

## **Make CS measures worth the investment**

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## **SATISFACTION \* Six steps to better marketing**

### SPECIAL REPORT

In these difficult times of limited budgets, many managers ask, "Is the amount spent on customer satisfaction and loyalty measurement programs really worth it?" The answer is "No"-unless these programs deliver the knowledge you need to attract, retain and increase business with your customers. Six Sigma and other silver-bullet programs that rely heavily on satisfaction metrics won't help unless they focus on driving desirable customer behaviors. To be successful, customer satisfaction and loyalty measurement programs must do six things.

\* Listen to the voice of the customer. Go beyond a single, all-purpose survey. To get the customer knowledge you need, you must use multiple listening posts that gauge satisfaction and loyalty at multiple levels-that take the pulse of the overall relationship, as well as the day-to-day transactions. The best listeners, moreover, include all stakeholders, from customer decision-makers, to customer end-users, to channel partners, to employees.

The listening process must capture and evaluate appropriate product, service, cost and image factors that may affect customer behavior. While many company executives and managers believe that they know and can articulate these factors, it is easy to get off track with this inside-out view. You need to hear directly from customers in their own words, and not rely on internal jargon that may be meaningless to them. Only customers can tell you what drives their satisfaction, loyalty and value perceptions.

\* Focus on core requirements to establish priorities for change. The goal of loyalty and satisfaction measurement programs is to change customer behaviors-- to get them to be loyal, to buy more, to become an advocate and so on. To accomplish this, you need to change how you serve your customers. Set priorities and focus on those key product and service elements that have the greatest effect on satisfaction and loyalty.

Research has shown different items have different effects on satisfaction and loyalty. Certain elements are so-called key dissatisfiers, where not meeting

expectations will cause overall dissatisfaction but exceeding expectations will not necessarily lead to customer delight. Other items are key enhancers, where exceeding expectations will improve customer satisfaction, but not delivering on them has little effect on dissatisfaction.

The first priority for change must be to fix any key dissatisfiers where you are not meeting customer expectations. Only after you meet those requirements can you strengthen loyalty by building the key enhancers, the elements that surprise and delight.

- \* Link customer feedback to internal processes. Management teams must examine customer survey results in light of any existing operational or transaction metrics available. You must define the specific internal processes that touch areas that deliver value to your customers. Analytical models can validate and link these internal process measures to your satisfaction survey results; then you can frequently track and act on the few critical internal metrics that are leading indicators of customer satisfaction and loyalty.

- \* Make change happen. The best measurement programs are useless unless they trigger appropriate operational and policy changes. Satisfaction and loyalty measurement programs must include processes for prioritizing changes, developing action plans and metrics, and ensuring that improvements are made. Deployment and action-planning workshops with key business stakeholders are good tools to use to clarify findings and help the learning process throughout the organization.

- \* Use all the information available. Satisfaction data cannot stand alone; it must be integrated with other information you have in your customer and operational databases. For example, analytic models can calibrate survey loyalty measures with actual retention and attrition data, providing a great payoff: Showing how an improvement in survey results reduces chum is a great management tool. You can use these models to predict which types of customers are at risk of leaving and to direct your customer acquisition and retention efforts.

- \* Incorporate ROI. Because top management cares most about bottom-line results, you must link improvements in survey results to profits. A good way to do this is to use advanced analytic techniques to model how customer lifetime value varies with satisfaction and loyalty measures. This way, you can determine the return, in hard dollars, on programs that improve customer relationships.

If you are investing in customer satisfaction and loyalty measurement programs you need to evaluate your programs on each of these six principles, which help transform measurement programs from just another cost of doing business to drivers of growth and profit. The bottom line is that measurement programs must demonstrate that they pay off with improved financial results by creating more satisfied and more loyal customers.

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URLs for you

Here are some Web addresses for more information on the topics explored in this issue's major feature stories:

From our Cover Story:

To find experts on Vietnam, access market research or learn more about opportunities there, check out these Web sites:

American Chamber of Commerce in Vietnam, Hanoi Chapter: One of two Chambers in Vietnam (the other in Ho Chi Minh City) aimed at promoting U.S. business relationships in Vietnam.

\* [www.amchamhanoi.com](http://www.amchamhanoi.com)

U.S.-Vietnam Trade Council: An advocate for trade between the countries, and serves as a clearinghouse of information and a facilitator of relationships between the private- and public-sector leaders of both nations.

\* [www.usvtc.org](http://www.usvtc.org)

The U.S.-ASEAN Business Council: Dedicated to promoting trade between the United States and the entire Southeast Asia region.

\* [www.us-asean.org](http://www.us-asean.org)

The U.S. Commercial Service, U.S. Department of Commerce: Offers tips and information of use to companies planning a move into the Vietnamese market.

\* [www.usatrade.gov](http://www.usatrade.gov)

Mekong Sources: Provides business information and news on events and companies in Vietnam and Cambodia.

\* [www.mekongresearch.com](http://www.mekongresearch.com)

Vietnam Venture Group Inc.: An independent source of information, leads and statistics regarding the Vietnamese market and other Asian nations.

\* [www.vvg-vietnam.com](http://www.vvg-vietnam.com)

World Bank Group: Owned by 183 member countries, the World Bank's mission is to lend funds with the goal of reducing poverty worldwide. Its Web site includes information on initiatives in Vietnam, as well as other countries around the globe.

\* [www.worldbank.org](http://www.worldbank.org)