respect, avoiding harm, privacy, voluntary participation, right to withdraw, informed consent, confidentiality and safety (Saunders, 2016). Every step in the research will have ethical guidelines as mentioned by Saunders (2016) that is followed by the researcher.

1. **Formulating research topic**
   - Responsibilities of understanding the topic and the subjects who may be involved thoroughly before getting into it.
   - Assessing the risk factor in the research study.
   - Understanding the conflicts of opinions about the study.

2. **Research design**
   - Making sure that there is no force or hesitation by researcher/ participants.
   - Right to the participants to ask any questions pertaining to the research.
   - Give complete information about the research without missing out on important pointers
   - Participant’s right to privacy.
   - Right to participants to check quality at any time.
3. **Data Collection**
   - Right to researcher’s safety in the data collection process.
   - Right to work within the research with informed consent.
   - Maintaining objectivity.
   - Right to the participant to withdraw at any point of time.
   - Right to privacy.
   - Right to question at any point of research.

4. **Data Storage**
   - Maintenance of fairness to all the data
   - Maintaining confidentiality
   - Observing on the agreed consent
   - Security of personal data
   - Responsibility of verifying data

5. **Data Analysis**
   - Responsibility of quality check
   - Maintaining fairness and objectivity.

**Limitations of Methodology**

Considering the time line of the research phase for the master’s study, there are a lot of limitations that may arise during the entire phase of the research. A few that can be mentioned are below.

1. Research topic chosen may not have the capability of covering different angles of a research problem
2. The literature review has more themes than the ones mentioned. It was difficult for the researcher to choose 3 factors to the success of a SaaS company. There are more than 3 aspects that need to be focused on.
3. The depth of the literature in the secondary research is limited as each factor could have had dimensions that could have been covered
4. The sample selected for the research couldn’t have a very strong structure.
5. Surveys from two companies are not enough to analyse a current trend
6. Interviews need to be more detailed but due to the shortage of time, it wasn’t fulfilled.
7. Analysis of the data could have been more detailed.

Data Analysis and Findings

The next step to go closer to achieving the desired results is by performing explanatory analysis on the data that we collected from the surveys and semi structured interviews to understand the general trend in the tech service market. Quantitative analysis will give a snapshot of the correlation of the different variables considered with the level of satisfaction and loyalty of a customer towards a SaaS product. Qualitative analysis will inform the researcher about the strategies followed by the SaaS companies and their managerial implications that will give a balance to the primary research which can then be linked to the literature in the next section.

Quantitative Analysis

As mentioned in the last section, a total of 268 employees from two companies have been surveyed and the researcher has assumed that the company has taken the decision of moving into the paid version of the software considering the employee’s satisfaction experience.

The researcher has considered three factors that are important to the success of a SaaS product – UX, recovery management, employee engagement. In the following questionnaire there have been 16 questions that have been put to the employees that talk about the three factors. Each factor has a minimum of 3 and a maximum of 4 questions which have been grouped to one variable. The last two variables are the satisfaction and recommendation quotient. Each factor will be checked for satisfaction and recommendation. As literature states that it is the end goal of any SaaS company to have loyal customers and loyalty can be
at its best when customers are able to recommend the product/service to others. This behaviour can be assumed to have achieved affective commitment.

The softwares used for the visualization and analysis are MS Excel and Tableau.

Basic frequency visualizations

Before moving into analysis, the researcher looks at the basic visualizations of every variable and observes the frequencies.

Note: The SaaS product is called software in the survey as the employees may not be technical enough to understand the term SaaS.

1. Are you a full-time user of the software?

![Figure 6: Are you a full-time user of the software?](image)

This question is important to understand if the employees are using the SaaS on a regular basis to be able to share experiences about the product. The frequency for the “Yes” option will be considered for future visualizations.
It is evident that out of the 268 employees, 265 use the product on a regular basis. This number will be considered as the sample size for future work.

2. For how long have you been using the software in this company?

![Figure 7: For how long have you been using the software in the company?](image)

This question is to understand the period the employee has been using the software for, the researcher has assumed that a customer will be able to give valuable feedback about the product when they have used it for more than 3 months, although experiences of employees who have used the product for less than 4 months will also be considered.

In this situation, we can expect genuine results as maximum (136) employees in the companies have used the SaaS product for at least 6 months and about 86 employees have used the software for at least 4 months and above.
3. Did you use the free version of the software?

![Figure 8: Did you use the free version of the software](image)

This question proves that the employees have an opportunity by the company to use the free and the paid version of the software and hence are a good research audience for this study. According the figure mentioned above, more than 220 employees have used both the paid and the free version of the software and will be able to share the process of their journey effectively.

4. How well versed are you with the software?

![Figure 9: How well versed are you with the software](image)

This question shows the level of understanding of the software. The range shown is from 1 to 6 that showcases efficiency ranging from 1 – I don’t understand the software to 6 – I’m a
pro with the software and I completely understand the working. The survey shows that more than 170 employees are completely well versed with the product which adds up to the positive factor of UX of a SaaS product which will be discussed in the next section in detail.

5. **Did you need any special training to use the software?**

This question again discusses the usability of the product. It is assumed that if there is no special training required for the product, it is self explanatory which is a good sign in the UX department that the product is easy to understand for people who are not very technically sound.

