

Customer Satisfaction & Quality

Customer Relationship Management Module 7

Goals

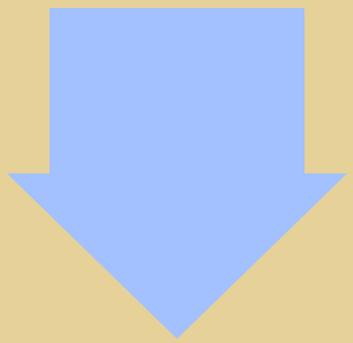
- To help a participant to understand the dimensions customer satisfaction and to improve his/her business performance
- To help a participant to understand connections between quality of services and development of customer relationships
- Main themes:
 - Customer Satisfaction
 - Quality of Services

Customer Satisfaction

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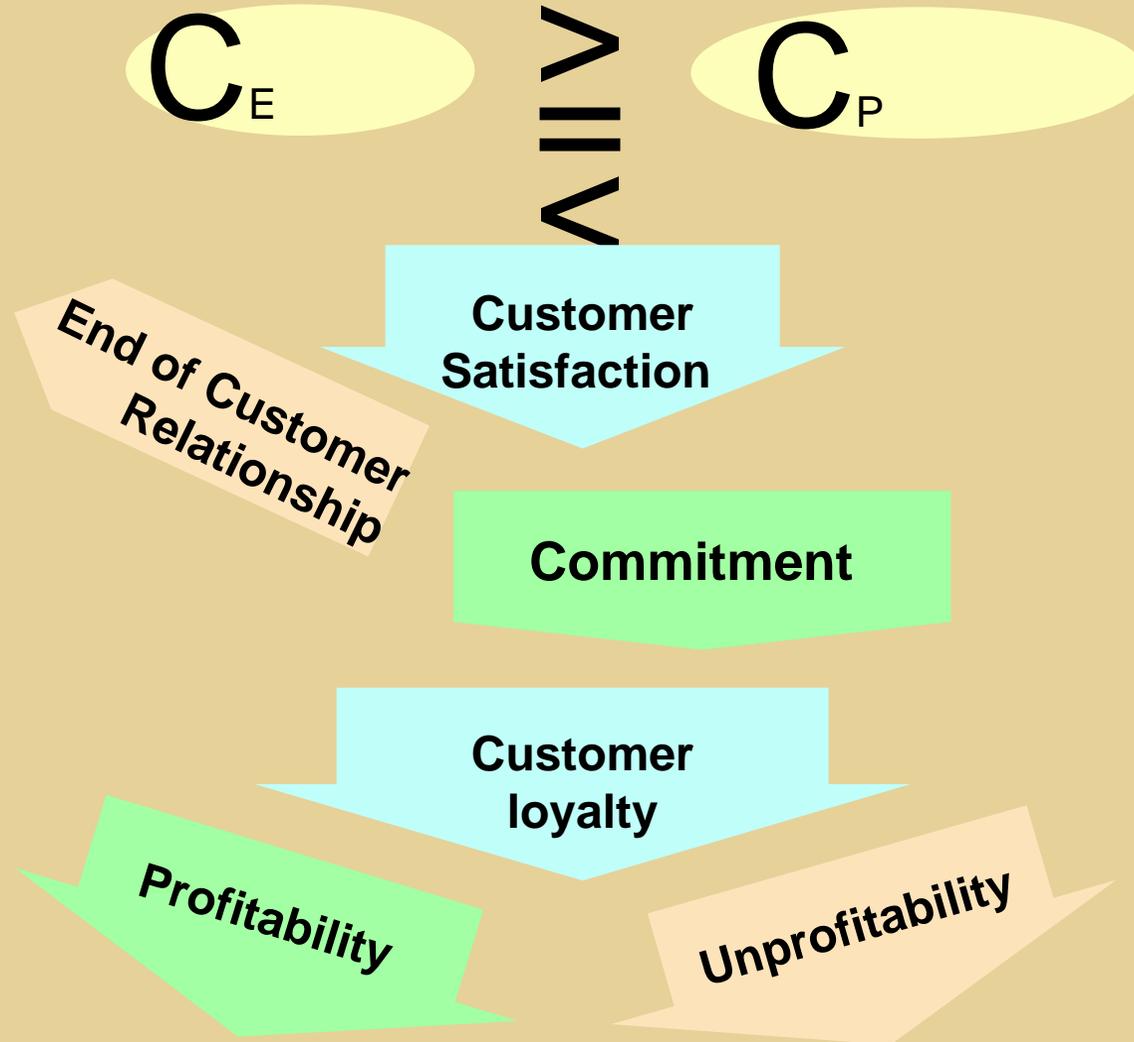


