January 2000 • Issue 0001

Published by the American Society for Training & Development

How to Measure Customer Satisfaction

Research & Evaluation

Info-line

The *How-To* Reference Tool for Training & Performance Professionals

ASTD

January 2000 • Issue 0001

How to Measure Customer Satisfaction

AUTHORS:

Mal Conway
IBM Learning Services
8 John Lenhardt Road
Trenton, NJ 08690-1812
Tel: 609.890.7772
Fax: 609.890.7762
E-mail: malcolmc@us.ibm.com

Michael F. Cassidy, Ph.D.
Principal, Performance Improvement Services &
Associate Professor, Marymount University
2807 N. Glebe Road
Arlington, VA 22207
Tel.: 703.450.9408
E-mail: cassidym1@aol.com
Web: www.measurement-intl.com

Research & Evaluation

Editor
Cat Sharpe Russo

Managing Editor
Sabrina E. Hicks

Internal Consultant
Pam Schmidt

Production Design
Leah Cohen

ASTD
1640 King Street
Box 1443
Alexandria, VA 22313-2043
PH 703.683.8100, FX 703.683.8103
www.astd.org

Come visit *Info-line* on the ASTD Web site: www.astd.org

Info-line is a series of "how-to" reference tools; each issue is a concisely written, practical guidebook that provides in-depth coverage of a single topic vital to training and HRD job performance. *Info-line* is available by subscription and single copy purchase.

Printed in the United States of America.

Info-line (ISSN 87559269) is published monthly by the American Society for Training & Development, 1640 King Street, P.O. Box 1443, Alexandria, VA 22313-2043. The subscription rate for 12 issues is $79 (for ASTD national members) and $119 (for nonmembers). Periodicals postage paid at Alexandria, Virginia. POSTMASTER: Send address changes to *Info-line*, P.O. Box 1443, Alexandria, VA 22313-2043. Claims for replacement of subscription issues not received must be made within three months of the issue date.

Why Measure Satisfaction?

Most senior business managers acknowledge the importance of measuring customer satisfaction from a business perspective. They know that if you measure satisfaction, your benefits can include the following:

- improved business value (profit, return-on-investment, and business share)
- enhanced competitive position
- improved brand and organization loyalty
- earlier warning of revenue and profit downturn
- improved marketing strategy

Only recently, however, have organizations acknowledged the corresponding value of measuring customer loyalty or retention. It is no longer sufficient to concentrate solely on customer satisfaction; the next step in the evolutionary pursuit of quality is attention to customers' loyalty. Fundamental to that pursuit is its measurement. Organizations acknowledge this need for change, and some have restructured themselves in direct response to customer demands, trying to sustain loyalty against competitive threats.

Why concentrate on measuring customer loyalty as well as satisfaction? The reasons are multiple:

1. The cost of attracting a new customer far exceeds the cost of retaining an existing one. Some authorities put it as high as 200:1.

2. The lifetime value of retaining a loyal customer is often staggering. For example, Carl Sewell, whose "Ten Commandments of Customer Service" approach to sales made him the top luxury automobile dealer in the country, estimates the lifetime value to a car dealership of keeping a customer loyal at $332,000.

3. High levels of customer satisfaction and high customer retention rates are strongly and positively correlated, and both are related to profitability.

4. Raising customer retention rates by even a modest amount (for example, five percentage points) can increase the value of an average customer between 30 and 125 percent.

5. Loyal customers are often less price-sensitive. That is, they will pay a premium for goods and services.

6. Loyal customers not only repurchase more and more often, but they also are more likely to recommend a company to their friends and colleagues. This often results in increased revenue and profits. (Interestingly enough, dissatisfied customers rarely express their dissatisfaction to a company. Instead they "bad mouth" the company to many people.)

This issue of *Info-line* presents a generic model for measuring customer satisfaction and loyalty. The model is outlined below and is followed by a description of each step, with suggestions for implementation. After describing the model, guidelines and hints for improving the practice of measurement are described. One way to improve how you measure customer satisfaction and loyalty is to determine how well you know your customers. This issue's job aid will help you with this task.

A Model for Measuring

As with most prescriptive models, the following steps are presented as a series of linear steps. But also like most models, the steps are iterative and the process dynamic. Be prepared to "step in" at a point that seems logical to you.

1. Adopt a customer value perspective.

2. Identify and learn about your customers.

3. Define your customers' requirements.

4. Perform a competitive analysis.

5. Establish a customer measurement system.

Step 1: Adopt a Customer Value Perspective

According to legend, Henry Ford once remarked, "You can have the car in any color you want, as long as it's black." While this story may not be true, it reflects a long-held bias in American industry, a kind of *Field of Dreams* mentality: If you build it, they will buy it. It does not work this way anymore.

Competition in today's marketplace is a given, and consumers reap the benefit of greater choice. Coupled with this, exposure to sophisticated marketing techniques has made consumers more savvy and wary. Consumers expect more than they did just a few years ago. They expect personalization and individual attention. (Think about that friendly message from your favorite online bookseller, suggesting other books of interest based on your purchase habits.) The bottom line is that unless consumers are "delighted," they may start to consider alternative providers, and those competitors are anxious to gain the business.

To maintain or expand its customer base, organizations need to be customer focused. This philosophy implies accepting several key tenets and shaping practice accordingly:

- Focus on the customer, not on the product or service. For example, divide the market by differences in values among customer segments rather than by product or service line.

- Build and foster relationships with key customers. The Pareto Principle is at work here. This principle states that the majority of effect (80 percent) results from a small base (20 percent) of ideas, activities, people, and so forth. This means that you probably derive 80 percent of your revenue from 20 percent of your customers. Treat them as a potential revenue stream rather than a single "accounts receivable."

- Recognize that the values, beliefs, and attitudes customers hold drive consumer behavior. If you determine what your customers value, you position yourself better to predict how they will behave. Perceived value drives loyalty.

