

MEASURING CUSTOMER SATISFACTION: MUST OR NOT?

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Abstract

Customer satisfaction and measurement issues have vital roles for businesses in providing and maintaining a competitive advantage. It is recognized that the businesses forming components of marketing mix by acknowledging the customers' expectations, receive customer loyalty and profit in return. Via measuring customer satisfaction, organizations do not only have customer knowledge also have competitors' knowledge in the market.

MÜŞTERİ MEMNUNİYETİNİN ÖLÇÜLMESİ: ZORUNLU MU? DEĞİL Mİ?

Özetçe

İşletmeler için müşteri memnuniyeti ve ölçümlenmesi konusu rekabet avantajı sağlama ve sürdürülmesi açısından hayati öneme sahiptir. Müşterilerinin beklentilerini öğrenerek bunları karşılayacak pazarlama karması bileşenlerini oluşturan işletmeler bunun karşılığını müşteri sadakati ve karlılık ile aldıkları görülmektedir. Müşteri memnuniyeti araştırmaları ile müşterilerin firma ve ürün/hizmetleri ile ilgili düşünceleri yanında rakiplerin durumu ilgili tespit yapma imkânı sağlar.

Keywords: Customer Satisfaction, Customer Satisfaction Measurement, Business

Anahtar Kelimeler: Müşteri Memnuniyeti, Müşteri Memnuyeti Ölçümlemesi, İşletme

1. INTRODUCTION

In an increasingly competitive environment, companies must be customer oriented [1] and customer satisfaction represents a modern approach for quality in business life and serves the development of a truly customer-oriented culture and management.

Modern management science's philosophy considers customer satisfaction as a baseline standard of performance and a possible standard of excellence for any business organization. [2] To reinforce customer orientation on a day-to-day basis, a growing number of companies choose customer satisfaction as their main performance indicator. [3]

Total Quality management is the culture of an organization committed to customer satisfaction through continuous improvement. This culture varies both from one country to another and between different industries, but has certain essential principles which can be implemented to secure greater market share, increased profits and reduced costs. [4]

Business management and marketing are concerned with ways of satisfying and retaining customers for the purpose of generating profits, improving companies' competitiveness and securing market share. Some of the major themes in the business management domain include studies of customer relationship marketing, which analyses how customer satisfaction relates to competitiveness and profits, methods for measuring customer satisfaction. [5] After all, the underpinning of the marketing concept is that identification and satisfaction of customer needs leads to improved customer retention [6]

A growing body of empirical work supports the fundamental logic that customer satisfaction should positively influence customer retention. It is argued that by increasing retention, customer satisfaction secures future revenues and reduces the cost of future customer transactions, such as ones associated with communications, sales, and service. As a consequence, net cash flows should be higher. At the same time, greater customer retention

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indicates a more stable customer base that provides a relatively predictable source of future revenue as customers return to buy again, one that is less vulnerable to competition and environmental shocks. [7]

The customer satisfaction or dissatisfaction a "cognitive or affective reaction" emerges as a response to a single or prolonged set of service encounters. [8] Satisfaction is a "post consumption" experience which compares perceived quality with expected quality, whereas service quality refers to a global evaluation of a firm's service delivery system. [9][10]

2. DEFINITION OF CUSTOMER SATISFACTION

There is growing managerial interest in customer satisfaction as a means of evaluating quality. High customer satisfaction ratings are widely believed to be the best indicator of company's future profit. Satisfaction can be broadly characterized as a post-purchase evaluation of product quality given pre-purchase expectation. [11]

Customer satisfaction can be experienced in a variety of situations and connected to both goods and services. It is a highly personal assessment that is greatly affected by customer expectations. Satisfaction also is based on the customer's experience of both contact with the organization and personal outcomes. Some researchers define a satisfied customer within the private sector as "one who receives significant added value" to his/her bottom line—a definition that may apply just as well to public services. [12]

In today's competitive business environment marketing managers are more influenced from customer expectation and meeting the demand for customer satisfaction is very important for them. Every organization must define customer satisfaction regarding their market. So customer satisfaction could not be defined only standard or quality of product. Customer satisfaction is about relationships between the customer and product or service and the provider of a product or service.

