

Customer Satisfaction Programs that Work

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Much in the same way that it is necessary to track revenues and expenses through an accounting system, it is essential to monitor the health of future revenue, future cost of marketing, and equity in customer relationships. In an increasingly competitive and complex marketplace, it is also necessary to closely monitor opportunities for improvement in the customer relationships that drive revenue, competitiveness and market effectiveness. The information needed to meet these objectives is obtained through customer satisfaction and loyalty feedback management systems.

What is customer satisfaction measurement?

Customer satisfaction measurement provides metrics to assess the health of an organization's relationship with its customer base. Although much of the literature focuses on customer satisfaction in itself, data modeling of customer behavior points to the need to expand the concept to also include loyalty and total value in the metrics system.

What is the strategic value of having satisfied customers?

Satisfied and engaged customers are more likely to reward the organization with repeat/continued purchase, positive word of mouth, and willingness to favor company offers above competitors. Maintaining objective data on the health of customer relationships equips the company with leading indicators that can then be used to formulate and manage effective market strategy.

What type of data should customer satisfaction programs provide?

Effective customer satisfaction programs provide information to support management at three levels:

- ★ Enterprise-wide measures. Data that can be summarized at the enterprise level and reliably applied to the organization and its different units is necessary. This provides a key management tool to seamlessly transition from overall strategic goals to business/program unit metrics and accountability. When this information is acquired on a periodic or continuous basis following a process that

builds robust indicators, the organization can incorporate enterprise-wide metrics to support strategic objectives.

- ★ Tactical Diagnostic Data. Successful customer measurement programs provide data that not only tracks overall outcomes but also helps pinpoint the areas where attention is needed. Customer decision-making processes are complex as are the processes necessary to formulate offers, communicate them and deliver value. Identifying the elements where attention must be focused can help optimize mission objectives at both strategic and tactical levels.

This includes elements such as questions to pinpoint delivery below expectations, breaches in the minimum service standards, and identification of underserved populations.

- ★ One-on-one action items. Effective feedback management systems identify specific opportunities to maintain customer relationships, recover customers, identify opportunities and mitigate risk. When capturing individual data, the opportunity exists to obtain and act on complaints or other actionable items learned. After all, survey participants have taken the time to provide input, and this is an opportunity to address their specific issues when known.

When should customer satisfaction measures be made?

While measurements at set intervals provide important data, continuous measurement allows for monitoring with shorter feedback cycles, and the reduction of seasonality and timing biases in satisfaction measurements. This yields both improved data quality and greater opportunity for assessing cause/effect relationships and improvement.

Picture Perfect

In a perfect world, an offer and the value sought by the customer are one and the same. That is, sought value is accurately translated into a value proposition, and the value proposition is effectively translated into a bundle of attributes. In this perfect environment, customer expectations are equal to the actual delivery so there is no difference between the customer expectations and the value perceived by the customer. The customer experience matches their needs. The perfect advertising campaign makes maximum use of the offer, and the message is perfectly aligned with the value proposition.

But imperfections exist, creating the need to identify areas where the organization should focus. The service offer may not be well aligned with the customer expectations and this can create cognitive dissonance. Service delivery can have flaws, and promises in the level of service can be broken. Technically 'flawless' offers may lack the emotional charge that marks market leaders, or a very positive reputation may be carrying the weight of a sub-par offer.

The Eureka Facts Relationship Satisfaction Program is designed to provide composite indexes comparable across offers in an organization and is instrumental to data-driven management of the value design and delivery process.

What needs to be measured?

Measurement must include both an overall metric that can be used on an enterprise-wide scale and industry scale as well as at levels of detail that allow sufficient granularity to enable management of the value formulation and delivery process. Various models exist including issue specific measures such as purchase experience, and systematic approaches like the ACSI, which is

used extensively in household consumption industries.

EurekaFacts uses a systemic model that incorporates an econometric approach and is designed for service and affiliation offers.

The measurements include five dimensions of customer satisfaction where all three levels can be addressed.

- ★ **Customer Experience** – evaluates the customers' perception of the overall experience and the key factors that drive the experience for the type of service or affiliation offer such as quality, reliability, meeting customer needs and emotional value of the experience.
- ★ **Key Service Elements** – captures the customer's perception of quality/standard of service of the key components that define the bundle of benefits.
- ★ **Perceived Value** – evaluates the perceived value both in relation to expectations, price/value and competing offers.
- ★ **Halo Effect** – evaluates the customer's perception on the overall halo effect projected by perceptions of the organization and brand associations. Key questions include affinity with the mission and core values promoted by the organization, as well as with the core user group. This also includes credibility, trustworthiness and overall perceived "goodness".
- ★ **Loyalty** – evaluates the price sensitivity in the broadest terms. This includes the customer's willingness to repeat/continue to purchase, tolerate flaws, recommend to peers and associates, and advocate.

Improving customer satisfaction is no easy task. But having a monitoring program that works will support data-driven decision-making and help the organization become customer focused.

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