The Practical Implications

Adopting a customer value perspective means a potential change in mindset. You need to question some of the underlying assumptions upon which you have built your marketing strategies:

- Do you know what your customers value?

- Have you appropriately segmented your products and services?

- Is your segmentation driven by the way you as a provider look at the world or the way your clients view their needs?

- Do you know where your revenue is coming from?

- How well do you know your clients, and what are you doing to establish and maintain good business relations with them?

Step 2: Identify and Learn About Your Customers

This step involves understanding three elements:

1. The people with whom you do business.

2. What they value.

3. How they conduct business.

Your ultimate goal is to understand how your clients make purchase decisions. These decisions are a reflection of what they value. When you understand this, you will be better prepared to market—not to change consumer behaviors through marketing, but to respond to those dimensions important to them. In other words, it is paramount that you understand who your customers are and how they function.

Learning about your clients is part of an overall relationship building process. As you build the relationship, it will become easier to learn about the things that on the surface may not appear relevant to the transaction at hand (for example, "What distribution channels do you use?"; "Who makes your purchase decisions?"). But before you invest a lot of effort in the initiative (it can be time consuming), consider if from a business perspective it is worth the effort. For example, ask yourself the following questions:

- Is this a "bread and butter" client, or someone with relatively unique needs not usually satisfied within your primary business offerings?
- Is this one of many customers who collectively represent a relatively small portion of your revenue, or is this one of the reactively small number of clients from whom you derive significant revenue?
- Is this the person who makes the purchase decisions, or the person who acts as the organization's representative on the project once the decision has been made?

The Practical Implications

Let us assume that you provide training courses to organizational customers. You have several, largely prepackaged courses available for delivery by your staff on project management. You also offer instructional design consulting services. One of your large customers (A) tells you that unless you highly customize your courses for its environment, it will look elsewhere for customized training. This same customer believes in a highly collaborative model for the design of any new courses.

Another client (B) is happy with your project management courses "off-the-shelf," with little or no modification. This client also wants your instructional design services delivered in such a way that the instructional designer comes in, tells the subject matter experts what needs to be done, and then comes back when they are done to check it over.

Adopting a customer value perspective may cause you to consider segmenting your services not by type (such as training delivery and instructional design consulting), but by client values. Client A's behaviors signify different values than client B's. As such, you might want to have a "high-end," highly customized service and a "low-end," largely standard service segment. You might also discover that one of the two segments generates a lot more revenue than the other segment.

Step 3: Define Your Customers' Requirements

Requirements derive from values. Once you have a better understanding of what customers value, you will be in an enhanced position to understand their requirements of you as a potential provider.

To understand requirements, you must first differentiate between "needs" and "wants." Joseph M. Juran, one of the progenitors of the quality movement, used the example of local bus service to illustrate the distinction:

I need *round-trip transportation from point A to point B Monday through Friday. I may* want, *however, a schedule that means I will not have to wait any longer than 5 minutes; comfortable seats; lots of legroom; a quiet environment; and so forth.*

Needs are essential; wants are desirables.

A way to help you and your clients differentiate among needs and wants is to elicit from clients their critical success factors (CSFs), sometimes referred to as purchase decision attributes. CSFs are the "bottom line" criteria against which you can establish requirements. It is important, however, not only to identify CSFs but also to differentiate them in importance.

A simple approach for eliciting the relative importance of a client's CSFs follows.

1. Ask the client group to think back to some company-sponsored training that they remember as particularly good and jot down what made it good. Then ask them to think back to training that they thought was particularly poor, and once again jot down what made it poor. The training might be something your organization sponsored or not. The important thing is to have them focus on training similar in delivery format, length, and so forth to the type that you offer.

Critical Success Factors

When establishing critical success factors (CSFs), have participants distribute points to features. In the example below, if participants found all features of the student guide of equal importance, they would allocate 25 points to each feature. Participants, however, probably will not see them as all of equal importance. Were "bibliography" to receive 30 points and "3-ring-binder" to receive 10 points, you could tentatively conclude that the inclusion of bibliographies in your student materials is three times as important as the type of binding used. You have made progress in differentiating the essentials from the "nice to have," the *needs* from the *wants*. Incidentally, this type of measurement scale is known as a "constant sum scale."

Student Guide Attributes	Relative Importance
• Copy of all materials shown in course	_______
• Includes bibliography	_______
• Includes glossary	_______
• Bound in 3-ring-binder	_______

2. Post their responses on a board or flipchart. You will probably have to probe to get at operational attributes. For example, if someone says the course was "boring," ask what made it boring.

3. Look for categories. For example, there might be several items related to the instructor, the structure of the training, or the materials. Engage the group in the task of categorizing the attributes. Use the attributes derived from positive experiences as is; you might need to reverse descriptions of attributes coming from negative experiences. For example, if someone has stated that a poor training experience was due in part to an instructor who showed no enthusiasm for the subject, you might suggest that high enthusiasm is a desirable attribute.

4. For each category, ask participants to distribute points reflecting the relative importance of the attributes in each category. Refer to the sidebar above for an example.

The Practical Implications

Return to the previous example. Your company offers both courses and instructional design services. After some analysis, you conclude that a large portion of your business comes from the off-the-shelf courses you offer to various companies in your region. You have some sense of what is important to them, but you want a more reliable estimate.

To accomplish this task, ask a couple of your clients if they would be willing to schedule one or two focus groups consisting of people who have and have not enrolled in your courses. Assure your clients that participation in this activity is beneficial to them. Because of the information uncovered in the focus groups, you will be able to tailor training to the needs and wants of their employees more successfully.

At the focus groups, use the approach described in the previous steps. Develop informal hypotheses about the relative importance of various aspects of your training programs, hypotheses that you can test through a survey approach.

You are now prepared to return to the office and assess how effective your practices are against your clients' needs and wants. In essence, you have the information you need to perform a gap or discrepancy analysis. You also have much of what you need to develop survey instruments that will help you validate what you have learned from your qualitative efforts.