![Figure 10: Did you need any special training to learn to use the software](image)

This figure has responses “Absolutely, I need a manual every day”, “No, but I need help sometimes” and “the software is a cake-walk” which categorises the level of training required to understand the software. The frequency of the last category has 144 employees who don’t need any training to use the software.

6. **According to you, is the software easy to use?**

This question wants to understand the visual clarity and navigation of the items in the product and if the spread of the items in the product are easily understandable by the employees.
The SaaS products referred to in this survey according to the employees has maximum frequency for the software being easy to use - 255.

7. Did you face failure in the software?

This question wants to know if there was a system failure in the product. This will talk about the functional quality of the product. Although, 183 employees feel that there has not been
a system error, 69 employees i. e. around 30% of the population feel that the product does have down times which disappoint the employees.

8. **If there was a system failure, did the team respond quickly?**

![Figure 13: If there was a major failure, did the team respond promptly?](image)

This question focuses on the promptness of the company when a situation arises. The three categories “Yes”, “No”, “A little bit” talk about the promptness level of the response by the recovery team. This survey has 240 respondents who believed that the recovery team came back to solve the problem as quickly as possible.

9. **If you experienced failure, did you get a chance to connect with the team?**
This section wants to know about the recovery management factor. This is the first question that discusses this topic. It showcases that both the products have had a 100% accessibility to contact the company in case a failure arises.

10. How did the team respond to the query?

Figure 14: If you experienced failure, did you get a chance to speak to a representative?

Figure 15: How did the team respond to the query?
This question enters into the third factor of the research – Employee engagement. This question caters to the way company representatives interacted with the customers when there was an issue/ incident. The two categories are “Oh the representative was pro solution” – which means that the representative was empowered enough to listen to the problem and suggest solutions without having to make the customer wait and “The representative tried but couldn’t do much” – which means that although the representative listened to the problem, he couldn’t help the customer in his capacity.

This survey shows that around 90% of the employees thought that the representative was pro solution.

11. Did you find the representatives friendly enough?

![Figure 16: Did you find the representative friendly enough?](image)

This question checks on the attitude of the company representative while engaging with the customer. The two categories defined for this question are “He spoke on point” and “He was nice to talk to”. It caters to understanding the script the representative uses and if there is personalisation to the engagement the representative involves in. This survey shows that the company executives were personal while communicating with the customers.
12. Did you receive any compensation for service failures?

This question wants to understand if any complimentary services were provided as an initiative by the company to apologise for the system failure. We see a little negative response in this question where most of the respondents just received a solution and only about 12% of the respondents received an added service.

13. Are you satisfied with the service?

This question wants to understand if the service was satisfactory. We find out that the majority of the respondents were satisfied with the service.
This question talks of the overall experience of the service received by the employees in the firm. The categories here are “I’m just fine” and “Oh I find the software a value for money”. The survey shows that 185 respondents were satisfied with the product they were referring to and the remaining didn’t have much to talk about it.

14. Would you recommend this software to any one else?

This question wants to understand if the satisfied customers of the product would like to promote the product further by recommending it to someone they know because they have had an exceptional experience with the service.

![Figure 19: Would you recommend this software to any one else?](image)

Although 222 employees say that they will promote the product further, there are around 20% of the respondents who are not sure if they will take that effort in promoting it further. These visualizations were a general trend that has been kept in reference to the SaaS products the two companies have been in use. A deeper analysis is required to find the correlation between the factors.
Grouping responses to each factor

There are around 15 variables that determine aspects of three factors mentioned in the literature for SaaS company success and 2 variables out of the total determine the satisfaction and loyalty quotient. To analyse deeper into this subject, it is imperative to group the similar variables together to determine a single factor.

User Experience factor

The questions that determined UX in the questionnaire were

1. How well versed are you with the software
2. Do you need any special training to learn to use the software
3. According to you is the software easy to use
4. Did you ever face failure in the software

To combine these variables to one UX factor, the researcher followed a strategy.

- For the question that defines how well versed the employee is, the values that range from 4-6 can be considered as a decent set to determine the strength of the UX.
- For the question that determines if any training was required to get acquainted with the software, the value “the software is a cakewalk” will be considered.
- For the question that determines if the software was easy to use to get particular jobs done, the value “Yes, totally” will be considered.
- For the question that determines if the software faced a failure, the researcher considers value “Not at all”

The figure below captures a snapshot of all the determinants in the UX section in one frame. It is evident that 76 employees felt that all the values considered by the researcher for a successful UX factor were true in reference to the software they used which is approximately 81% of the total 94 employee sample that have had a positive experience in the UX department.
Figure 20: The User Experience Group

Recovery Management

The questions that determined the recovery management factor in the questionnaire are:

1. If you faced failure, did you get a chance to connect with the customer service team?
2. Did you receive any compensation when there was a service failure?
3. Did the recovery team reach out to you promptly?

