

Cost Management, Profitability, and Client Satisfaction in an Advertising Film Production Company: A Descriptive Study of Kabira Filmatics

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Abstract - This study examines the cost structure, profitability, and client satisfaction of Kabira Filmatics, a small-scale advertising film production company operating on a project-based, monthly payment model. Conducted over the period of January to March 2026, the research adopts a descriptive research design and employs both financial analysis and a structured client survey to gather relevant data. The financial analysis uses percentage-based representations of income and expenditure to maintain confidentiality while ensuring analytical clarity. A survey of fifteen clients assessed six key dimensions of service: service quality, creativity, communication, delivery, pricing, and overall satisfaction. The findings reveal that the company maintains a reasonably healthy profit margin, with salaries constituting the largest cost component, followed by travel and miscellaneous operational expenses. Client responses indicate a predominantly positive perception of Kabira Filmatics's services, with creativity and service quality receiving the highest ratings. However, moderate concerns were noted in areas of communication consistency and timely delivery. The study concludes that strengthening internal communication protocols and project tracking systems could enhance both client satisfaction and long-term profitability. The results provide actionable insights for small creative enterprises seeking to balance financial discipline with service excellence.

Key Words: Cost analysis, profitability, client satisfaction, advertising film production, service quality, pricing strategy, descriptive study

1. INTRODUCTION

The advertising and media production industry has emerged as one of the most dynamic segments of the contemporary service economy. With the rapid

proliferation of digital platforms, social media channels, and content-driven marketing strategies, the demand for high-quality advertising films has grown considerably over recent years. In this context, small and medium-sized production companies occupy a critical yet often overlooked position within the industry. Unlike large production houses that benefit from economies of scale and diversified revenue streams, smaller firms such as Kabira Filmatics must manage their operations with greater precision, balancing creative output with stringent cost discipline. Despite the growing significance of this sector, there exists a notable gap in the academic literature concerning the financial management practices and client relationship dynamics of small-scale ad film production companies operating in emerging markets.

The primary problem motivating this study is the absence of a systematic understanding of how cost management and client satisfaction interact to shape the financial viability of small production firms. Companies in the creative services sector face a unique challenge: their operational costs are often unpredictable due to the project-based nature of work, while client expectations regarding quality, communication, and delivery timelines remain consistently high. A misalignment between these two dimensions can result in financial losses, client attrition, and reputational damage. Therefore, understanding the cost-profitability relationship alongside client perception is essential for sustainable business growth. Against this backdrop, the present study focuses on Kabira Filmatics, an advertising film production company that generates revenue through client-based monthly project engagements. The key objectives of this study are: to analyze the cost distribution and profit margins of the company during January to March 2026; to evaluate client satisfaction across multiple service dimensions through a structured survey of fifteen clients; and to explore how pricing, cost efficiency, and service

quality collectively influence the company's overall performance. The study intends to contribute both to academic scholarship on financial management in creative industries and to practical knowledge that can guide similar small enterprises in improving their operational effectiveness.

Objectives of the Study

1. To analyze the cost structure of Kabira Filmatics in a project-based service environment, focusing on how costs are incurred and managed across different projects.
2. To evaluate the profitability of the company based on client-based monthly revenue and assess its financial sustainability.
3. To examine the distribution of major expenses such as salary and operational costs to identify key cost drivers.
4. To assess client perception regarding service quality, creativity, and professionalism in project execution.
5. To analyze client satisfaction with pricing and determine whether it reflects value for money.
6. To study the relationship between cost management, customer satisfaction, and overall profitability of the company.

2. LITERATURE REVIEW

The academic literature on cost management, profitability, and client satisfaction in service-oriented businesses provides a robust theoretical foundation for this study, emphasizing their interdependence as determinants of performance.

Cost management is a cornerstone of efficiency in service firms. Horngren et al. (2014) and Drury (2018) highlight that effective cost control, accurate allocation, and distinguishing fixed from variable costs—especially in project-based operations—enable superior resource allocation, financial forecasting, and profitability, even for small enterprises.

Profitability in services extends beyond revenue to resource efficiency. Kaplan and Norton (2001) advocate a balanced scorecard linking cost metrics to financial outcomes, while Blocher et al. (2016) promote activity-

based costing to target high-cost areas. These approaches position cost-efficient firms for sustained performance across economic cycles.

Pricing and service quality critically shape client satisfaction. Kotler and Keller (2016) stress value-based pricing aligned with perceived benefits, complemented by the SERVQUAL model (Parasuraman et al., 1988) across dimensions like reliability and empathy. Oliver (1997) and Heskett et al. (1994) link satisfaction—driven by expectation disconfirmation and the service-profit chain—to loyalty, retention, and profitability, particularly in creative firms where human capital dominates costs (Alvesson, 2004).

This study applies these insights to Kabira Filmatics, offering micro-level evidence from small creative service firms.

3. RESEARCH METHODOLOGY

Research Design

This study adopts a descriptive and analytical research design to examine the cost structure, profitability, and client satisfaction of Kabira Filmatics. It combines financial analysis with survey methods to provide a comprehensive understanding of the company's performance.

Data Collection

The study is based on both primary and secondary data. Primary data was collected from clients of Kabira Filmatics through a structured questionnaire shared via WhatsApp. The questionnaire covered service quality, creativity, professionalism, communication, pricing, and overall satisfaction. A total of 15 clients were selected using convenience sampling.

Secondary data was obtained from the internal financial records of Kabira Filmatics. Due to confidentiality, financial data is presented in percentage form rather than actual monetary values.

Period of Study

The study covers a period of three months, from January 2026 to March 2026.