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Customer Satisfaction

Customer Satisfaction



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Customer Loyalty

Is a customer loyal to:

- Company?
- Contact Person?
- Other customers?
- Product/ Brand?

Dimensions of Customer Loyalty

Dimension of action

- Contracts
- Technics

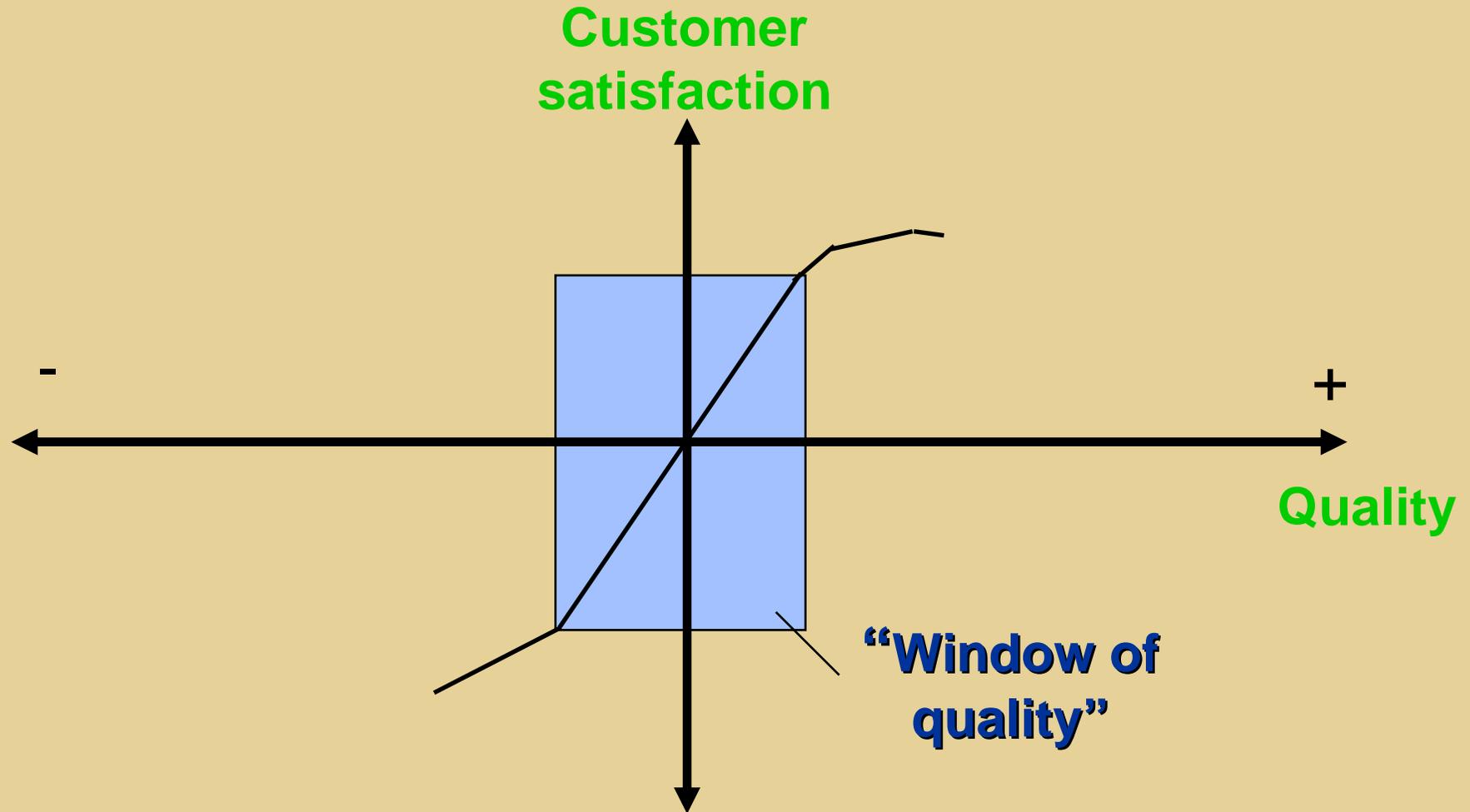
Dimension of knowledge

- ◆ Learning
- ◆ Up-dating knowledge

Dimension of emotion

- Images
- Tradition
- Confidence

Customer Satisfaction & Quality



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Quality:

an estimation of a company (not necessary own experience)

Customer satisfaction:

an estimation of a company, based on own expectations and experiences

Value :

Experienced quality - experienced costs (incl. a price and other costs)

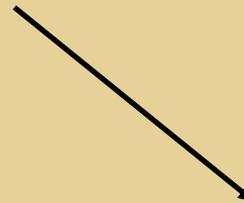
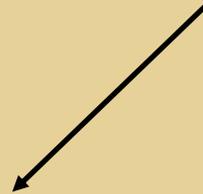
Effects of Customer Satisfaction

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Quality of Services → Lower costs