To combine these values to a common recovery management factor, strategy followed by the researcher is as follows:

- The common response for determining if the service team was reachable, is “they are always reachable”. This response has been 100% for all the respondents who took the survey.
- The question that determines if the recovery team was prompt, the value that can be considered is “yes”.
- The question that determines if compensation was given along with service recovery, both values need to be considered because in such an industry, compensation may or may not be a criteria to find satisfaction quotient.
According to the figure below, which is a snapshot of all the mentioned variables considered, it is clear that 208 employees were of the opinion of having the recovery team being prompt about getting back with a solution and simply giving a solution to a problem without any complimentary services and 34 employees received an additional service as an apology from the SaaS company.

This shows that expectations can be different in different states of service failure.

**Employee engagement**

The questions that determined employee engagement are

1. How did the service team respond to your query
2. Was the representative friendly enough
3. Did you find the response positive

To combine the variables to a common employee engagement factor, the strategy followed is
For the question that determines the level of friendliness in the company representative, both the values “he spoke to the point” and “he was absolutely nice to talk to” can be considered as both as expectations are generally to get an answer that solves the problem. Personalising the response is an additional advantage.

For the question that determines how was the problem handled by the representative, the value “the representative was pro solution” can be considered.

For the response that determines if the solution given was positive for the customer, the value “yes” has to be considered.

According to the figure below, 197 respondents found the responses by the representative were pro solution and were very nice to talk to which means the script used by those representatives were personalised to each customer. Moreover, 45 respondents found the representatives responses to the point but were pro solution.

![Figure 22: The Employee Engagement Group](image-url)
This analysis determined the best outcomes for all the three factors. Although, a few responses have come out to be one of the best even though they were not given the kind of importance they needed. These snaps can are now ready for the next level of analysis that determine the satisfaction and recommendation quotient to each value.

Mapping each factor to satisfaction quotient

In the last section, the researcher grouped the variables into 3 prominent factors which can be used for future justifications. This section talks about how each category can be mapped to the satisfaction quotient and validate accordingly. The value considered to determine the satisfaction is “Oh I find the software value for money”.

User Experience and Satisfaction

In the figure below, when the satisfaction variable was introduced to the user experience factor (figure), it was found that for employees who used the software for 4, 5 and 6 months or above had prominent satisfaction behaviours. To be specific,

- 7 employees who used the software for 4 months or more had 6 employees who were satisfied with the product. – approximately 86%
- 11 employees who used the software for 5 months or more had 10 employees who were satisfied with the product. – approximately 90%
- 76 employees who used the software for 6 months or more had 60 employees who were satisfied with the product – approximately 79%

We can notice that the satisfaction quotient dipped when the time spent with the product was more than 5 months. This could be interpreted as, so long as the employees were in the phase of exploring the software, they did not have too many expectations from it but as and how the learning declined, the level of expectations with the software increased and hence the dip.
Recovery management and satisfaction

In the figure below, when the satisfaction variable was introduced to the recovery management factor (figure), it was found that the satisfaction level was distributed differently between variables.

- 34 employees who were offered complimentary services along with service recovery, 27 employees showed satisfaction behaviors. Approximately 79%
- 20 employees who were only given solutions to the service failure and also had the recovery team respond sometimes, 12 employees were still satisfied with the service. Approximately 60%
- 208 employees who were offered solutions only and had the recovery team prompt in responding to service failures, 146 employees showed satisfaction behaviours. Approximately 70%

It can be inferred that the expectations of different employees can be different when an incident occurs. A few employees are patient and can tolerate if the recovery team does not respond promptly and doesn’t give any compensation as long as the problem is solved. Hence there has been distributions in the satisfaction levels.
Employee Engagement

In the figure below, when the satisfaction variable was introduced to the employee engagement factor (figure), a very clear analysis of the satisfaction levels were found out. To be specific,

- 45 employees who felt the representative of the company was pro solution, and had a script that gave solution only to the point had 25 satisfied employees - Approximately 55%
- 197 employees who felt that the representative of the company was pro solution and had a personalised script while interacting and engaging with the employees, 145 employees were satisfied with the software - Approximately 74%

It can be inferred from the above analysis that although the percentage of satisfaction is more when the responses by representatives are personalised and not just to the point, a
lot of employees didn’t have that kind of an expectation. They were alright with to the point conversations with out having to be over friendly as long as solutions were offered correctly.

This section showcased the factors that enhanced satisfaction levels in employees. It also spoke of the types of expections employees could have that could be different from the textbook defined factors. For example, the personalization of scripts while employee engagement may or may not have an impact in determining satisfied customers.

Once, the researcher has an idea of how satisfied customers are identified, it is imperetive to understand the next level of customer acquisition, - loyalty.
Mapping each factor to loyalty quotient

To measure loyalty behaviours of a customer, the researcher maps the loyalty variable to the satisfaction snapshots. The variable considered for determining the loyalty quotient is “that goes without saying”.

User Experience with Loyalty

When loyalty factor was applied to the UX snapshot that was applied with satisfaction, the following analysis was thrown light on

- Only 4 people who had used the software for more than 6 months didn’t show any sign of loyalty behaviour which means they were not sure if they would recommend the software to anyone else. – This can be an outlier.
- 15 employees who were not extremely satisfied with the service agreed to recommend the software to someone else, even when they had only used the software for less than 6 months.
- 58 employees who had already been using the software for 6 months or more have agreed to recommend the software ahead.

