

Customer Satisfaction

Overview

- Defining customer satisfaction objectives
 - Overall satisfaction % (total customer satisfaction?)
 - Satisfaction vs. delight
 - Objectives for individual aspects
- Practices
 - Expectation management
 - Support & service
 - Relationship management
- Measurement & Metrics
 - Customer satisfaction surveys
 - Reasons for selecting product
 - Metrics: satisfaction trends, customer complaints, market share, repurchase

Satisfaction objectives

- % of satisfied customers
 - Target set relative to competition
- TQM approach is “Total Customer Satisfaction”
 - Must satisfy every customer fully
- Consider whether to target customer delight
 - Go beyond “absence of problems”
- How we define satisfaction depends on market characteristics & business objectives: “what makes business sense?”

Total Customer Satisfaction

- A TQM practice: no dissatisfied customer
 - E.g. “satisfaction guaranteed or money back”
 - Can have significant impact on corporate image, loyalty
- Requires willingness to address niche problems
 - e.g. “your software is incompatible with X that I use”
- Requires empowerment of employees
- Impacts cost, processes (need more flexibility)
- Can be exploited by unreasonable customers

Customer Delight

- Satisfaction only addresses “absence of problems”
 - “met expectations”
- Can target customer delight
 - **exceeding expectations** e.g. superior interface, automatically fixing/correcting erroneous input / problems...
- Requires pursuing opportunities for “going the extra mile”
- **Significant impact on “willingness to recommend” & “willingness to repurchase”, loyalty, image**
- **Possibility of “gold-plating”, may increase costs**

Factors influencing satisfaction

- Product quality
- Level of expectations
- Support, service

- Initial customer experience with product
- Interactions related to product
 - Marketing, buying experience
 - Interactions with development team (if any)
 - Support experience

Practices

Expectation Management

- Satisfaction is relative to expectations
 - E.g. LOTR part 3 vs. unknown movie
 - Based on “value proposition”
 - More expected from Mercedes than Hyundai
 - Different expectations for Ferrari & Cadillac
- Expectation setting
 - Marketing, delivery and feature promises
 - Requirements interactions!
 - Eliciting requirements that cannot be met can be a major problem
 - Corporate image, past products
 - General expectations for the product category
 - Technical documentation, presentations
- Setting & meeting reasonable expectations leads to high satisfaction
 - E.g. Southwest airlines

Value Proposition

- “What it costs, what it provides”
- A product has a strong value proposition if
 - It is strong on those attributes that are important to the customer
 - It provides better value for its particular group of customers than its competition – **key to market share**
- Often products are aimed at “market segments”
 - Group of customers with a particular set of needs
 - Particular combination of attributes that they value
- Product design and satisfaction measurement should address the attributes that the customers care about
 - Designers and quality engineers must be conscious of the value proposition of their clientele: all quality attributes are NOT created equal!
- Articulating value proposition key to marketing
 - “Good on all aspects” often carries lower credibility

Support & Service

- Helping people to get started using the system
 - Startup training / tutorials / documentation
- Helping users to be more effective in using product
 - Reference manuals, tips, training
- Providing support in resolving problems
 - Tech support lines, troubleshooting guides, FAQs
- Helping customers help each other
 - Customer groups, “sharing” facilities: space, mailing lists
- Interfaces for problem reporting & tracking
- Distributing patches & updates
 - Release notes on differences from previous versions, known bugs

Problem Reporting & Tracking

- Tools for problem reporting & tracking
 - E.g. DDTS, ClearQuest
 - Problem reports may be filled in directly by customers or by customer support people
- Each problem “dispositioned”
 - Removal of duplicates / non-problems
 - Fix later / fix now, assigned to developer
 - Tracking of fixing status through to re-release
- Generates metrics on fixing cycletime, fixing effectiveness
- Can use same tools to track feature requests