Customer satisfaction is a highly personal assessment that is greatly influenced by individual expectations. Some definitions are based on the observation that customer satisfaction or dissatisfaction results from either the confirmation or disconfirmation of individual expectations regarding a service or product. To avoid difficulties stemming from the kaleidoscope of customer expectations and differences, some experts urge companies to “concentrate on a goal that’s more closely linked to customer equity.” Instead of asking whether customers are satisfied, they encourage companies to determine how customers hold them accountable. [13]

Customer satisfaction is the degree to which a customer perceives that an individual, firm or organization has effectively provided a product or service that meets the customer’s needs in the context in which the customer is aware of and / or using the product or service. Satisfaction is not inherent in the individual or the product but is a socially constructed response to the relationship between a customer, the product and the product provider /maker. To the extent that a provider / maker can influence the various dimensions of the relationship, the provider can influence customer satisfaction. [14]

Although definition of customer satisfaction has been widely debated as organizations attempt to measure it, definition of customer satisfaction could be summarized as follows. Table 1 shows different approach to the definition of customer satisfaction.

The customer satisfaction definitions listed below are arranged in chronological order by Millana and Esteban (2004). For further readings about development of customer satisfaction concept articles of listed authors' can be useful for researcher.

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Reference	Definition	Key words	Object
Oliver (1981, p. 27)	Final psychological state resulting from the disconfirmed expectancy related to initial consumer expectation	Evaluation Final psychological state Emotional response	Surprise Disconfirmed expectancy with relation to pre-purchase expectations
Swan, Trawick, and Carroll (1982, p. 17)	Evaluative or cognitive opinion which analyses whether the product represents a satisfactory or poor result for its end users Emotional response towards product	Evaluative or cognitive opinion Emotional response	Product results
Churchill and Surprenant, (1982, p. 491)	The conceptual response by the consumer to the purchase and use of a product which comes from the comparison of the rewards and cost of purchase relative to expectations Operatively, similar to an attitude because it can be measured as the total satisfaction from various attributes	Result Attitude	Comparison of costs and rewards of product relative to expectations
Labarbera and Mazursky (1983, p. 394)	Subsequent evaluation of purchase Evaluation of surprise derived from the purchase of a product or service	Evaluation	Surprise

Reference	Definition	Key words	Object
Cadotte, Woodruff, and Jenkins (1987, p. 305)	Impression after the evaluation of use of the product or service	Impression created by evaluation	Use of product or service
Tse and Wilton (1988, p. 204)	Consumer response to the evaluation of the perceived difference between expectations and final result after consumption	Response made by evaluation	Perceived difference between expectations (other measures of results) and the actual result of the product
Westbrook and Oliver (1991, p. 84)	Subsequent evaluative opinion of choice relative to specific purchase	Evaluative opinion	Choice of specific purchase
Fornell (1992, p. 11)	Overall evaluation after purchase	Overall evaluation	Comparison of the perceived result after purchase with expectations prior to purchase
Oliver (1992, p. 242)	The coupling of coexisting attributes to other sensations derived from consumption	Addition of attributes to other sensations derived from consumption	Product attributes
Halstead, Hartman, and Schmidt (1994, p. 122)	Emotional response associated with a specific transaction resulting from the comparison of the result of the product to some set standard prior to purchase	Emotional response	Product result compared to standard expected prior to purchase
Oliver, (1996, p. 13)	Judgement of sufficient level of satisfaction offered by a product or service during consumption	Evaluative response of satisfaction level during consumption	Product or service

Table 1. Concept of Satisfaction

Source: Millana, Angel, Esteban, Agueda, Development of a multiple-item scale for measuring customer satisfaction in travel agencies services, Tourism Management, 25, 2004, 533–546.