Time with the software plays a major role in deciding the loyalty behaviour in customers, but may not be the only measure.
When loyalty factor was applied to the recovery management snapshot that was applied with satisfaction, the following analysis was thrown light on:

- Only those employees who received prompt recovery responses have shown loyalty behaviours even if they did not receive complimentary services.
- 143 employees agreed to recommend the software even when they did not get complimentary services but got prompt response.
• Rest could be considered as outliers.

Employee Engagement

When loyalty factor was applied to the employee engagement snapshot that was applied with satisfaction, the following analysis was thrown light on

• 138 employees of the 146 employees who have had representatives with personalised scripts have recommended the software

This shows that more connection with the employees could lead to loyalty intentions.

These analysis did derive some insights which can be discussed in detail in the discussions section.
Qualitative Analysis

The quantitative analysis focused on the behaviours of the customers who have been a part of deciding if the service is worthy enough to be paid for. This section discusses the business side of SaaS companies and their strategies that brings and retains customers. At the end of this section, the researcher will be able to validate if the customer behaviour matches the business strategies.

In-depth semi structured interviews have been conducted with the SaaS companies who have provided their services to the two companies surveyed. This section will have relevant pointers of the interview that will relate to the factors discussed in the literature. The full transcript is available in the appendix below.

**Online Chartered Accounting portal (Artisan Technologies)**

This is a newly started service provider company that makes customised softwares for companies. The CEO of the company – Dhruv Joshi had insights to share that are relevant for this study. The researcher has categorised the pointers according to the factors.
User Experience:

- Instead of simply taking requirements to design a software, it is important to have an in depth conversion with the business owner to understand their requirements and expectations of the software they want.
- Once the requirements are in place, all the expectations are prioritised before development of user design.
- Designs are made in accordance with a heat map available in the market. Apps like piwik.com give an idea of the major areas on a screen that get maximum attention from the users and the most important information goes into that area.
- The labels used in the software must be easily understood by a layman.
- Service companies must follow a 3 click policy where all the specified tasks are completed within 3 clicks.
- The software must be optimised at all times so that the navigation is faster and does not require internet speed to take the software user interface load.

Recovery management:

- Service failure must be taken very seriously by all employees in the company.
- Service failure complaints must be addressed within 24 hours.
- A map book is maintained by the recovery team that takes notes of all the service failures reported and makes sure that such an error does not occur again.
- All failures are analysed and prioritised depending on the hierarchy of expectations of the software.
- If the failure is of a higher priority, a compensation is always offered. It could either be an extended free support, or a complimentary add on service at a lower cost.

Employee engagement:

- All front dest employees are given 2 months training before they join in the company.
- The training majors in the area of support they are placed in but are also given general information about all the areas of service encounter.
- Basic communication guidelines are given to the front desk, but no specific script is provided.
- All communications are monitored for training and quality purposes.
- Being a start-up company, only information is given out without any delay. In case of an incident with the software, the company has a hierarchy to maintain.

*Shared Server and Cpanel provider (Viewen.com)*

This one is a recently grown service company that has shown exponential growth in less than 24 months. Major areas of successful strategies are recovery management and employee empowerment. The researcher has categorised the pointers according to the factors.

**User Experience:**

- The developers are guided to design the software on the mobile view before the desktop view.
- Most of the functionality must be in the range of a thumb swipe and to the right side of the screen for effective accessibility.
- The UI is designed keeping the latest Google UI so that it looks more appealing to the eye of the customer. Most importantly, the designs are created using Material Design.
- Being a multi functionality software, tool tips are always available on the software that is easily understood by non technical customers.
- A multi lingual software will gather more customers.

**Recovery management:**

- Recovery response time is 2 hours. To maintain this speed, the company has call centers in the different parts of the world in which they operate.
- All channels are open to report a failure.
- Transparency is the key when a service failure occurs. All customers are given clear information about the failure.
• The failure reported has a record of generating appropriate solutions in less than 72 hours.
• As a lot of the services offered by the company are free of cost, no extra add ons are provided.

**Employee engagement:**

• Most of the front desk employees in the company are developers from different sectors in the company.
• All the employees who interact with the customers are supposed to have basic knowledge of all the technical operations in the software.
• The online chat box on the software is available 24 X 7 so that all conversations happen run time and are recorded simultaneously.
• The employees in the company are given the freedom to provide solutions to the customers and take appropriate decisions that are relevant.

These pointers have been taken out from the interview transcript and have been paraphrased accordingly. These analysis are ready for the next chapter of the research, discussions.

**Discussion and Recommendation**

The researcher has conducted both primary and secondary methods of research to understand the nuances of the reasons a customer or a business pays to upgrade a freemium SaaS service which in return evaluates the indicators that make a successful SaaS company. Different authors talk about their perspectives in the respective fields which have been taken to note in the literature section. Also, the SaaS companies and their successful clientele have given their angle of information and their ideology for accepting a service. Although it is hugely important to know about the different theories developed by researchers in the field of user experience, recovery management and employee engagement, it is imperative to understand the demand of the industry so that SaaS
companies can weigh the two equally and then consider the supply strategies to generate maximum sales and develop more loyal customers.