Step 4: Perform a Competitive Analysis

Were you in the enviable but unrealistic position of being the only provider of services, you could probably stop and relax at this point. But because you do have competitors, it is important to find out who they are and the threats they hold for you. You can be assured that if a customer rates your service "less than ideal," they are probably receptive to other providers. If your customer rates you "below ideal," they are probably actively looking for other providers.

Competitive analysis can be a lengthy and involved process. Address the topic by attempting to answer the following key questions:

1. Who are your competitors?

2. How are they marketing their services, and how well do those attributes they advertise match those you have determined to be important?

3. What is their market share? What is their growth rate?

4. How are they managing customer relations?

And how do you answer these questions? You can glean some of this information by simply talking to your customer contacts. They have probably encountered some of your competitors and might be willing to share their reactions. You could also use the focus groups mentioned earlier to do a bit of digging.

Some information may be available through the Internet about your specific competitors. You can also access information on trends online or in other media. Or, you can try the "mystery shopper" approach described later in this *Info-line* (see "Methods for Measuring" at right). And if you have the resources, and are of sufficient size, you can create and manage a database to help you in assessing your competitors. By learning about your competitors, you can better understand and exploit your own competitive advantage.

Step 5: Establish a Customer Measurement System

Now that you have completed steps 1 through 4, you are ready to begin the ongoing task of starting, managing, and using a customer measurement system. Because you know what is and is not important to your clients, the relative importance of various attributes, what your competitors are doing, and so forth, you have most of what you need to begin the task of ongoing, systematic measurement. Such a system will enable you to assess how well you are performing and make corrections to your practice before it is too late.

The following section explores some of the particulars of measuring performance to improve loyalty.

Methods for Measuring

Various data collection methods are in use to measure customer satisfaction. They range from *qualitative* methods (such as face-to-face interviews, phone interviews, and focus groups) to *quantitative* methods (like written questionnaires, customer transaction reports, and usability tests). Also found in the kit of tools are mixed methods, such as observation, that can gather either qualitative or quantitative data or both. An example is *mystery shoppers.*

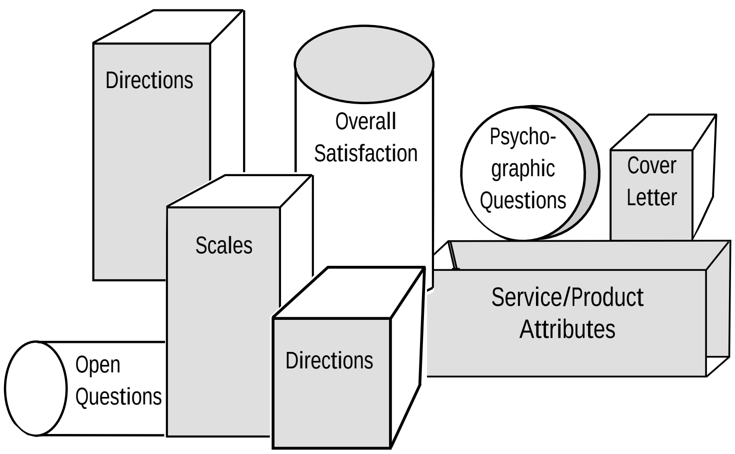
Mystery shoppers (often contracted from an outside firm for objectivity) pose as customers of a company and test the service quality typically by using a set of structured questions with comments. For example, they may ride incognito as an airline passenger and collect data on reservations, flight check-in, boarding, food and cabin service, baggage handling, and so forth. Were you the owner of the training company described earlier, you might enroll in a competitor's training course or send one of your employees if you risk being recognized.

One of the authors once attended a course offered by the training organization for which he worked. The organization offered the course in a recently refurbished facility. While the intent of enrolling in the course was to learn the subject matter, it was impossible not to slip into an observer role. The depth of the tables at which students sat was so inadequate that they could not accommodate the distributed student guides.

A subsequent discussion with the person who had purchased the room furnishings revealed that she had never thought about what the tables needed to accommodate. In fact, she was somewhat skeptical about it being an issue at all. Having never sat as a student at the tables, she was unwilling to appreciate the openly verbalized aggravation students expressed as they juggled notebooks on their laps or witnessed their notebooks crashing to the floor.

Various *Info-Line*s (for example, No. 8612, "Surveys from Start to Finish") are devoted to interviewing techniques and written questionnaires. Therefore, in this section, we will describe specific questions and scales that are most appropriate for measuring customer satisfaction, whether you use them on a questionnaire or in an interview.

Basic Questionnaire Components



Components

The figure above shows the common components fundamental to a questionnaire or interview and is based on a review of questionnaires designed by current research. The following types of questions are commonly used in questionnaires.

Overall Satisfaction Questions

Research has shown that the likelihood to recommend and repurchase strongly correlates with customer satisfaction and loyalty. Questions such as the following measure overall satisfaction:

- Would you recommend our service to a co-worker?
- How likely are you to purchase a service from our company in the future?

But such questions do not provide the detailed information you need to make specific service and product improvements. Note that such questions should appear at the beginning of the questionnaire or interview. By asking about satisfaction first, you are more likely to get an unbiased estimate of the customer's actual satisfaction than if you ask it later.

Specific Service or Product Questions

Questions about satisfaction with *specific* service or product characteristics (like delivery timeliness, billing accuracy, or reliability) are questions pointing to specific areas that may need improvement. The table on the following page provides a set of general services and product characteristics that are appropriate in many business and private sector settings.

Instead of reinventing the wheel, start by examining which of the listed characteristics or attributes are appropriate to your situation. Then develop or research product attributes specific to your business or service. For example, if you are a restaurant owner, specific cleanliness attributes of the establishment, tableware, and service staff will be important. If you are a training provider, however, the following examples have been demonstrated to be important:

- instructors' presentation skills
- relevancy of course content to job requirements
- instructors' ability to address content questions that go beyond the content specified in the syllabus

Specific Service/Product Attribute Questions

Data from these questions will help identify the importance of specific service or product attributes to customers.