Satisfaction of personnel ↔ **Customer Satisfaction** → Profitability



Strength of CR

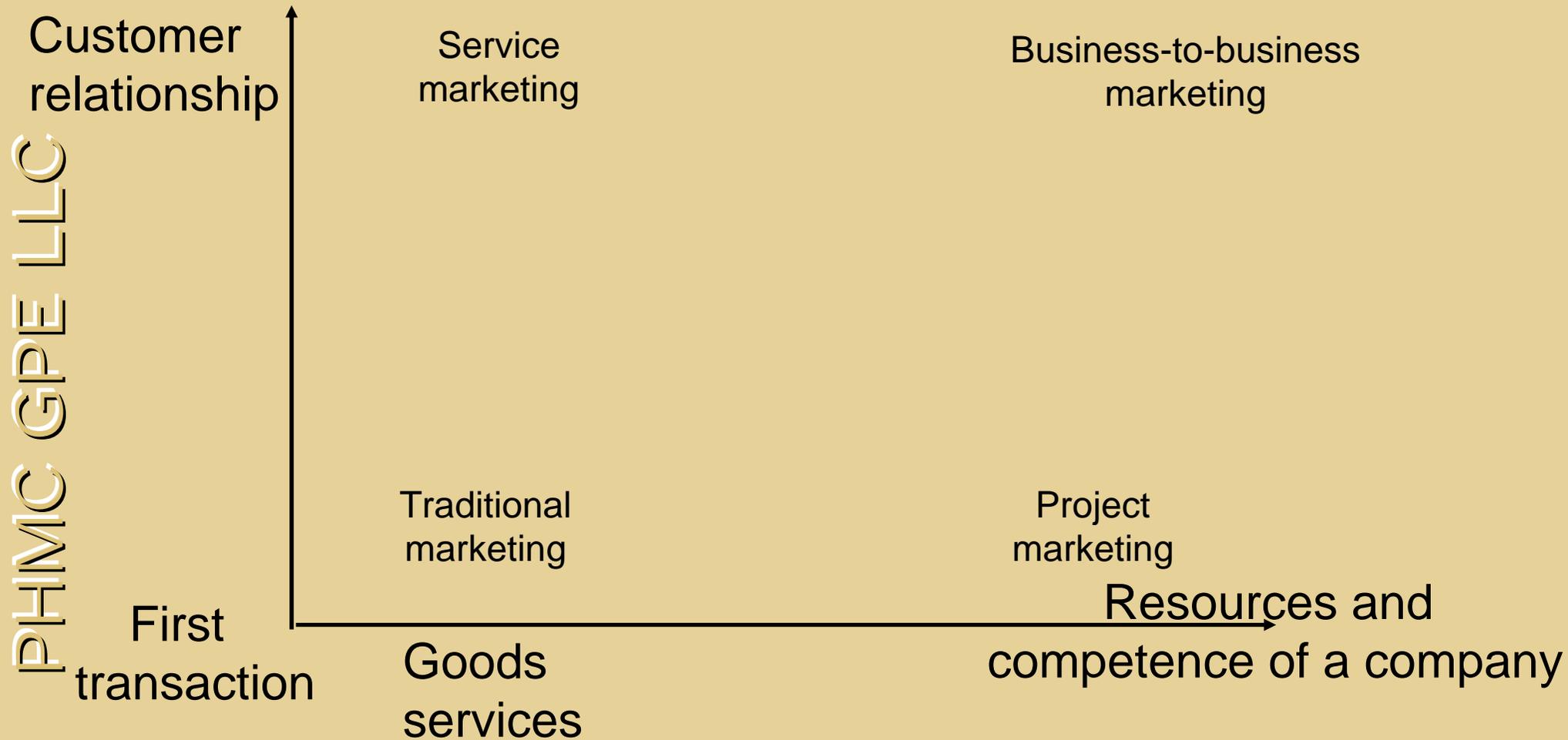
Marketing made by a customer

- To know customer needs - easier to satisfy them next time
- Lower costs of marketing
- Reducing Price
- Opportunity for extra selling

- Lower costs of marketing
- Raising reliability
- Easier to create a positive image for new customers



Dimensions of Quality



Aspects of Quality

- 1. Production oriented quality**
- 2. Product oriented quality**
- 3. Value oriented quality**
- 4. Competition oriented quality**
- 5. Customer oriented quality**
- 6. Society oriented quality**
- 7. Environment oriented quality**

Problems of Quality Work

- It requires systematic investment
- It requires contacts to customer and understanding their value creation process
- It requires real interest in development work

Quality of Services

Quality of Service

Relational

- **in-company quality is not enough**
- **there are different kinds of customers**
- **quality in relation to price**
- **quality in relation to competitors**
- **it requires on-going development**