This section talks about the amalgamation of the two research methods applied that will be critiqued and the results that can be interpreted by the researcher based on his experience in the entire research and knowledge gathered in the learning years before and during the research. The interpretations have been sectioned into the types of analysis done by the researcher.

**Affective commitment**

The literature section talks about affective commitment that comes from customers who develop a sense of trust with the product or service and this is the reason why the service is kept for a long time. It is the end goal of every service company to have customers who are in the loop for a long time and in the process help in Word of Mouth marketing to generate more customers.

This research analysed each factor towards the satisfaction and loyalty variables to find if all the factors contribute to the loyalty of the service and the effect of loyalty on each of the factors. It also checked if all the satisfied customers head to becoming loyalty customers. The qualitative research gave insights of the strategies used to create satisfied and loyal customers. For instance, Viewen.com makes sure that all the customers are given transparent information in case a system failure and in the bargain gain trust from the customers and also tell the customers that it is human to make mistakes. They also make sure that all the system failures are recorded in a log book that is prioritised and checked so that such errors do not occur the next time. Such a strategy out of the others have generated loyal customers who have been satisfied with the recovery management.

The researcher discusses the satisfaction and loyalty strategies that are bifurcated in 3 major themes and each theme is categorised in sub themes that will illustrate quantitative and qualitative results that bring out satisfaction and loyalty.
User experience

User experience is the face of every SaaS service that needs to be functional as well as clear in its expectation and delivery. As mentioned in the literature above, it is important to keep the customer interested in the service. This encompasses all the interactions between the customer and the service. Quantitative and qualitative analysis showcased the importance of user experience in analysing quality and satisfaction of the service. Artisan Tech and Viewen.com have given special priorities to develop the application keeping the desired user experience in mind. The researcher discusses each of the strategy that has been able to contribute to develop user experience in the divisions mentioned below.

Visual Clarity

This decides the placement of information that makes sure the tasks needed to be completed using the application is visible and is pleasing to the eye. 96% of the customers surveyed had a good experience when it came to visual clarity of the website. Google has also developed Material design that is setting new standards that ensure every application is appealing to customers and is not crowded. Planning designs of applications in advance and testing it make sure that the prioritised information is available to customers in a single glance. The companies interviewed use these standards while creating a design for an application.

Viewen.com specifically takes the placement of information tabs into consideration while designing the application. In detail, the company makes sure that the information is responsive on a mobile platform as well. Most of the important information piece should be accessible with a right thumb swipe. Right thumb because most users would have a strong right hand. Moreover, when Artisan Technologies is designing an app, they take utmost care in prioritising the jobs the application is expected to carry out. Basis that, the design is made that will be visible to a normal person’s glance.

Hence, the researcher can note that visual clarity of an application plays an important role in the steps to make a successful SaaS product.
Navigation

After the information is placed, accessing the information to get tasks done is another imperative aspect of user experience. The interviewees focus on getting to a task in less than or equal to three clicks. They also pay attention to server management which is technical that makes sure navigating through pages does not take too much load time to get to the point.

In the surveys, the researcher considered mid to high level of understanding the navigation of the service. The satisfaction quotient of the range was almost equal but as and how the customers spent more time with the application, it was found that the expectations of the customers increased, and they wanted more to be satisfied with the application. The recommendation i.e. loyalty quotient also reduced as and how customers were well versed with the application.

Another reason for the dip in the satisfaction and the loyalty quotient can be assumed to be failure in the system that must have occurred in their tenure of using the application which is prominent in the failure variable in the survey. More the people who have spent time with the software, more is the probability that they must have encountered failure. Failure can be load time or tasks not responding properly. Hence, navigation is a major player in the effective user experience in a software.

Usability and understanding

Most customers who use SaaS products are non-technical people who may be well versed with basics of using a software but may not understand the technical language behind an application. Hence understandability is a major concern while designing a software. In the quantitative analysis, most customers mentioned that they would not need a manual to understand the software where as some needed help sometimes. This issue occurs due to the other two sections viz. visual clarity and navigation mentioned above.
The two companies take special care to make sure the application is easily understood by everyone who has been introduced to it. Artisan Tech installs tooltips in almost all places so that users can take cues from those tool tips to understand the software better. Moreover, the labels used in the software are made sure are written in easy language that is understood by everyone. Viewen.com on the other hand gives a multi-lingual website to the customers so that individuals from all over the globe can use and understand the website.

Understandability and not requiring special training develops a sense of trust in the application that eventually leads to satisfaction.

Recovery management

The above section discussed the service quality measures of a SaaS product when there is no incident. This section discusses measures that can be taken when a situation occurs. It is inevitable for a web application to have failures. A few may be major issues, and a few may be small minor issues. As literature suggests, the customer may not be turned off if there is a system failure in the software but there is a high chance of the customer losing interest in the software if the issues are not resolved in time. This section has been divided into sub-sections that will talk about the different aspects of recovery management.

Availability to report an issue

If there is a service failure, it can be taken forward only once it is reported. The SaaS product must provide avenues to report failures. Primary research has unanimously responded that the SaaS company has been reachable if any issue occurs during the use of the software which may be one of the reasons why the customers have held on to the service.

