



Monitoring Customer Satisfaction

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The necessity to monitor and measure customer satisfaction comes from the fact that one of the key elements of organizational success is the customer's satisfaction with the organization and its products. The information obtained from monitoring and measuring customer satisfaction can help identify opportunities for improvement of the organization's strategies, products, processes and characteristics that are valued by customers. Such improvements can strengthen customer confidence and result in commercial and other benefits. This article looks at some of the important aspects on establishing effective processes for monitoring and measuring customer satisfaction.

Conceptual model of customer satisfaction

We will start our discussion with a conceptual model of customer satisfaction shown in Figure 1 below. It shows the relationship between the organization's perspectives and the customer's perspectives regarding product quality.

In this model, the customer's expectation of product characterizes the product the customer would like to receive. The customer's expectations are mainly shaped by the customer's experience, the information available and the customer's needs.

The planned product characterizes the product that the organization intends to deliver. Often it is a compromise between the organization's understanding of the customer's expectations, the organization's capabilities, its internal interests and the technical, statutory and regulatory constraints applicable to the organization and the product.

As illustrated in the conceptual model, in order to improve customer satisfaction, the organization needs to close the gap between quality expected by the customer and the customer's perception of delivered quality. In order to do so, the

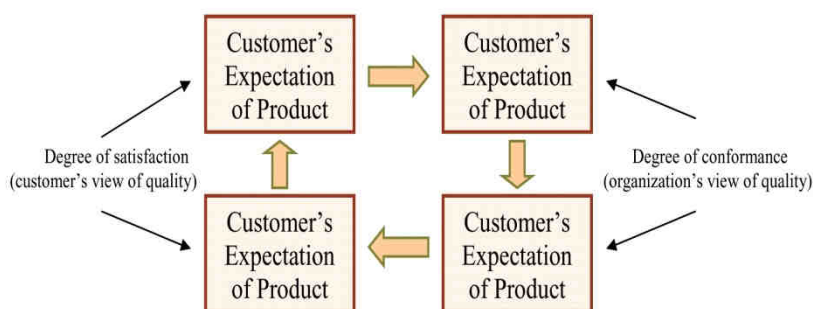


Figure 1 – Customer satisfaction conceptual model
Source: Berry, et al (1991)

organization should address each of the stages in the conceptual model cycle, i.e. by understanding the customer's expectations when defining the planned product; delivering their products in conformity with the planned product; understanding the customer's perception of the delivered product; and enhance customer satisfaction through improvements to the product and information about the product and its constraints.

The organization should also consider that customer satisfaction is related not only to product and delivery characteristics, but also to organizational behaviour characteristics.

Customer expectations and customer satisfaction

Customer satisfaction is not simply the satisfaction of the specific elements or aspects of the delivered product, but also the overall satisfaction of the customer. One should be aware that this is not the sum (or average) of the individual elements and should therefore

be evaluated separately. The customer often specifies certain elements of the product that directly impact satisfaction. However, satisfaction is affected by other characteristics, whose relationship is illustrated in Figure 2 based on Kano model (1984).

Kano (1984) found that customer satisfaction is determined by the gap between the customer's expectations and the customer's perception of the product as delivered by the organization. To achieve customer satisfaction, the organization should first understand the customer's expectations. These expectations might be explicit or implicit, or not fully articulated (they may be in the sub-conscious mind).

The extent to which the delivered product is perceived by the customer to meet or exceed expectations determines the degree of customer satisfaction. It is important to make a distinction between the organization's view of the quality of the delivered product and the customer's perception of the

delivered product, because it is the latter that governs the customer's satisfaction.

Measuring customer satisfaction

Some information regarding customer satisfaction might be obtained indirectly from the organization's internal processes (e.g. customer complaints handling) or from external sources (e.g. reports in the media). Usually, the organization needs to supplement such information with data obtained directly from customers. Therefore it is important that the organization makes plans to monitor the processes for obtaining and using customer satisfaction information, as well as how to analyse the results and make effective use of these results.

Identifying the customers and their expectations

The first step is to identify the customers, both current and potential, whose expectations it intends to determine. Once the "customer" group is defined, the organization should identify the individual customers whose expectations are to be determined. For example, in the consumer goods sector, such individuals might be regular customers, or they might be occasional customers.