Background/Demographic Questions

These questions characterize the respondent in terms of variables such as the following:

- age
- volume and frequency of past purchases
- gender
- occupation

Use these variables to analyze the data to confirm that certain characteristics influence how customers answer the questions. For example, there may be a difference in how older versus younger buyers feel about purchasing an extended appliance or automobile warranty.

Because of their potentially sensitive nature, it is usually best if you place these questions at or near the end of the questionnaire or interview. You should also ensure their confidentiality. In fact, state explicitly that answering these questions is optional.

Psychographic Questions

Use these questions to identify consumer lifestyle characteristics and buying patterns.

Open-Ended Questions

Use open-ended questions to identify problem incidents or concerns other than those tapped in the specific questions. Here is an example of an open-ended question: "Please describe a time when we gave you particularly *effective* service. Now, please describe a time when we gave you particularly *ineffective* service."

Questions and Scales

Basically, you can divide all questions used in interviews and questionnaires into open-ended and closed-ended questions. Open-ended questions are questions the respondent answers in his or her own words: "What do you like best about Micro-Puffs Cereal?" Closed-ended questions are questions in which the customer selects or chooses an answer from among the options provided: "Which of the following statements describes your reaction to Micro-Puffs Cereal?" (provide statements).

If you do not want to limit a customer's answer to predetermined choices, use open-ended questions to explore an issue (for example, to identify specific issues to include in a written questionnaire or identify terminology known and used by the customer).

A major downside of open-ended questions is that the effort required to analyze and summarize responses may be substantial. (If you have ever taught, you know how relatively easy it is to compose an essay exam, and how difficult it is to grade one.) Some research does indicate that it is best to provide only closed-ended questions. Respondents may be turned off by the effort required to answer open-ended questions. One popular hotel chain, however, uses a guest comment card consisting entirely of open-ended questions.

Because they limit the response options, closed-ended questions are most efficient when you need to quantify. As a result of focusing or limiting responses, closed-ended questions are easy to tabulate. The best advice is to strike a balance. Do your homework by identifying issues of importance

Generic Attributes

The table below presents some generic service and product attributes. Use this table as a starting point when determining your customers' "satisfiers" and "dissatisfiers." Note that reliability, the first item listed, applies both if you provide a service or a product. The attribute "reputation" is also common to both services and products. The items are in no particular order of importance.

Service Attributes	Product Attributes
reliability	reliability
value for price	value for price
delivery	appearance
problem resolution	features
warranty	durability
trustworthiness of provider	range of products
quality of service	ease of use
communication	expandability
reputation of provider	reputation of company
complaint handling	documentation

and asking about those issues in closed-ended format. Include as well one or more open-ended questions to permit the respondent to comment if he or she so chooses.

Overall Satisfaction Questions

Michael Ryan, prominent customer satisfaction researcher, and his colleagues studied the value of a combined or composite measure of overall satisfaction. They recommend assessing overall satisfaction with three questions to improve the reliability of the rating:

1. In general, how satisfied are you with Company X on a scale ranging from "completely dissatisfied" to "completely satisfied." The order from completely dissatisfied to completely satisfied is intentional. Because customers tend to be more lenient in their ratings than their real opinion; this minimizes this tendency to inflate satisfaction ratings (which is known as the "positive response bias").

2. How well did Company X meet your expectations on a scale from "did not meet my expectations" to "exceeded my expectations"?

3. When thinking of your ideal company, how well does Company X compare on a scale from "very far away" to "very close to my ideal"?

Comparative Questions

These questions ask for explicit comparisons between products or services.

Compared to company-sponsored training from vendors other than Acme training, Acme's training is which of the following:

- ☐ *much better than I expected*
- ☐ *better than I expected*
- ☐ *about what I expected*
- ☐ *somewhat less than I expected*
- ☐ *much less than I expected*

A classic example is the choice between old and new versions of a product (such as in the soft drink taste tests or between your company's service or product and that of a competitor). By using such a question where clear-cut choices exist, you can determine your customers' preferences or usage of one item over another.

Binary Questions

Performance of a product or service can be rated using a two-choice or binary question. Be aware, however, that it is often difficult to provide binary choices (for example, A or B—because sometimes "it depends," or A is not clearly always preferable to B). Review the following example:

Have you experienced any problems with your automobile's braking?

- ☐ *Yes*
- ☐ *No*

When clear-cut choices exist, binary questions are useful in determining preferences between two items.

Paired Comparison Questions

These questions permit you to ask the respondent to pick the preferred of two or more objects. If you present more than two objects then the comparisons are made in pairs.

I would like to know your opinion of Brand A or B of Product X. Overall, which of the two brands, A or B, do you think is better, or are they both the same?

- ☐ *A is better.*
- ☐ *B is better.*
- ☐ *They are the same.*
- ☐ *I have no experience or opinion.*

A variation on this is to ask a series of questions to determine the preference for or satisfaction with more than two items. For example, an interviewer may ask if A or B is better, as in the example above. Then, assuming the customer answers "B," the interviewer could ask if B or C were better. Assuming the answer is "C," the interviewer could ask a final question if C or D were better. If the customer answers "C" then the interviewer would know that C is the preferred item among the four choices.

You are probably wondering, "Why not just ask which of the four items the customer prefers?"—a good question. The answer is that the paired comparison forces the customer to make a specific choice and to consider each pair of items. Some of the choices may be overlooked or not considered as carefully as others if they are all presented at one time. Try this approach the next time you purchase, for example, eyeglasses frames; you will probably make the final decision in a lot less time than usual.

Practical pointer. Make sure when asking any question that you provide a "don't know/no experience/no opinion" choice. This answer is as legitimate an answer as selecting any other scale point and can provide useful information about the customer's experience or awareness, particularly if you believe that the respondent may not have had the experience necessary to respond.