When asked the interviewees, Viewen.com has a multi-channel approach to listen to queries. Facebook, Instagram, emails and an online chat are open 24 X 7 to the public to record their issues with the problem however small it may be. An online ticket system is also integrated in the website to record a major flaw in the software. This according to Viewen
gives a sense of seriousness to the customers that their issues are being taken up professionally. Artisan Tech makes the online chat portal smart with the help of deep learning so that the customers can rely on the chat channel to let the company know of the issues. Also, a 24 hour helpline is available for the customers to send out requests to the company. These facilities assure the customers that the services are made for the customers and are available at their service at any point in time. This is another player in the loyalty game.

**Compensation**

Once a query is reported, it must be taken up on priority and all the efforts must be put in to provide appropriate solutions. This, according to the researcher is the most common way of recovery management. Literature suggests that a stronger level of trust is created when the service company resolves the issue as soon as possible but also provides an added service as a compensation and apology to have the customer go through the pain when the issue occurred. The quantitative study does support the literature by saying that most customers who received a kind of compensated services from the provider would recommend the software ahead because the compensation has been valued by the customer. Some results in the study show that the customers who haven’t received added benefits from the company have also agreed to recommend the software to the people they know. This could be because the customers at that point did not expect anything other than a solution to the problem as soon as possible. They were content with the solution provided.

The SaaS companies interviewed do their bit in providing added services but have a criterion that is checked when a problem occurs. If the issue is a major one, the companies go ahead and offer an added service but otherwise, they simply take care of the problem proficiently.

Hence, although compensation does play a part in bringing in loyal customers, it may not be a strong point of strategy.

**Prompt response**
Solving a problem is important but making sure that the solution is given on time is one of the key measures that rate the satisfaction of a customer towards a service. The quantitative analysis has shown maximum support to satisfaction when the customer service has been prompt when a situation occurs. The interviewed companies take maximum care when a query is recorded. The issues are first recorded in the log and then solved as soon as possible and made sure that an issue like this would never occur again.

**Employee engagement**

Service encounters with incidents are taken care by the representatives in the company and their engagement with the customers determines the trust factor and may be the most important parameter in the loyalty domain. No matter how much a software can understand the issues of a customer technically, a representative and his interaction with the customer is important for a customer who is facing an issue that needs a quick solution. This section divided the employee engagement domain into the types or levels of encounter when an incident occurs.

**Engagement level**

The researcher interprets that when a customer service department executive is contacted, the customer is already in a negative mood and an under competent representative will ruin the trust factor in a service. Hence the qualitative analysis was done to find out if the representative was friendly enough and the customer had a good conversation with him while discussing the issue in the application. The results showed that the satisfaction level was maximum when the representative was friendly and discussed the problem in a personal approach rather than being extremely rule based restricted by the script standards allocated by the company.
Moreover, there was another observation which showed that the customers were satisfied even when the representative spoke to the point without being personalised as long as their issues were heard, and a solution was offered. This shows that the level of expectation depends on the customer’s behaviour at that point of time.

The SaaS companies interviewed mentioned that being a recently started SaaS company, they did not have a set standard script allocated to the company representatives while communicating with the customers. The only criteria for the representatives was to have a good conversation and provide a solution on their own. This aspect will be discussed in detail in the next sub section.

Hence, depending on the moods of the customer, the representatives need to personalise their responses.

*Employee empowerment*

The time required to respond to a query, as discussed in the last section was an important aspect in building trust for the software as a service. Another angle to the service encounter as predicted by the researcher is the waiting time that a representative takes to provide a solution. The reason could either be that the representative is a new comer and may not know the solution and asks his superior authority or the representative may not be in a position to provide solutions in his capacity and makes the customer wait for the authority to make a decision for the customer. Both cases turn the customer off and decreases the level of trust in the service.

Quantitative analysis showcases support of the interpretation by the results that show that the representatives who were pro solution received better satisfaction quotient than the representatives who tried to provide solutions but could not at their level. On the qualitative analysis side, the companies empower their employees to take the right decision for their customers and also provide them with adequate freedom to deal with the customers without any permissions so that solutions are given as soon as possible. This sense of ownership eases the employees while making decisions and the responsibility side
of it makes sure that the employees are making informed choices while dealing with the customer.

**Positive outcome**

The final understanding of the entire engagement with the customer service representative was to validate if the responses given by the representative was positive. This part of the empowerment factor was the outcome of the entire interaction. Here, although the expectations of the customers have been observed to be different based on the situation at the time of interaction, the main goal of both the customers and the company representatives was to have a successful outcome to the problem.

In the analysis done in the last section displays results that say that irrespective of the personalisation by the representative, as long as the customers received solutions to the problem. 197 customers felt that the solution received has been positive. These numbers are a combination of the people who felt the representatives were friendly, spoke to the point and were pro solution. This proves the interpretation made by the researcher.

The companies in the interviews work the same way as expected by the customer. The employees are empowered and held accountable to give accurate solutions to satisfy the customer.

These factors have almost been proven to work in the positive direction to attract loyal customers and in the process make SaaS companies successful. The researcher can make small recommendations based on the analysis done in the study.