All the definitions of customer satisfaction describe the formation of satisfaction as a process; they define the key variables and the mechanisms of interaction of those variables and they recognize that satisfaction is the final step of a psychological process. It is perceived as the final result of all

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activities carried out during the process of purchase and consumption and not only of observation and or direct consumption of the product or service. All the reviewed definitions maintain, in one way or another, that satisfaction implies: [15]

- 1) The existence of an objective that the consumer wishes to reach.
- 2) The attainment (satisfaction) of this objective can only be judged by taking a standard of comparison as a reference.
- 3) The evaluation process of satisfaction implies the intervention of at least two stimuli: a result and a reference or standard of comparison

3. MEASURING CUSTOMER SATISFACTION

From the beginning of the “customer service revolution” almost 20 years ago, a body of business research has focused on customer satisfaction and customer-focused organizations. [16] All customer satisfaction studies share the same underlying principle: to assess the performance of an organizations’ products or services on the basis of how they are perceived by the customer. Whether those perceptions are misplaced, lag behind current performance or are a very accurate interpretation, customer perceptions matter. Indeed, understanding these perceptions provides a critical understanding of future customer behavior. [17]

In the 'new economy' knowledge is a resource as well as, increasingly, a product: with tangible goods becoming globally standardized and best practices travelling fast, companies gain competitive advantages through constant innovation, better targeting of customers and additional services. Those strategies cannot be applied to the arm's length type of customer relations. The higher the innovative and service component, the more the customer becomes part of the performance equation. Customer relations then constitute an important asset that should be monitored just like physical assets. Most emerging approaches to the measurement of

intellectual capital agree on the importance of customer capital, as expressed in sales, satisfaction and reputation. Accordingly, those approaches distinguish between reference customers (reputation), new customers or first trial customers (new sales) and repeated customers (satisfaction, sales). Independently of approaches to the measurement of intellectual capital, marketing literature has suggested a wide array of industry-specific models to monitor customer satisfaction. [18]

Measuring customer satisfaction is beyond the constitution happy customers. Measuring customer satisfaction is about profit and competitive advantage. To achieve long term success in the market, firm should monitor the customer satisfaction signals regarding product, service and relationship. Measuring customer satisfactions provide a comprehensive insight to the customer pre and post purchase behavior. Without this approach understanding, improving and developing better customer services could not be possible.

Thus, business consultants, corporations and others have worked to identify the characteristics of organizations that consistently please their customers, to develop tools for monitoring customer satisfaction, and to build continuous, quality improvement systems that respond to consumer feedback. [19]

Measures allow business to: 1) know how well the business process is working 2) know where to make changes to create improvement, if changes are needed; 3) determine if the changes led to improvement . Knowledge of customer perception and attitudes about an organization's business will greatly enhance its opportunity to make better business decisions. These organizations will know their customer requirements or expectations and will be able to determine if they are meeting those requirements. [20]

Before measure something it must be known what will measure and why. The measurement program must answer the who, what, when, where, how and why questions that are essential for success: [21]

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- Who will measure customer satisfaction? the answer is everyone
- What must be measured? Everything and anything that affects customer.
- When must you measure? All the time.
- Where do you measure? Throughout the entire company and every process that has effect on customer satisfaction and quality.
- How do you measure? Throughout establish performance standard and criteria that are quantifiable to evaluate performance against numbers and data.
- Why you measure? To learn how to improve quality and increase customer satisfaction.

Customer satisfaction measurement and marketing research activities marketing research and customer satisfaction measurement is being confused with each other. There are many differences between customer satisfaction measurement and marketing research. Table 2 shows the differences between marketing research and customer satisfaction measurement.

The Issue	Marketing Research	Customer Satisfaction Measurement
Who to survey	A sample-a statistically representative sampling	A census-all customers should be given the opportunity to participate
Participants' identities	Kept confidential- participants' answers are never read individually, only when combined with other participants' answers in averages, distributions, etc.	May require feedback-individual's ratings should be examined, searching for individuals with specific problems requiring solutions.
Acknowledgment of Participation	Not essential-establishing goodwill with sample is irrelevant, it is unlikely they will ever be sampled again	Essential – their participation in future surveys is desired, it is also desirable to establish goodwill so they will continue to buy our products/services
Repeated	No, participants will	Essential, we need to track the growth or

The Issue	Marketing Research	Customer Satisfaction Measurement
measurements?	become “sensitized” to the issues, making their responses less valid	decline in individuals’ satisfactions
When to survey	A single “wave” may be sufficient	Continuous surveying is best, it is less likely to reflect one specific contact event and more likely to reflect the cumulative experience with the organization
The purpose	To collect information	To collect information, to solve specific customers’ problems, and to communicate to all customers their opinions are desired

Table 2. The Difference between Marketing Research and Customer Satisfaction Measurement

Source: Terry G. Vavra, “Improving your measurement of customer satisfaction: a guide to creating, conducting, analyzing, and reporting customer satisfaction measurement programs”, ASQ Quality Press, 1997, p.60.