Total

- **everything effects on total quality**
- **in-company customers**

Dependent on details

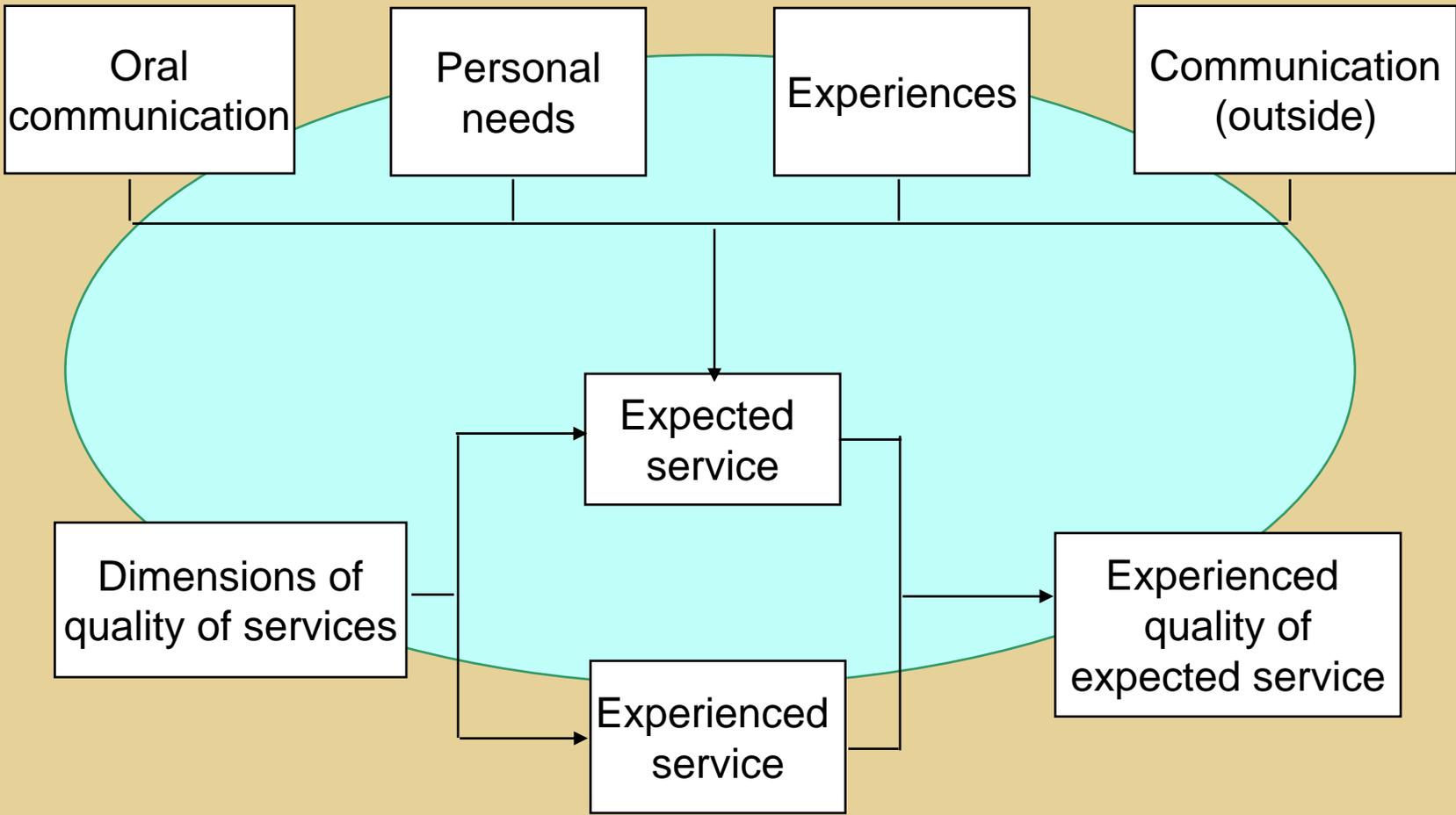
- **uniform quality**
- **small things can give advantage in competition**

Quality of Service and Customer Satisfaction

A Strategic Approach

- **Objective quality**
- **Experienced quality**
- **Quality of episodes - quality of CR**
- **Visionary quality**

Quality of Services - A Basic Model



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Expectations are effected on

- ◆ Marketing communication
- ◆ Image
- ◆ Price of service
- ◆ Oral communication
- ◆ Customer needs
- ◆ Earlier experiences
- ◆ Investments of a customer
- ◆ Details in the situations