- The moment of truth concept was instrumental in validating the customer journey that starts from taking the product, experiencing it and then being at a position of recommending it.
- User experience is an important priority while designing an application to be able to generate effective sales.
- As mentioned in the literature, focus must be given to the most important tasks in the application and the user experience must be given priority.
• Recovery management is crucial because although the customers understand that it is human to err, constant errors and incompetent response will reduce the trust factor for a service.

• Providing compensation along with solution to system failures is a good option that customers believe in the sincerity of the company but is not very important because prompt solutions are valued more than extra value-added services.

• Similarly, for customer service section, it is important to have a solution oriented representative who may not restrict themselves to the scripts provided by the companies.

• Employee empowerment is preferred where the customers need not wait for a long time to get a positive response from the representative. This may or may not be dependent on the level of ease a customer has with the representative. As long as the conversation between the two is pro solution, the customer is satisfied.

Along with these, another aspect of experience that can be incorporated in the application for better accessibility is to have the application open to multiple app integration. This according to the service provider has been beneficial in getting tasks completed on the software.

Conclusion

The researcher, in the entire process of the dissertation had experiences that boiled down to choosing a topic in the current field of study. This experience was based on the past qualifications, work experiences and the current study. Moreover, the explosion of the SaaS
based industry brought more focus that tried to bring about aspects of a successful SaaS company. This research, although basic can be further extended to dive deep into the aspects chosen for this research or explore more such aspects that contribute to an acceptable service in the market.

Success of a SaaS company in this study is measured when a free service is converted to a paid service and the journey between taking up the freemium version to paying for extended service. The three factors that influence the customers to move from using a free service to a paid service are User experience, Recovery management and Employee engagement. These factors were chosen from the reading material available in the DBS college library collection that was focused on Service marketing.

The main strategy selected in service marketing was relationship marketing and loyalty generation. This strategy was then mapped to the strategies used by SaaS companies to develop loyal customers. With general knowledge of the current affairs in relation to the SaaS industry, the most common technique to attract customers was experience marketing. The customers were offered to use a free version of the application at their own leisure and then could make a decision on using the application for longer. These free trials made a mark initially with start-ups who needed attention to each application before making an informed choice of paying for a software. Experience marketing on its own is a type of relation marketing strategy.

Based on this premise, the researcher began collecting secondary data that was related to relationship marketing, experience marketing and then funnelled down to service encounters as the concept to be used was the moment of truth that was to be explored. The second moment of truth was considered that spoke of the consumer experiencing the service. The researcher was trying to coin the customer experience and give a SaaS body to the research. With service encounters, the major areas of encounters in this case were personal (company representatives) and non personal encounters (computer interface). In detail, the encounter was further divided into two more types – service encounter without incident (user experience) and service encounter with incidents (recovery management and employee engagement).
Once the three factors that needed to be tested were selected, it was very important to keep the methodology in place before heading towards the next part of the research. Interpretivism was selected as the basic philosophy for this research as at every step the researcher has been interpreting based on the knowledge collected before and validating if the interpretation is true or false. The research strategy selected was mixed where the researcher was to conduct both qualitative and quantitative analysis for the study. The amalgamation of both the strategies along with the literature was interpreted to give the most appropriate results.

As it was mentioned earlier, SaaS strategies was most beneficial to start-ups, 2 companies were surveyed who used a SaaS product and have recently started paying for the service. They have been using the software for more than 6 months. The experiences that they have had were noted in line with the three factors chosen. The deciding factors were satisfaction and loyalty. There was an objective to identify the satisfaction quotient that lead to loyalty.

Once the customer perspective was understood, to complete the entire circle of the SaaS product, it was imperative to understand what the SaaS companies think and how do they structure their strategies that give out optimum sales. The companies that provide the SaaS products to the above mentioned start-ups were tapped and the business owners were interviewed. The interview was a semi structured one that had open ended questions which wanted to know as much as possible that relates to the three factors chosen. One of the SaaS provider was a newbie in the market that was trying to make its mark and other one was a recently established company from the U.S. These two companies, according to the researcher are at different positions in the market and their individual responses would add up to a generalised notion about the strategies that are commonly accepted by the customers.

Both the company shared insights of their individual strategies that helped the researcher formulate the strategies in line with the requirement of the customer.

**Key pointers that came out of the analysis**

1. User experience came across as a basic norm while making a product.
2. Recovery management was a key to define the satisfaction of the customer
3. Having said that, the expectations from the factor are different for different customers. For instance: Compensation was a criterion for a few customers along with recovery and for some, only solution that was prompt was enough to show satisfaction to the product.

4. Similarly, employee engagement did not need to be personalised all the time. A few customers were alright with the company representative being to the point and answering questions directly without trying to connect with the customer. A few required connections.

5. Employee empowerment is a preferred benefit and did show a decent level of satisfaction.

6. Not all customers who were satisfied agreed to stay loyal to the product. This could be because of more expectations or lack of options.

7. The strategies developed by the companies heavily focused on the visualization of information on the interface.

8. Navigation for both the companies was developed keeping the 3 click policy – All tasks must be accessible within 3 clicks

9. Employee empowerment according to one company made the employees accountable and responsible towards the product that made them take informed decisions while dealing with customers

More than this, another aspect that took focus during the interview was that the SaaS product must be able to integrate itself with other products similar to the industry or most common applications used by people. For example, integrating the login of the application with a simple Facebook or Gmail API. This according to both the company owners was important to ease out work for users.

