



The impact of product superiority on customer satisfaction in project management

Matti J. Haverila*, Kacy Fehr

Thompson Rivers University, School of Business and Economics, 900 McGill Road, Kamloops, BC V2C 0C8, Canada

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Abstract

This paper investigates direct and moderating role of product superiority between project management and customer satisfaction. The data comes from customer satisfaction surveys conducted for a Fortune 500 company in building control systems industry. Data was aggregated over 18 consecutive months with 3129 surveys completed. Results showed that product superiority in project management has a significant direct impact on perceived customer satisfaction throughout the project. Furthermore product superiority somewhat strengthens the relationship between the project management stages and customer satisfaction. Due to this dual impact of the product superiority on the project management and customer satisfaction relationship, product superiority is a *quasi-moderating* variable in statistical terms. The results also suggest that product superiority, being a precursor for customer satisfaction, has lower impact on customer satisfaction than the actual project management aspect. This may be an indication of the higher service rather than product oriented nature of the system delivery projects.

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1. Introduction

The importance of customer satisfaction in product and service industries is known to be vital for a firm's success in today's competitive marketplace in business-to-business marketing (Austen et al., 2012; Homburg and Rudolph, 2001). Customer satisfaction is determined by a number of factors including a consumer's determination in purchasing a product, their social bond with the organization and the connection created on a personal level in the industrial markets (Abdul-Muhmin, 2005; Tikkanen and Alajoutsijärvi, 2002).

It has also been shown in multiple studies that one of the main reasons a new product succeeds in the marketplace is due to product superiority (Flint et al., 2011; Slater et al., 2014). Product superiority can be defined as the differentiation in characteristics found between similar products that leads to one

product being perceived to be of higher value and/or quality to the customer both in consumer (Kotler et al., 2013) and industrial contexts (Flint et al., 2011; Stock et al., 2001). However, product superiority has a different impact when the service resulting in the end product is also a part of the customer's satisfaction assessment (Rushton and Carson, 1985).

The service and product aspects are interrelated and are thus frequently present in the project management context. The service part includes the start and end times of the project, and includes a number of different phases (Garrison et al., 2012), while the physical product is the end installation outlined in the customer's contract (Maloney, 2002). The manager of the project must keep his or her crew within the budgeted costs and planned time frames set out in the proposal for the customer (Maloney, 2002; Yaghootkar and Gil, 2012). If the goals of installation and budget are met the question then is, is the customer satisfied due to the product superiority? How does this impact the customer's satisfaction with the project's management? In other words does product superiority have

* Corresponding author. Tel.: +1 250 371 7465.

E-mail addresses: mhaverila@tru.ca (M.J. Haverila), kacyfehr@me.com (K. Fehr).

a direct impact on customer satisfaction or does product superiority just strengthen the relationship between project management stages and customer satisfaction, or maybe both are happening at the same time?

Initially this paper discusses what project management is and its stages, followed by the importance of customer satisfaction in this context. Product superiority is then examined as a key benchmark for determining customer satisfaction. As regards to the product superiority, the prior research is scarce in examining the direct relationship present between product superiority and customer satisfaction as well as the moderating impact of product superiority in the relationship between project management and customer satisfaction. For example Hsieh et al. (2008) discuss the moderating effects of market orientation and launch proficiency on the product advantage–performance relationship, but neither the direct or moderating impact of product superiority on customer satisfaction is addressed. The authors refer to the discussion by Pelham and Wilson (1996) that the quality–profitability relationship is significantly influenced by market orientation, and further that “firms attempting to create quality or advantageous products do not necessarily garner new product success unless they also focus on customer needs”. Later on in the Hsieh et al. (2008) article various writers claim also that “customer orientation averts firms from being blindfolded by pursuing absolute technical advantage in products (Bowman & Faulkner, 1994; Higgins and Shanklin, 1992) and provides a better understanding of its customers (Gatignon and Xuereb, 1997). This subsequently leads to greater customer acceptance and satisfaction, market shares, and eventually financial performance.” The authors conclude that customer centric measures are important for the new product success, and also that overemphasizing product superiority at the expense of customer acceptance and satisfaction, is perhaps not the right way to go. Obviously these conclusions are interesting, but context of the research referred above is not project management, and thus drawing meaningful conclusions should be done with caution.

The gap in the current literature indicates a need to pursue this topic. The purpose of this paper is to develop a hypothetical framework to show the relationship between dimensions of project management, throughout the project lifecycle, regarding customer satisfaction and product superiority. The focus of this research is the installation of building control systems such as heating, cooling, security and ventilation structures installed by a Fortune 500 company (Fortune Magazine, 2014) delivering system delivery projects for its relatively large customers in the U.S. The projects studied here were the installation of new or retrofit heating, ventilation, air conditioning, and security systems that it manufactured and delivered to the client organizations. To analyze this topic, a questionnaire based on empirical evidence was used. We have focused on two main research goals. The first goal is to investigate the direct impact of product superiority on customer satisfaction, and the second goal is to examine the possible moderating impact of product superiority on the relationship between project management and customer satisfaction.

2. Literature review

2.1. Project management

Project management has been defined by Oisen (1971) as, “Project Management is the application of a collection of tools and techniques (such as the CPM and matrix organization) to direct the use of diverse resources towards the accomplishment of a unique, complex, one-time task within time, cost and quality constraints. Each task requires a particular mix of these tools and techniques structured to fit the task environment and life cycle (from conception to completion) of the task.”

The definition of project management today also takes into account stakeholders’ benefits and satisfaction, while also focusing on the completion of the traditional project’s goals time and cost (Atkinson, 1999). Project management is viewed as a complex task that includes, but is not limited to the collection of knowledge for the project, scheduling and deadline setting, making key decisions and identifying project priorities, and the overall information system in the project (Söderlund, 2004). Söderlund (2004) adds that the project management unit should also be accountable for the total commitment, participation and education required during the project’s life cycle. The intricacy of defined tasks present in project management is wide-ranging; communication with stakeholders may, however, add complexity to the project management.

2.2. Project management: The point of view of the study.

Project management typically involves several different stakeholders: the customer, the company and the manager of the project (Li et al., 2013; Olander, 2007; Yang and Peng, 2008). The project manager is the liaison between the customer and the company, whom he or she is employed for, and must strive to meet the expectations of all key stakeholders.

In the study by Olander (2007) a stakeholder impact analysis index was developed to indicate and determine whether a stakeholder was a proponent or opponent to the project. He postulated that this index could be used by project managers to define a stakeholder’s role in the project and subsequently, the manager’s behaviors. McManus (2002) proposed that project management stakeholders would often have conflicting objectives and views with one another (Li et al., 2013). The identification of these opinions in relation to the overall goals of the project may pose a challenge to the manager, as not all of them may be met in a satisfactory manner for all stakeholders (Li et al., 2013). Therefore, managers should try to focus solely on their significant and legitimate stakeholders to increase the likelihood of the project’s success (Post et al., 2002).

The extant literature has typically investigated the variables related to project success from the project team’s or project manager’s perspectives (Belassi and Tukel, 1996; Pinto and Mantel, 1990). In spite of the fact that customer satisfaction is considered a vague concept in project management (Ahola et al., 2008), how customers perceive the project delivery and its’ outcome is a vital issue for the management team of the project. Thus, it is not surprising that the continuous

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