Behavioral Intention Questions

These questions try to determine the likelihood or probability of action that the customer will perform in the future.

How likely is it that you will switch your primary care medical doctor in the next six months?

- ☐ *extremely likely*
- ☐ *very likely*
- ☐ *somewhat likely*
- ☐ *likely, about a 50-50 chance*
- ☐ *somewhat unlikely*
- ☐ *very unlikely*
- ☐ *extremely unlikely*

Agreement Scales

These scales are sometimes called Likert scales after Rensis Likert, the psychologist, who developed them in 1932. They are very common in measuring product or service performance. Following is a sample question.

The instructor was enthusiastic about the course content.

- ☐ *strongly disagree*
- ☐ *disagree somewhat*
- ☐ *neither disagree nor agree*
- ☐ *agree somewhat*
- ☐ *strongly agree*

But you do not have to use the "agree" wording. Other appropriate phrases for measuring customer satisfaction and loyalty include satisfaction (very dissatisfied through very satisfied) and quality (very poor through very good).

Practical pointer. Be aware, however, of a common mistake made by inexperienced surveyors. Very often a questionnaire or interview will use too many different question types. This can be confusing to the customer. When you approach five or six different types of questions or scales, consider if you can convert all or most of the questions to a declarative sentence with an accompanying agreement scale. This will make the questions much easier to answer.

Adjective Scales

Adjective scales supply a question about the product's or service's performance and ask customers to select a response to rate the performance.

How would you rate the facilitator's ability to keep the group on task?

- ☐ *excellent*
- ☐ *very good*
- ☐ *fair*
- ☐ *poor*

A variation on this would be to ask respondents to rate the importance of a given attribute or set of attributes. As described later, when combined with satisfaction information, some very revealing patterns might be discerned.

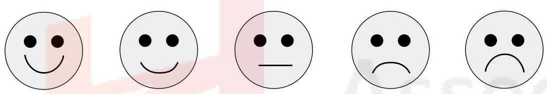
Practical pointers. To make the scale above balanced (that is, equal numbers of positive and negative choices), a four-point scale was used. A general guideline is to make the scale balanced.

Another general guideline is to limit the number of scale points to between four and seven, certainly no more than a maximum of nine. Regarding the "odd" versus "even" number of scale points debate, you should start with an odd number, say five or seven, unless you have a situation like the previous question. After you have drafted the questions, conduct a pilot test. If you find customers select the middle position and there is no legitimate reason other than it is a "safe" answer, convert the odd number of points to an even number of points.

Graphic Rating Scales

Graphic or pictorial rating scales are particularly effective for measuring the satisfaction of young customers or those with limited reading ability.

How do you feel about the comfort of your bicycle's seat?



Semantic Differential Scale

Developed by Charles Osgood and others to measure the meaning or "semantic space" of objects or experiences, these scales, used in the following example, can be very useful in measuring customer satisfaction and loyalty.

Please rate your opinion of Slippery Suds Beer by checking the appropriate point on each of the following scales:

Bitter	___:___:___:___:___:___:___	Sweet
Watery	___:___:___:___:___:___:___	Solid
Familiar	___:___:___:___:___:___:___	Strange
Musky	___:___:___:___:___:___:___	Clear
New	___:___:___:___:___:___:___	Old

Displaying Data

A particularly powerful way of graphing data to see trends is commonly referred to as "quadrant analysis." If, for example, you collect data about both the importance of and satisfaction with attributes of your services and products, you can plot these data in relationship to one another. On the basis of these data, you have a better idea of where to place your improvement efforts. Refer to the sidebar on the following page.

Question Wording

When measuring customer satisfaction and loyalty, you must be careful with how you word questions if you want to get useful results. One word can and often does make a difference. The following is a classic example. Customers of an auto body shop who observed an accident were asked the following question in one of two formats that differ by only one word.

1. How fast was the car going when it *ran* into the wall?

2. How fast was the car going when it *crashed* into the wall?

Which form, A or B, do you predict produced more accurate responses?

If you answered A, you are correct. Version A used the less emotionally charged word, "ran." Hence, estimates were more accurate. When you use a more specific term or one with less emotional overtones, respondents recall events more accurately.

Another interesting example relates to the dreaded age question. Which of the following do you think will elicit a more accurate response?

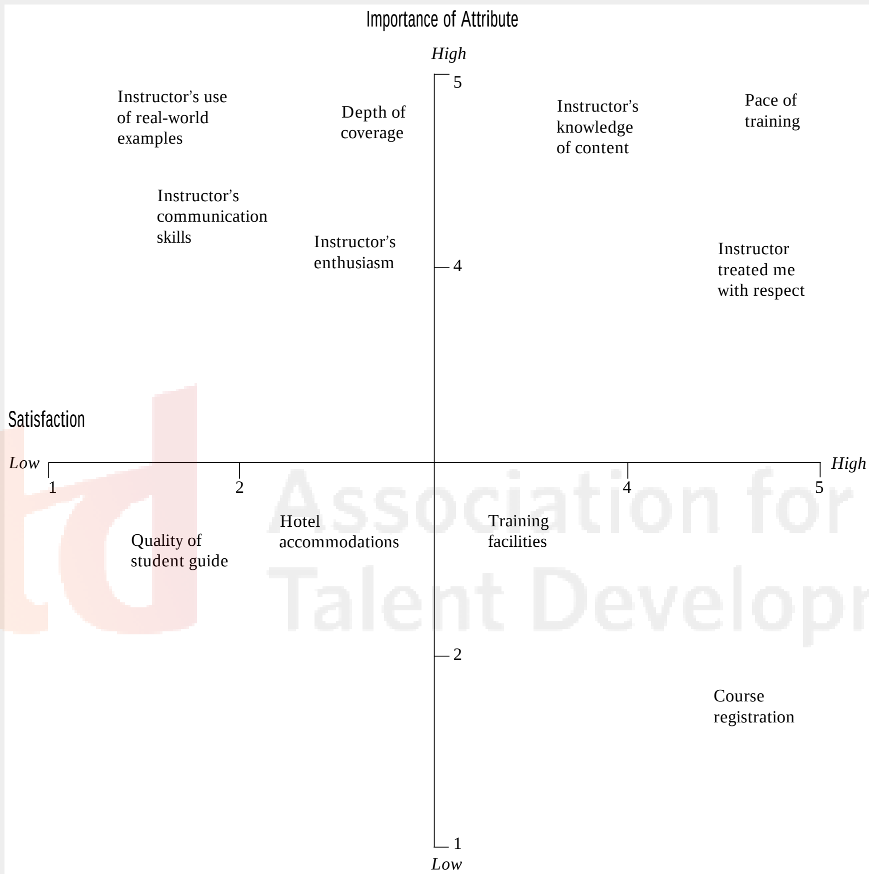
1. What is your age?