This research, at this stage can be expanded in detail by overcoming the limitations mentioned above. With this it has a potential to become a niche topic in the industry.
Reflection

It has been a great opportunity to be able to understand the process of research methods through MSc Marketing course at DBS. The process of funnelling a topic to research about an in-depth detail was one of the major learnings from my dissertation. Secondly the idea of structuring every section before writing was another takeaway. I had almost lost the habit of reading articles that share information in a log time since my last masters. For me, research methods was a journey where although I had a rough start where I had an absolutely deluded unfocused working title, I’m glad I have a fairly focused research question and objectives. Reading about services marketing came to me in the first semester of the course where I was studying strategic marketing management and learning about the 7P’s. Relationship marketing attracted me the most while studying. Also consumer perceptions was another topic that took my attention that lead me to reading about the moment of truth. Soon I knew I had to write something on the same lines combining the moment of truth and relationship marketing strategies.

With the idea of combining both my degrees and working for a tech company in the future, I stepped in to reading about technology marketing and strategies. That’s when I boiled down to sales strategies in SaaS market. A blog by an Indian author about live-in marketing was the final coup that made me write my first working title. I tried to combine all the mentioned concepts that I was fond of in my entire marketing course with a small thought to bring something to the table that would help me in my career as a tech sales executive.

Primary research was another game that was enjoyable but at the same time an actual mock sales assignment that made me pitch my topic and almost sell myself to convince them to have a survey or an interview done. This part of the survey gave me a lot of confidence to be there and research in a unique way.

More than anything else, I have never been able to write a piece that is as long as this work of mine. The thought of writing a dissertation made me weak in my knees in my first few days in college. Never did I think this process would be as smooth as it all went. This wouldn’t have been half as possible if I did not get guidance from Gary Bernie because he was the only professor who managed to keep me on my toes to hone my research methods
knowledge and bring out the best in me. Moreover, the three-month period went with a lot of motivation and vigil guidance by David Duff who kept me focused to my work and gave me deadlines to finish certain tasks. I’m truly grateful.

This dissertation journey is going to be a cherish able one as it has taught me technical skills as well as a lot of life skills.

Appendix

- **Gantt Chart**

![Gantt Chart Image]

- **Log Book reference**

Started the physical Log book on the 26th of June 2018. Initially started with relationship marketing strategies. The mind map looked like the following figure.
Relationship marketing has been influenced by reengineering of marketing policies—Analysis and rebuilding of processes in an organization for better customer experience.

Type of relationship strategy: Live-in Marketing (reference - Netflix)

Refined Mind map
**Free Trials and retention strategies:**

Consumers are attracted to free trials are different from regular customers

Influences CLV (Customer lifetime value)

Influences word of mouth

Begins with low commitment and low relationship

Sampling began with consumer goods although information services were free for perpetuity.

**Experience Marketing**

Difference between Experience and Experiential marketing – Nothing much

Experience depends upon: interactive, relativistic and preferencial outlook of a service.

Values are co-created by customers and service providers.
Focus shifts from value exchange to value in use.

**Types of Value:**
- Functional
- Hedonic – Sensory, Behavioral, Emotional, Relational, Social Value, Learning Values
- Symbolic
- Sacrifice worthy

Experiences can have potential for value creation or destruction based on strategies

Schimitts 5 experience modules: Sense, feel, think, act, relate.

**Stages of Consumer Experience:**
Pre purchase, purchase and post purchase.

**4 types of Consumption**
Experience, Integration, Classification, Play

**An ideal experience should be unforgettable, engaging, unique and unusual**

**Physical notes**
- **Survey questionnaire**
  - Are you a full-time user of the software?
  - For how long have you been using the software in this company?
  - Did you use the free version of the software?
  - How well are you versed with the software?
  - Did you need any special training to learn to use the software?
  - According to you, is the navigation easy to get your jobs done?
  - Did you ever face a failure in the software?
  - Was the failure major?
  - If you experienced failure, did you get a chance to connect with the customer service team?
  - Did the team give a standard response for your query?
  - Did the response help you in a positive way?
  - Did you find the representative friendly enough?
  - If there was a major system failure, did the team provide immediate recovery measures?
  - Did you receive anything as compensation for system failures?
  - Are you satisfied with the service?
  - Would you recommend the software to someone else?

- **Interview questionnaire**
  - What is the strategy for designing a web view for a particular SaaS product and what parameters are considered (navigation, customer interaction, integration with other software)?
  - What is the most important aspect of designing a web view?
  - When a service failure is reported, what measures are taken to resolve the issue?
  - Is the severity of the issue a pointer for providing extra compensation to the customer?
  - What measures are taken to avoid the failures being repeated?
  - Have you noticed an increase in loyalty because of efficient problem solving?
  - What are the active channels used by your company to engage with customers?
Does the employee of the service company follow a pattern or while responding to customers? Does he/she have the freedom to be flexible with the script and to what extent?

Can the employees have the power to provide solutions without consulting hierarchy?

What are your strategies for employee empowerment?

Your take on the current scenario of the SaaS products in the market?

Any suggestions for this research?

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