



# Measuring and Managing Customer Satisfaction

VISION

## Tools and Techniques

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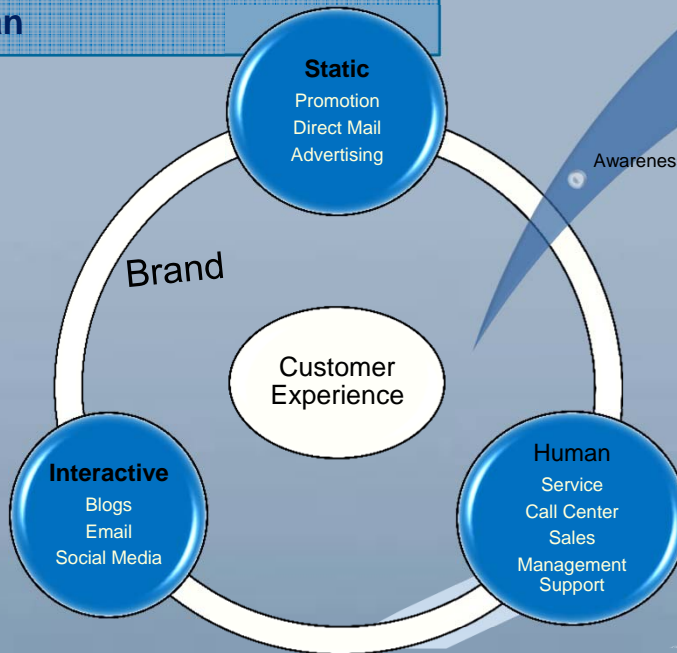
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# Customer Relationship Lifecycle

The hardest thing for competitors' to copy is the customer experience created.

Touch-points are:

- Static
- Interactive or
- Human



Awareness

Knowledge

Consideration

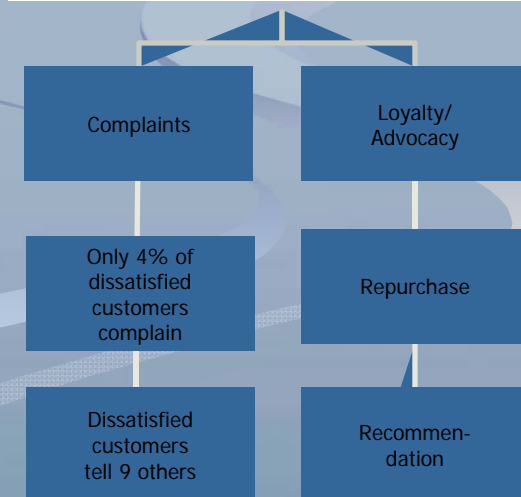
Selection

What happens next?

Post purchase behaviors

Dis-satisfaction

Satisfaction



# Why Measure

- Why Use Customer Satisfaction Measurements for Customer Engagement Management?
  - Research shows a “Totally Satisfied Customer” contributes:
    - 3 times more revenue as a “Somewhat Satisfied Customer”
    - 14 times more revenue as a “Somewhat Dissatisfied Customer”
  - A Totally Satisfied Customer will, on average
    - Buy more from you
    - Be more likely to make a referral
    - Are loyal and become an advocate

# Metrics to Measure Satisfaction

- Metrics
  - are the assessment of business activities
  - are a standard measure to assess performance
- Customer Satisfaction Metrics Should
  - be uniform– standardized
  - Measure each customer touch-point
  - consistent from year to year
  - have strategic value
  - assess your ability to meet your customers' needs and satisfy their objectives
  - Measure the enterprise as a whole

Generally, the variables measured are:



Presented on the next three slides are three models which can be used to measure customer satisfaction:

- Voice of the Customer
- Kano Model
- NPS– Net Promoter Score

# Voice of the Customer

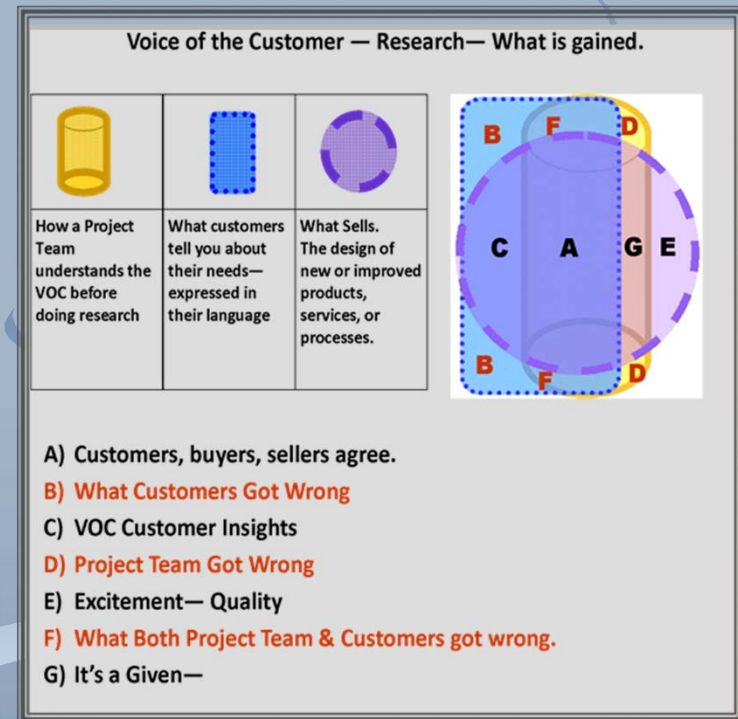
## The “Voice of the Customer” -- VOC

The "voice of the customer" is the term used to describe stated and unstated needs or requirements of the customer.

- Customers do know what they want.
  - They know but not the exact features or solutions that will satisfy.
  - Not designed by customers, but inspired by customers.
  - Understand underlying needs.
- Don't ask customers to do your job by asking
  - What products do you want?
  - What features do you need?
- \*VOC = “A description, in the customer’s own words, of the benefit to be fulfilled by the product or service.”



- *“A cup of coffee that stays hot until I finish drinking it”*
- *“I never have to worry about losing my work”*



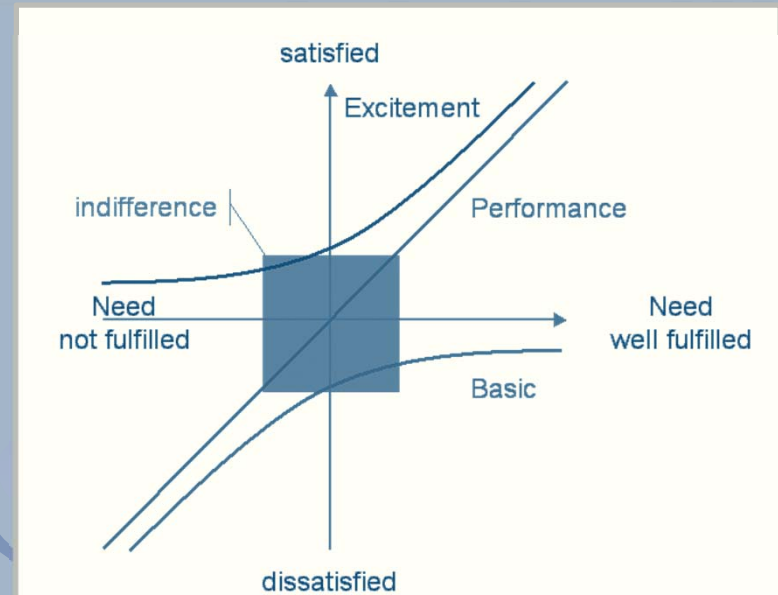
\*Source: Griffin, Abbie & John Hauser, “The Voice of the Customer,” Marketing Science, 1993 12:1

# Kano Questionnaire Scale

The Kano Model is a two-dimensional model of the relationship between performance (expressed as internal performance measures) on the one hand, and value expressed as customer satisfaction) on the other.

- Kano questionnaires include two questions for each feature:
    1. the functional question "How do you feel if this feature is present?"
- and
2. the dysfunctional question "How do you feel if this feature is NOT present?"

- The customer has to choose one of the five possible options:
  1. I expect it to be this way
  2. I like it that way
  3. I am neutral
  4. I can live with it this way
  5. I dislike it this way



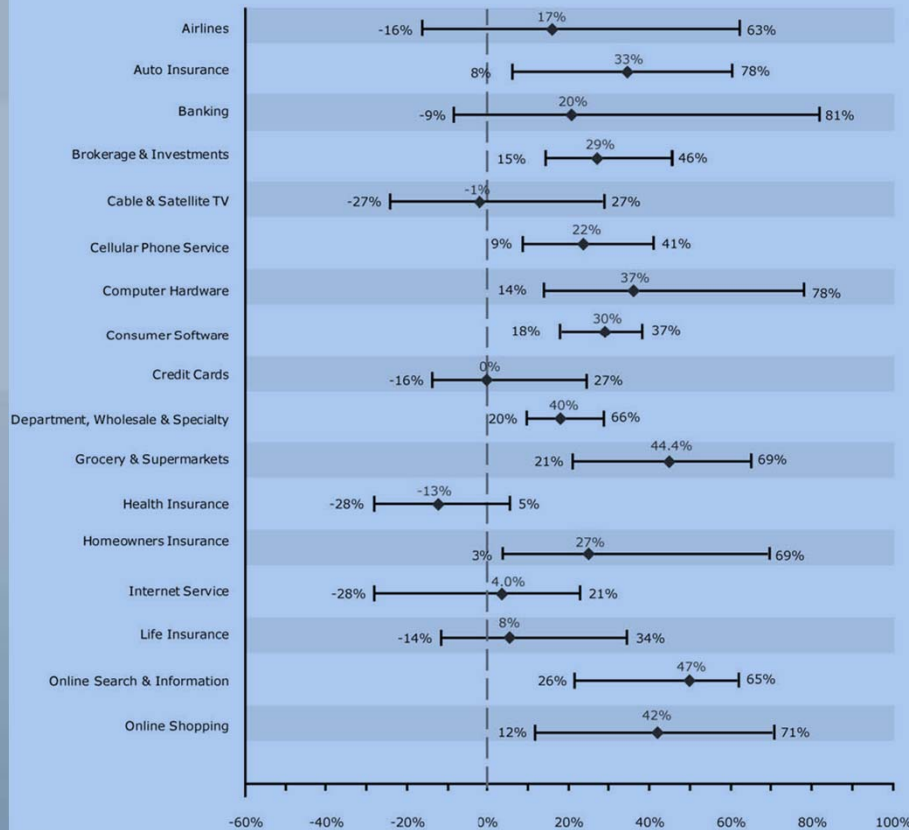
		Dysfunctional question				
		Like	Expect	Neutral	Live with	Dislike
FUNCTIONAL?	Like	Q	E	E	E	L
	Expect	R	I	I	I	M
	Neutral	R	I	I	I	M
	Live with	R	I	I	I	M
	Dislike	R	R	R	R	Q