2. How old are you?

(The second form of the question may result in more answers of "39.")

Quadrant Analysis

This quadrant analysis displays a number of training attributes plotted against importance and satisfaction. Were there only one thing you could do to improve training, it would probably be to ensure that instructors are using real-world examples in their teaching. It has relatively high importance, but respondents are relatively unsatisfied. (While not depicted in the graph, each attribute is plotted according to its mean value; use of real-world examples has a mean of 4.7 in importance and 1.5 in satisfaction.) Why not plot the means? You certainly could, but sometimes detail does not add much. In fact, sometimes it gets in the way of the message.



Here are some guidelines to follow in question wording:

Avoid acronyms. Use the following:

How satisfied are you with your Integrated Digital Services Network?

Do not substitute the acronym:

How satisfied are you with your ISDN?

Do not overlap scale points. Ensure that your scale points do not overlap and that they are consistent and comprehensive. For example, the following format is correct:

How old are you?

☐ *Less than 20*
☐ *20 to 30*
☐ *31 to 40*
☐ *41 to 50*
☐ *51 or older*

Using the following format would only confuse participants:

- ☐ *Less than 20*
- ☐ *20 to 30*
- ☐ *30 to 40*
- ☐ *40 to 45*

Do not assume knowledge or experience. The following word construction allows an opportunity for the survey participant to acknowledge that he or she has no knowledge of the product:

How satisfied are you with the operation of your electric saw?

- ☐ *very dissatisfied*
- ☐ *somewhat dissatisfied*
- ☐ *neither dissatisfied nor satisfied*
- ☐ *somewhat dissatisfied*
- ☐ *very dissatisfied*
- ☐ *haven't had a chance to use it yet*

If you use the following construction, you force the participant to provide incorrect information:

How satisfied are you with the operation of your electric saw?

- ☐ *very dissatisfied*
- ☐ *somewhat dissatisfied*
- ☐ *neither dissatisfied nor satisfied*
- ☐ *somewhat dissatisfied*
- ☐ *very dissatisfied*

Use words familiar to the customer. Try to avoid the use of technical terms or jargon. Use the following:

To what extent do you feel you can take action, as needed?

Not this:

To what extent are you empowered?

Keep it simple, short, and single-minded. Your reader will appreciate easy, uncomplicated questions, such as the following:

What is the likelihood that you will stay a customer of our camera store?

Questions like the one that follows will only confuse:

Given your past relationship with our store and your firsthand knowledge of our services and products, how likely is it that you will remain a customer in the short term and long term?

Use explicit "yes/no"—not "all that apply." Because they tend to not pay equal attention to all items in a list, especially a long list, customers have a tendency to select the first and last items in a list more frequently than those in the middle. To avoid this problem, use an explicit "yes/no" scale.

Which of the following criteria did you use in selecting our airline for your travel today?

Yes	No	
☐	☐	*convenient schedule*
☐	☐	*reputation*
☐	☐	*cabin service*
☐	☐	*recommendation of friend*
☐	☐	*electronic ticketing*
☐	☐	*new aircraft*
☐	☐	*convenient destinations*

Do not use the following format:

Which of the following criteria did you use in selecting our airline for your travel today? Check ALL that apply.

- ☐ *convenient schedule*
- ☐ *reputation*
- ☐ *cabin service*
- ☐ *recommendation of friend or colleague*
- ☐ *electronic ticketing*
- ☐ *new aircraft*
- ☐ *convenient destinations*

Question Sequencing

The order of questions on questionnaires and in interviews is extremely important. Try to group questions dealing with similar content together (and insert a section heading identifying the category of questions). There are two basic order patterns:

1. Top-Down. In this order, general questions are placed first, followed by specific questions. This is the recommended default question order as it tends to minimize bias.

2. Bottom-Up. In this order, specific questions are placed first and followed by more general questions. This pattern is appropriate when the content is new or relatively unknown to the customer or if you have limited space on the questionnaire or time in the interview.

Ready, Set, Measure

If you want to retain your customers, you have to know the following:

- Who they are.
- What they want.
- What they value.

This issue of *Info-line* presents a general model for enhancing customer satisfaction and loyalty and provides some guidelines for measuring the correct things and measuring them correctly. Adopting the right mindset and following through with a measurement plan that is both reliable and valid will not alone improve your business results, but without it, the likelihood of success is a roll of the dice.

Question Sequence

Use the question sequence illustrated below to gather customer satisfaction and loyalty information successfully.

Cover Letter

↓

Directions

↓

Overall Satisfaction

↓

Likelihood to Repurchase and Recommend

↓

Satisfaction/Loyalty Criteria—This Purchase/Transaction

- expected product/service
- actual experience
- importance rating

↓

Background (Demographics)

↓

Return Instructions for Questionnaire

Thank You

Trying Out Customer Satisfaction Questionnaires

It is extremely important to try out or pilot test customer satisfaction surveys. The reason is that developing good questionnaires is part art and part science. Even after many years of experience, acknowledged experts admit that they cannot write a perfect question or questionnaire each time. Here are some common questions about pilot testing questionnaires and answers.