Tools and Techniques

Percentage analysis is used to examine the distribution of revenue, expenses, and profit. Ratio analysis is applied to evaluate profitability by analyzing the relationship between income and expenses. Mean score analysis is used to interpret client responses collected through the questionnaire.

Methodological Approach

The study integrates financial data analysis with client feedback to provide meaningful insights into cost efficiency, profitability, and service quality of Kabira Filmatics.

4. RESEARCH AND ANALYSIS

Financial Performance Analysis

The financial performance of Kabira Filmatics during the study period shows a stable and profitable operational structure. Revenue is generated through client-based monthly payments, while expenses mainly include salary, travel, and other operational costs. The overall analysis indicates that the company is able to maintain a consistent profit margin across projects.

Expense Structure Analysis

The analysis of expenses reveals that salary constitutes the largest portion of total costs, indicating the labor-intensive nature of the business. Operational expenses such as petrol, food, and other miscellaneous costs contribute a smaller share. This distribution highlights that human resource costs are the primary cost drivers for the company.

Profitability Analysis

The profitability analysis shows that Kabira Filmatics maintains a strong profit ratio despite its operational expenses. Efficient cost control and a stable revenue model enable the company to retain a significant portion of its revenue as profit. Minor variations in expenses do not significantly impact the overall profitability, reflecting effective financial management.

Client Satisfaction Analysis

The survey results indicate a high level of client satisfaction with the services provided by Kabira Filmatics. Clients rated creativity, quality of output, and

professionalism highly, showing strong appreciation for the company's core strengths. However, communication and timely delivery received comparatively moderate ratings, suggesting areas for improvement.

Pricing and Value Perception

The analysis shows that clients generally perceive the pricing as reasonable and aligned with the quality of services provided. Most respondents expressed satisfaction with the value for money, indicating that the company's pricing strategy is effective in meeting client expectations.

Overall Interpretation

The results indicate a strong relationship between cost management, service quality, and profitability. Efficient control of expenses, particularly salary-related costs, supports high profit margins, while strong service quality leads to higher client satisfaction. Together, these factors contribute to the overall business performance and sustainability of Kabira Filmatics.

5. DISCUSSION

Cost Structure and Profitability

The findings of the study indicate that Kabira Filmatics maintains a cost structure that is primarily driven by salary expenses, reflecting the labor-intensive nature of ad film production. Despite this, the company is able to sustain strong profitability through effective cost control and efficient utilization of resources. This supports the idea that proper cost management plays a crucial role in maintaining financial performance in service-based businesses.

Pricing and Customer Perception

The analysis shows that pricing is perceived as reasonable by clients and is aligned with the quality of services provided. This suggests that the company follows a value-based pricing approach, where the price reflects the perceived benefits received by the clients. Such pricing strategies contribute to building trust and long-term relationships with customers.

Service Quality and Client Satisfaction

The study reveals that clients are highly satisfied with the creativity, quality, and professionalism of Kabira Filmatics. These factors are essential in a creative service

industry where output quality directly influences client perception. However, slightly lower ratings in communication and timely delivery indicate the need for operational improvements in these areas.

Link Between Cost, Satisfaction, and Profitability

The discussion highlights a strong relationship between cost management, customer satisfaction, and profitability. Efficient cost control allows the company to maintain competitive pricing, which enhances customer satisfaction. In turn, higher satisfaction leads to repeat business and contributes to sustained profitability. This interconnected relationship is crucial for long-term business success.

Overall Business Performance

Overall, Kabira Filmatics demonstrates a balanced performance by maintaining cost efficiency while delivering high-quality services. The company's ability to manage its internal costs and meet client expectations positions it well for future growth and stability in the competitive ad film production industry.

6. FINDINGS, SUGGESTIONS, LIMITATIONS & CONCLUSIONS

Findings

1. The cost structure of Kabira Filmatics is primarily dominated by salary expenses, indicating a labor-intensive business model.
2. The company maintains a strong profitability position through effective cost control and efficient resource utilization.
3. Operational expenses such as travel and miscellaneous costs contribute a smaller portion of total expenses.
4. Clients show high satisfaction with service quality, creativity, and professionalism.
5. Pricing is perceived as reasonable and provides good value for money.
6. Communication and timely delivery are identified as areas requiring improvement.

7. There is a strong relationship between cost efficiency, customer satisfaction, and overall profitability.

Suggestions

1. Improve communication with clients through regular updates and better coordination during projects.
2. Focus on timely delivery by enhancing project planning and time management practices.
3. Continue maintaining strong service quality, especially in creativity and professionalism.
4. Monitor and optimize salary and operational costs to further improve efficiency.
5. Maintain transparent and value-based pricing to strengthen customer trust and satisfaction.

Limitations of the Study

1. Financial data is presented only in percentage form due to confidentiality constraints.
2. The study is limited to a small sample size of 15 clients.
3. The analysis covers a short period from January 2026 to March 2026.
4. The study is based on client responses, which may include subjective bias.

Conclusion

The study concludes that Kabira Filmatics demonstrates strong financial performance supported by effective cost management and high levels of client satisfaction. The company's ability to control expenses, particularly salary and operational costs, contributes significantly to maintaining profitability.

At the same time, high service quality, creativity, and professionalism play a crucial role in enhancing customer satisfaction and ensuring repeat business. While minor improvements are needed in communication and timely delivery, the overall performance of the company remains strong.

The study highlights that the integration of cost efficiency and customer satisfaction is essential for sustaining profitability in service-based industries. By maintaining its strengths and addressing identified gaps, Kabira Filmatics can achieve long-term growth and competitive advantage.

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