As it shown on the table there are many differences between marketing research and customer satisfaction measurement Regarding target of the survey, participants’ identities, acknowledgment of participation, repeated measurements, timing, and purpose we cannot say they are totally same processes.

3.1. Types of Customer Satisfaction Surveys

There are several different types of Customer Satisfaction research exercises, which can be differentiated by both the scope and scale of customer satisfaction measurement. Ideally, the customer satisfaction measurement program should be based on the assessment of the full product and service range, including issues of branding, product and price, distribution and service. On other occasions the assessment will focus on narrower performance criteria, such as customer service performance or a sub set of it, such as the performance of a help desk function. [22]

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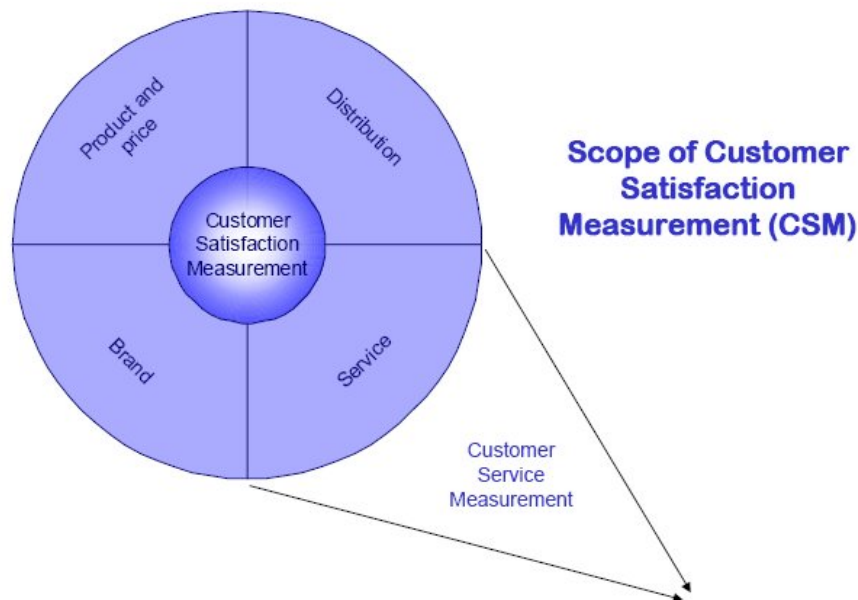


Figure 1. Scope of Customer Satisfaction Measurement

Source: "Customer Satisfaction Research", January 2001, <http://www.benchmarkresearch.co.uk>, 17.02.2010

CSM programs can also be differentiated by the scale of program. If the focus of the survey is only with the immediate customer base (e.g. does not include performance comparisons with competitors) it is a Customer Perceptions Survey (CPS). If, however, the survey includes competitor organizations and seeks to provide benchmarks of customer satisfaction performance across an industry as a whole, it is a Customer Benchmarking Survey (CBS). [23]

4. CONCLUSION

There is no doubt that customer satisfaction has vital role for every organization among business life. It can be said that measuring customer

satisfaction in this competitive business environment is "must". Organizations which want to meet customers' expectations should use this marketing tool properly. This paper has aimed to illustrate the importance of customer satisfaction and customer satisfaction measurement. This study has conceptually defined what is customer satisfaction and customer satisfaction measurement regarding the related literature.

Without any obvious target set before measuring customer satisfaction, the process is not very useful for researchers and organizations. Thus every customer satisfaction measurement process has clear objectives to reach. One thing that has to be kept in mind is measuring customer satisfaction is not one time process. To achieve life time success, organizations must learn customer expectations 7/24/365 period and try to meet them by customized marketing mix.

The target of the satisfaction measurement effort has identical role for the process. Relationship between customer and product or service and relationship between customer and provider can be the target of measurement process. Therefore, limited vision for customer satisfaction issue cannot generate meaningful information to make strategic decision.

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