■ *Who Should be Involved in the Pilot Test?*

First, have subject matter experts familiar with the content review the draft questionnaire. Ask them to comment on the question format, wording, scale (if used), directions, and so forth. Next, ask customers to review the draft questionnaires. Try to get customers who fit your target marketing or business profile. For example, if you are selling to high-income customers, make sure to invite them to participate in the pilot test. In some cases, it is a good idea to invite customers outside the target group to participate because they often provide a fresh perspective on the content.

■ *How Many Customers are Needed for the Pilot?*

You can satisfactorily conduct most pilot tests with between six and 10 customers, although survey and marketing literature report that the size range of many studies is between 10 and 20. It is not necessary to draw a statistically valid sample for the pilot test. Use a random sample for the pilot if you want to use a random sample for the actual study.

■ *How Should You Conduct the Pilot Test?*

Use a focus group interview. The group interview is preferable, regardless of whether you will administer the survey as a written questionnaire or interview, because it allows probing and interaction. Have the customers take the written form of the survey and then lead a discussion around it. One technique that is particularly useful is to ask one participant to interpret orally the meaning of a question and then ask others if their interpretation was similar or different.

■ *What Questions Should be Asked?*

In addition to asking for overall reaction to the questionnaire, ask customers to also comment on the following:

- strengths
- needed improvements
- wording of questions (for example, avoids jargon terms and defines acronyms)
- scales, if used (for example, was format of scales easy to answer and scale wording clear)
- directions (for example, do the directions include instruction on how to return the completed survey)
- cover letter (for example, was it clear, did it specify a contact person if you have questions, was the sponsor identified, does it tell how and why recipients were chosen, were incentives, if any, specified)
- format (for example, was it easy to follow and attractive, did questions deal with the same content grouped into sections with section headings, were graphics and color used appropriately)

References & Resources

Articles

Becker, Sally A., and Darryl Flamer. "Checking Out Customers' Needs After the Deal." *Mergers & Acquisitions,* November/December 1997, pp: 8-10.

Bergin, Sarah. "Communication is the Key to Customer Success." *Transportation & Distribution,* March 1997, pp: 82-84.

Cassidy, Michael F., et al. "Identifying Expectations for Service Quality in Training and Education through Process Needs Assessment. *Performance Improvement Quarterly*, vol. 6, number 2, 1993, pp: 3-16.

Cooper, Peter. "Consumer Understanding, Change and Qualitative Research." *Journal of the Market Research Society*, vol. 41, no. 1, January 1999.

Falcioni, John G. "The Market of One." *Mechanical Engineering,* vol. 120, no. 11, November 1998.

Harari, Oren. "Thank Heavens for Complainers." *Management Review,* March 1997, pp: 25-29.

Harry, Mikel J. "Six Sigma: A Breakthrough Strategy for Profitability." *Quality Progress,* May 1998, pp: 60-64.

Hart, Christopher W., and Michael D. Johnson. "Growing the Trust Relationship." *Marketing Management,* Spring 1999, pp: 8-19.

Jamison, C. "Do You Know What Your Customers Really Want?" *The British Journal of Administrative Management,* January/February, 1999.

Kohnke, Luane. "Establishing Customer-Focused Transaction Standards at Prudential." *National Productivity Review,* Spring 1998, pp: 39-45.

Massnick, Forler. "Customer Service Can Kill You." *Management Review,* March 1997, pp: 33-35.

Post, Carol. "Marketing Data Marts Help Companies Stay Ahead of the Curve and In Front of the Competition." *Direct Marketing,* April 1997.

Powers, Vicki J. "Measuring Up." *Ivey Business Quarterly*, Spring 1998, pp: 52-57.

Reichheld, Frederick F., and W. Earl Sasser, Jr. "Zero Defections: Quality Comes to Service." *Harvard Business Review,* September/October, 1990, pp. 105-111.

Rich, Ann B. "Continuous Improvement: The Key to Future Success." *Quality Progress,* June 1997, pp: 33-36.

Rigby, Rhymer. "The Alchemy of Complaint Management." *Management Today,* April 1998, pp: 90-92.

Stewart, Thomas A. "A Satisfied Customer Isn't Enough." *Fortune,* July 21, 1997, pp: 112-113.

Tax, Stephen S., and Stephen W. Brown. "Recovering and Learning from Service Failure." *Sloan Management Review,* Fall 1998, pp: 75-88.

Taylor, Timothy B. "Better Loyalty Measurement Leads to Business Solutions." *Marketing News,* vol. 32, no. 22, 1998.

Wilheim, Wayne, and Bill Rossello. "The Care and Feeding of Customers." *Management Review,* March 1997, pp: 19-23.

Zemke, Ron. "The Service Revolution: Who Won?" *Management Review,* March 1997, pp: 10-15.

Books

Anderson, Kristin, and Ron Zemke. *Delivering Knock Your Socks Off Service.* Revised edition. New York: AMACOM, 1991,

Gitomer, Jeffrey. *Customer Satisfaction is Worthless; Customer Loyalty is Priceless.* Austin, TX: Bard Press, 1998.

Juran, J. M. *Juran on Quality by Design.* New York: The Free Press, 1992.

Sewell, Carl. *Customer for Life: How to Turn That One-Time Buyer Into a Lifetime Customer.* New York: Pocket Books, 1990.

Sveiby, Karl E. *The New Organizational Wealth: Managing and Measuring Knowledge-Based Assets.* San Francisco: Barrett-Koehler, 1997.

Info-lines

Albrecht, Karl. "Service Management: 2000." No. 9901.

Cassidy, Michael F. "Group Decision Making." No. 9906.

Chalosky, Neal. "Conducting Focus Groups." No. 9907.

Cowan. Stella. "Change Management." No. 9904.

Darraugh, Barbara (ed.) "How to Facilitate." No. 9406.

———."How to Provide First-Rate Customer Service." No. 9301.