Next comes determining customer expectations. The organization should consider the stated customer requirements, implied customer requirements, legal requirements, as well as

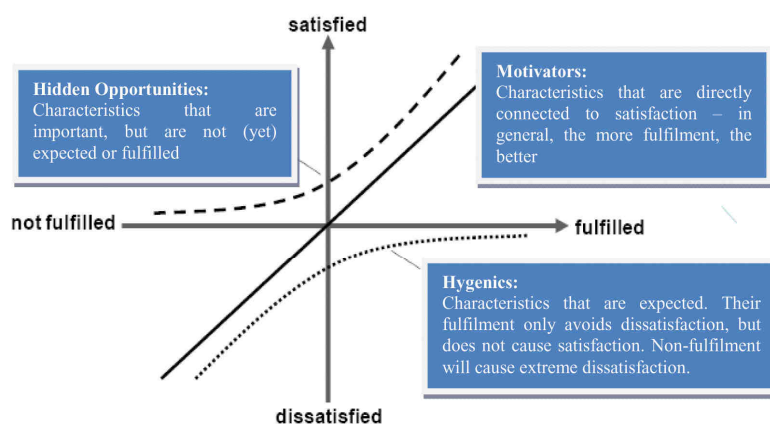


Figure 2 – Relationship between various characteristics and customer satisfaction

Source: Adapted from Kano model (1984)

other customer desires (“wish list”). As discussed above one should be aware customers might not always explicitly specify all aspects of the product.

Identifying and selecting product characteristics

The organization should then identify the characteristics of the product (quality, dependability, features, aesthetics, safety, etc.), of its delivery (on-time delivery, completeness of order, response time, etc.) and of the organization (personnel courtesy, competence, communication, billing process, complaints handling, etc.). The organization should rank the selected characteristics to reflect their relative importance, as perceived by the customer. If necessary, a survey should be carried out with a sub-set of customers to determine or verify their perception of relative importance of characteristics.

Indirect indicators of customer satisfaction

The organization should also consider examining the existing sources of information for data that reflect characteristics related to customer satisfaction. Typically these include:

- the frequency or trend in customer complaints product returns;
- data obtained through communication with customers;
- reports from supplier surveys conducted by customer organizations;

- reports from consumer groups that might reveal how the organization and its products are perceived by customers or users;
- media reports which might reveal how the organization or its products are perceived, and which might themselves also influence customer perceptions;
- reports and publications from regulators.

Such data can provide insight into the strengths and weaknesses of the product and related organization processes (e.g. product support, complaints handling and customer communication).

Direct measures of customer satisfaction

Whilst the above sources of information are valuable, it is usually necessary to gather customer satisfaction data directly from customers. The methods used to gather customer satisfaction data depend on various factors, such as the type, number and geographical or cultural distribution of customers. The method most commonly used for gathering such data is a survey, which can be either qualitative, or quantitative, or both.

Qualitative surveys are those that are typically designed to reveal characteristics of the product, delivery or the organization that are relevant to customer satisfaction. They are typically undertaken to

understand or explore individual perceptions and reactions, and to uncover ideas and issues. Whilst they are relatively flexible in application, they can be subjective.

Quantitative surveys are those that are designed to measure the degree of customer satisfaction. They are typically conducted to collect aggregate data, using fixed questions or criteria. They are used for determining status, benchmarking, or tracking changes over time.

Analysing customer satisfaction data

Once the data related to customer satisfaction has been collected analysis typically includes the degree of customer satisfaction and its trend; aspects of the organization's product or processes that might have significant impact on satisfaction; relevant information on competitor's or comparable organizations products and processes; and the strengths and primary areas for improvement.

Communicating and validating customer satisfaction information

Finally, once the information from the measurement and analysis of customer satisfaction data is gained, the organization should take steps to improve the products, processes or strategies by: reviewing the current customer satisfaction information; determining what information should be

communicated and to whom (including customers); formulating action plans for improvement; and reviewing implementation of action plans and outcomes in appropriate forums, e.g. management reviews; and assessing the effectiveness of actions taken by validating the customer satisfaction information with other relevant business performance indicators (for example, increased demand, increased market share, increased repeat customers and increased new customers). If the customer satisfaction measurement trend is not reflected in other business performance indicators, it might point to a limitation or

flaw in the customer satisfaction measurement and communication processes.

As seen in the above discussion, customer satisfaction is an abstract concept and the actual manifestation of the state of satisfaction will vary from person to person and product to product as the state of satisfaction depends on a number of both psychological and physical variables which correlate with satisfaction behaviours such as return and recommend rate. It is therefore one of the most challenging tasks of management to ensure customer satisfaction and this article provides modern insights to close the satisfaction 'gap'.

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