Relationship Management

- Working with customers in ways that **build loyalty**
 - “It costs 5 times as much to get new customers as to keep existing customers”
 - “On average, satisfied customers tell 3-5 others, dissatisfied customers tell 7-12 others”
 - The most effective advertising is word-of-mouth
- Addressing **special needs**, responsiveness to concerns of key customers
 - E.g. special patches, features, feature prioritization, deadlines
 - Disclosure: proactive notification & resolution of known bugs
- **Identifying and following up on issues & irritants**
- Reducing “total cost of ownership” e.g. free upgrades
- More applicable to “major customers” than mass-market products

Measurement

Customer Satisfaction Surveys

- Random sampling for large customer base
 - May “stratify”: group according to criteria
 - Formulae for sample size to get statistical validity
- Exhaustive sampling for small customer base
- Survey data collection techniques
 - Face-to-face interviews: can provide clarifications
 - Telephone interviews: cheaper, less effective
 - Questionnaires: low response rates, danger of “self-selection”
- Too many surveys can be irritating
- Timing of survey affects responses!

Survey Objectives

- Important to be clear about survey objectives
 - “Formative”: Purpose is to serve as a guide for improvement
 - “Summative”: Purpose is to evaluate the outcome
- Formative surveys need to pinpoint reasons behind dissatisfaction
 - Impacts question choices
 - Need to relate questions & responses to actions
 - If the response is X, what will be done?
 - Need more open-ended questions
- Summative surveys need considerable attention to minimizing bias and maximizing validity
- **Specific objectives: What aspects do we want to know about?**

Survey design

- The design of the survey can heavily influence the results
 - Wording of the question may introduce biases
 - Set of response choices provided may push towards some responses, limit the possible answers, or confuse the responder
 - Order of questions may “habituate” responders or set contexts that determine responses
 - Length of survey may determine level of attention paid, and whether the survey gets responded to
- Good resource on survey design
 - <http://www.surveysystem.com/sdesign.htm>
- Specifically about designing web surveys
 - http://lap.umd.edu/survey_design/guidelines.html

Survey Analysis

- Indicate sample size
- May cluster responses for ease of presentation
 - E.g. Combining “satisfied” and “very satisfied” may simplify picture
- Present information in ways that highlight significant results
 - Does “neutral” get clubbed with “satisfied” or “dissatisfied”?
 - Percent dissatisfied is useful if percent satisfied is high
 - Difference between 95% sat. and 98% sat. is significant
 - Histogram of satisfaction on different quality attributes
 - But some attributes may be much more critical!
 - Use colors to highlight small-but-significant items e.g. “did not use”
- Summarize write-in comments
- Cross-check with personal feedback!

Metrics

- Trends in customer satisfaction
 - Individual elements may be more informative than just satisfaction data
- Comparisons across products
 - Especially if same survey questions used
- Volume of customer complaints
- Market share trends
 - Measures value proposition + perception, not just satisfaction
- Actual % of repurchase, % of customers buying based on recommendations
 - (Common survey questions: Overall satisfaction, Willingness to repurchase, willingness to recommend)

Limitations

- Customer satisfaction is not the ultimate goal
 - Need to focus also on value proposition, perceptions
- Results are very dependent on the questions asked and the timing
 - Using the same instrument consistently helps
- Tradeoff between marketing / perception management and not setting expectations too high
- Surveys have many built-in limitations
 - E.g. customers telling you what you want to hear/ using it as a forum to vent
 - Balance with other ways to gauge satisfaction
- Customer sat survey results are often a marketing tool
 - Creates strong incentive to try and manipulate for favorable results!
- Overall satisfaction has many factors: very crude indicator
 - Good satisfaction numbers can paper over many real problems

Summary

- Customer satisfaction is the ultimate measure of quality
- Surveys are the most common way to measure satisfaction
 - Survey design is complex and critical
- Satisfaction depends on product quality, support, but also expectation setting
- Customer satisfaction surveys are most commonly formative
 - Identify opportunities for improvement