Job Aid

Customer Satisfaction Measurement Checklist

Answer the following questions to determine how well you know your customers. You might find that you need to conduct a survey or focus group to better understand who your customers are and what they value.

Overall Customer Satisfaction	Yes	No
1. Have you adopted a customer value perspective?		
2. Do you know who your customers are and what they value?		
3. Have you defined your customers' critical success factors (CSFs)?		
4. Have you performed a competitive analysis?		
5. Have you created a customer measurement system?		

Measurement-Specific Checklist	Yes	No
1. Do interview data exist? ● If yes, do they give you a sufficient understanding of your customer's values, requirements, and satisfaction? ● If no, are secondary data available? ● If yes, do they give you a sufficient understanding of your customers' values, requirements, and satisfaction? If no, continue on with the following questions.		
2. Do you know the size of your customer population and sufficient details to determine the type and size of the sample?		
3. Have you evaluated the potential use of each question you plan to ask and eliminated any questions that will not help you make decisions?		
4. Have you determined the types of qualitative and quantitative analyses you plan to use?		
5. Have you pilot tested the questionnaire for reliability, validity, and utility?		
6. Have you used a questionnaire to do the following: ● validate the product or service attributes of greatest importance to your customers? ● ask relevant demographic and psychographic questions to discern trends among your customers? ● assess *overall* satisfaction? ● assess relative importance of *specific* product or service attributes? ● determine the likelihood of customer repurchasing and recommendations of your service or product to others?		

Order Selected *Info-line* Single Issues

Business Skills

Iss. No.	
8511	Business Basics
9907	Conducting Focus Groups
9007	Cost-Benefit Analysis
8806	Listening to Learn
8710	Productive Meetings
9004	Project Management
9506	Time Management
9913	Successful Global Training

Career Development

Iss. No.	
9504	Career Advising
9410	Career Systems Development
8708	Orientation Programs
9312	Succession Planning

Consultant's Series

Iss. No.	
9515	Ethics
9403	Outside Consulting
9613	Promoting Your Business
9513	Write A Business Plan
9514	Write a Marketing Plan

Instructional Systems Development

Iss. No.	
9706	Basics of ISD
8505	Behavioral Objectives
8905	Course Design & Development
9201	Dev. & Admin. Training
9711	Effective Job Aids
9707	High Performance Trng Manuals
9712	Instructional Objectives
8906	Lesson Design & Development
9611	Mini Needs Assessment
9401	N/A by Focus Groups
8502	Needs Analyst
9708	OJT
9408	Strategic Needs Analysis
9808	Task Analysis

Management Development

Iss. No.	
9508	360-Degree Feedback System
9006	Coaching & Feedback
8909	Coming to Agreement
8901	Creativity
9812	Selecting a Coach
9011	How to Delegate
9402	Leadership
9904	Managing Change
9010	Mergers & Downsizings
8711	Mgmt Development Process
9108	Motivation
9005	Performance Appraisal
9809	Scenario Planning
9710	Strategic Planning
9003	Train Managers to Train

Organizational Development

Iss. No.	
9602	16 Steps to Learning Organization
9704	Action Learning
9807	Chaos & Complexity Theory
9903	Knowledge Management
8812	Organizational Development
9304	Organizational Culture
9703	Systems Thinking

Performance

Iss. No.	
9702	From Training to Performance
9811	Fundamentals of HPI
9606	Link Training to Performance Goals
9715	Role of the Change Manager
9714	Role of the Per. Interv. Specialist
9803	Role of the Perf. Evaluator
9713	Role of the Perf. Needs Analyst

Presentations Skills & Games

Iss. No.	
8411	10 Great Games
8602	Alternatives to Lecture
8911	Icebreakers
9409	Improve Your Speaking Skills
8606	Make Every Presentation a Winner
8412	Simulation & Role Play
8410	Visual Aids

Research & Evaluation

Iss. No.	
9110	Affective/Behavioral Change
9801	Benchmarking
9008	Collect Data
9705	Essentials for Evaluation
9709	Evaluating Technical Training
9605	Focus a Training Evaluation
9813	Level 1 Evaluation
9814	Level 2 Evaluation
9815	Level 3 Evaluation
9816	Level 4 Evaluation
9805	Level 5 Evaluation: ROI
9101	Statistics for HRD Practice
8612	Surveys from Start to Finish
8907	Testing for Learning Outcomes
9112	Tracking Operational Results

Teams & Quality

Iss. No.	
9210	Continuous Process Improvement
9111	Fundamentals of Quality
9906	Group Decision Making
9407	Group Process Tools
9406	How to Facilitate
9901	Service Management 2000
8701	Team Building at Its Best

Training Basics

Iss. No.	
9609	3-5-3 Approach to Creative Training
9209	Accelerated Learning
8808	Basic Training for Trainers
9503	Core Competencies
9608	Do's & Dont's for New Trainers
8604	Effective Workshops
8506	Good Learning Environments
8605	Market Your Training Program
9909	Technical Training
8804	Training & Learning Styles
9804	Transfer of Skills Training

Training Technology

Iss. No.	
9701	Delivering Quick Response IBT/CBT
9607	Distance Learning
9806	EPSS
9908	Evaluating Off-the-Shelf CBT Courseware
9002	High-Tech Training
9802	Intranets
9810	Job Oriented Computer Training
9902	Learning Technologies
9905	Training Telecommuters

Workplace Issues

Iss. No.	
9203	ADA: Impact on Training
9204	ADA:What Trnrs Need to Know
9511	Building Internship Programs
8908	Job Related Literacy
9502	Preventing Burnout
9305	Valuing & Managing Diversity

For a complete listing of all available *Info-line* issues, visit us at: www.astd.org

See attached card for ordering information, or call 800.628.2783 **or** 703.683.8100

Association for
Talent Development

1640 King Street
Box 1443
Alexandria, VA 22313-2043
PH 703.683.8100, FX 703.683.8103
www.astd.org