**M - Must have**  
**L - Linear**  
**E - Exciter**  
**R - Reverse, i.e. wrong features, that would make the user experience worse**  
**Q - Questionable, i.e. the potential user answers are inconsistent**  
**I - Indifferent, i.e. the potential user doesn't really care about the feature**

# Net Promoter Score

## NPS® by Industry

Source: Satmetrix 2010 Net Promoter Benchmark Study of US Consumers

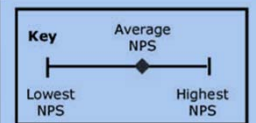


*On a scale 0-10, how likely is it that you would recommend our company to a friend or colleague?"*

0	1	2	3	4	5	6	7	8	9	10
Detractors							Neutral		Promoters	

**Net Promoter Score = % of Promoters - % of Detractors**

Net Promoter Score (NPS) is the result from surveying customers and asking them "On a scale of 0 -10, how likely is it that you would recommend...? Subtract the percentage of 0 through sixes from the nines and tens and that equals the NPS Score.



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The research that originally identified the Net Promoter Score was performed by Frederick Reichheld from Bain in concert with a company called Satmetrix.

The results of the research were first broadly published in a Harvard Business Review Article in December 2003.

# When to use Tools

- **Customer Satisfaction Measurements are only useful when:**
  - Top management reviews and supports
  - Results are made available to all employees
  - Customers are informed about changes
  - Customer satisfaction is incorporated into the strategic focus of the company via the mission statement.
  - Compensation and/or bonuses are tied directly to the customer satisfaction scores.
  - A concerted effort is made to relate the customer satisfaction measurement results to internal processes.
- **Customer Satisfaction Measurements are of strategic value only with:**
  - **High Response Rates**
    - More of a census than a statistical sample
  - **Actionable Results**
    - not just a perusal of the scores, but serious enabling of effective action plans
  - **No Biases or Influences**
    - some companies have employees with an interested stake in the results phoning customers and challenging their responses
  - **Prioritization**
    - determine where to most effectively put time and effort for improvements



# Conclusion & Summary

- To implement a formal process of customer experience management, customer satisfaction measurements are a tool which:
  - identifies strengths and weaknesses
  - identifies advocates
  - rates each area of the company
  - rates company as a whole
  - have meaning when
    - a process is in place to address customer feedback
    - are communicated to employees and customers
    - are championed by top management and incorporated into mission
    - are tied to performance reviews, compensation or bonus
- The benefits of a customer experience management program will be vast for the firm by differentiating you from your competitors and provides a journey to creating a delighted customer that is rewarding to the bottom-line.



# Why Market Directions?

- Experienced
  - 20+ Years in Business
- Expert
  - Proven Track Record
- Efficient
  - On budget, on time
  - Internal controls, process design
- Effective
  - Our clients get results, take action
- Excellence in everything we do

## *Discover Your Customers* **What We Do**

Market Directions is a full service custom market research firm that helps companies to identify and clarify distinct marketplace opportunities.

Since 1994, we have enabled organizations, both large and small, to understand their customers in new ways. By asking the right questions and analyzing the answers, our unique, hands-on methodology enables CFOs, as well as senior marketing and sales executives, to significantly increase sales and gain measurable competitive advantage.

We do this by using a variety of market research tools—from individual interviewing to broad-based electronic data gathering—and present our clients with new, exciting, and profitable ways to understand their customers and their environments.

Our promise to you? That as a result of our work, you will understand your customers and your business in a whole new way. You will see your products and services as your key customers see them, and, equipped with this critical information, that you will save both money and time, delivering your products to new markets of eager, highly-qualified buyers.