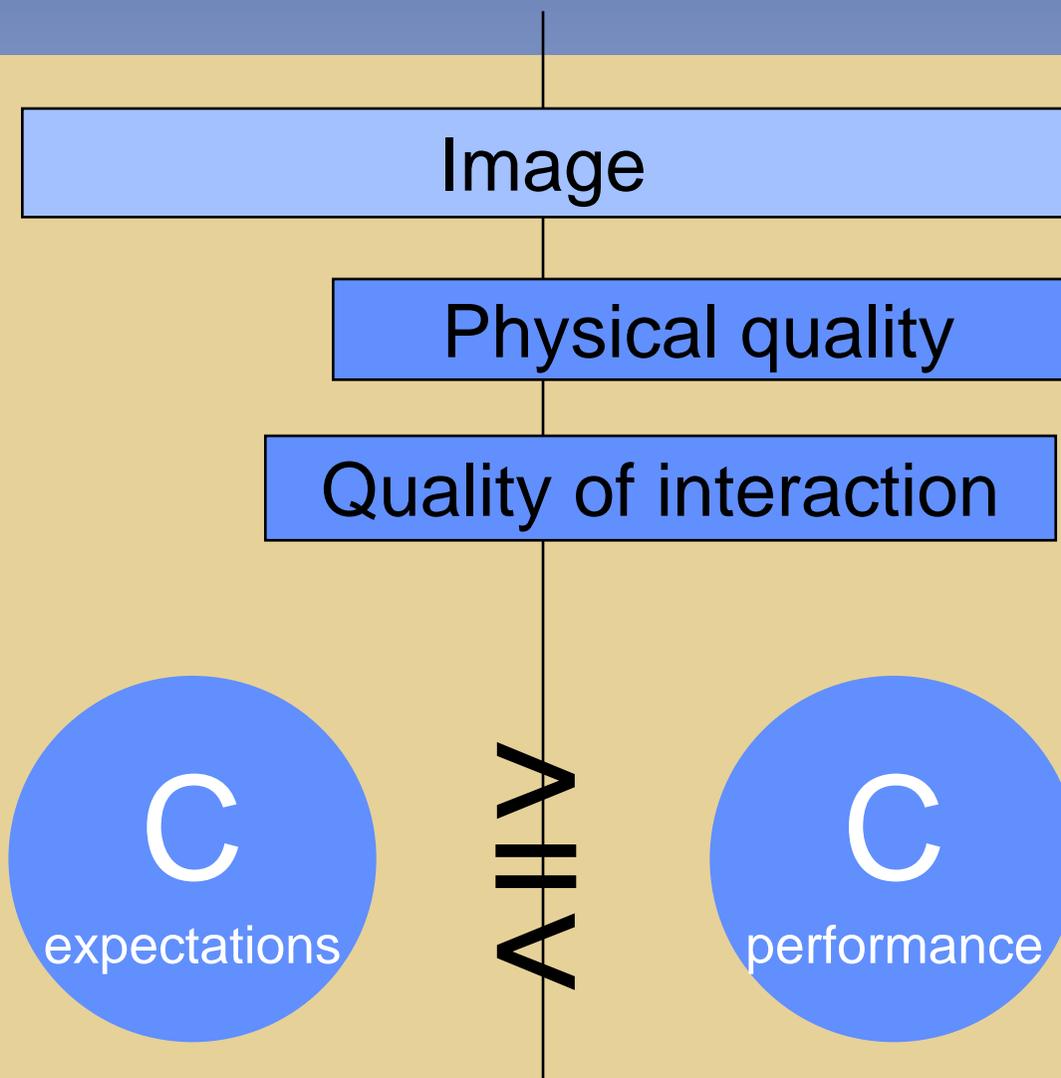
Expectations of A Customer

	Standard for comparison	Episode
Ideal types	Ideal service Wanted service	
Connected with branch	The best experienced service A typical service Accepted service	
Connected with customer relationship	Typical for that special company	Experiences including All the acts and episodes during the customer relationship
Case by case	Expectations this time	Experiences this time

Experiences are affected by...

...all the variables present at service situation:

- ◆ personnel
- ◆ operations in service process
- ◆ service environment and other physical resources
- ◆ price
- ◆ ... As well as a customer him/herself!



Experienced Quality

Image

WHAT

Entirety of service
Physical resources
Competence of a company

Atmosphere inside a company
Competence of personnel
Behavior

Appearance

Handling customer contacts
Reliability

HOW

Motivation

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Quality Criteria of A Customer

1. **Reliability:** things are done correctly, timetables are kept etc.
2. **Physical resources:** rooms, machines, equipments etc.
3. **Willingness to serve:** ready to serve, quickness
4. **Expertise**
5. **Courtesy:** friendly, respectful personnel
6. **Reliability:** image, consistency, accuracy
7. **Security:** physical, economical risk
8. **Access:** easiness to access at convenient times, waiting times
9. **Communication:** easiness to understand
10. **Understanding the customer:** special needs and wishes

Price and Quality

Price effecting before service situation:

- ◆ price is a hint of quality of service

Price effecting after service situation:

- ◆ paid price is a cost which will be compared to experienced value

Measuring Service Quality

Measuring Service Quality

“Objective”

“Subjective”

Quality standards

Qualitative “story”

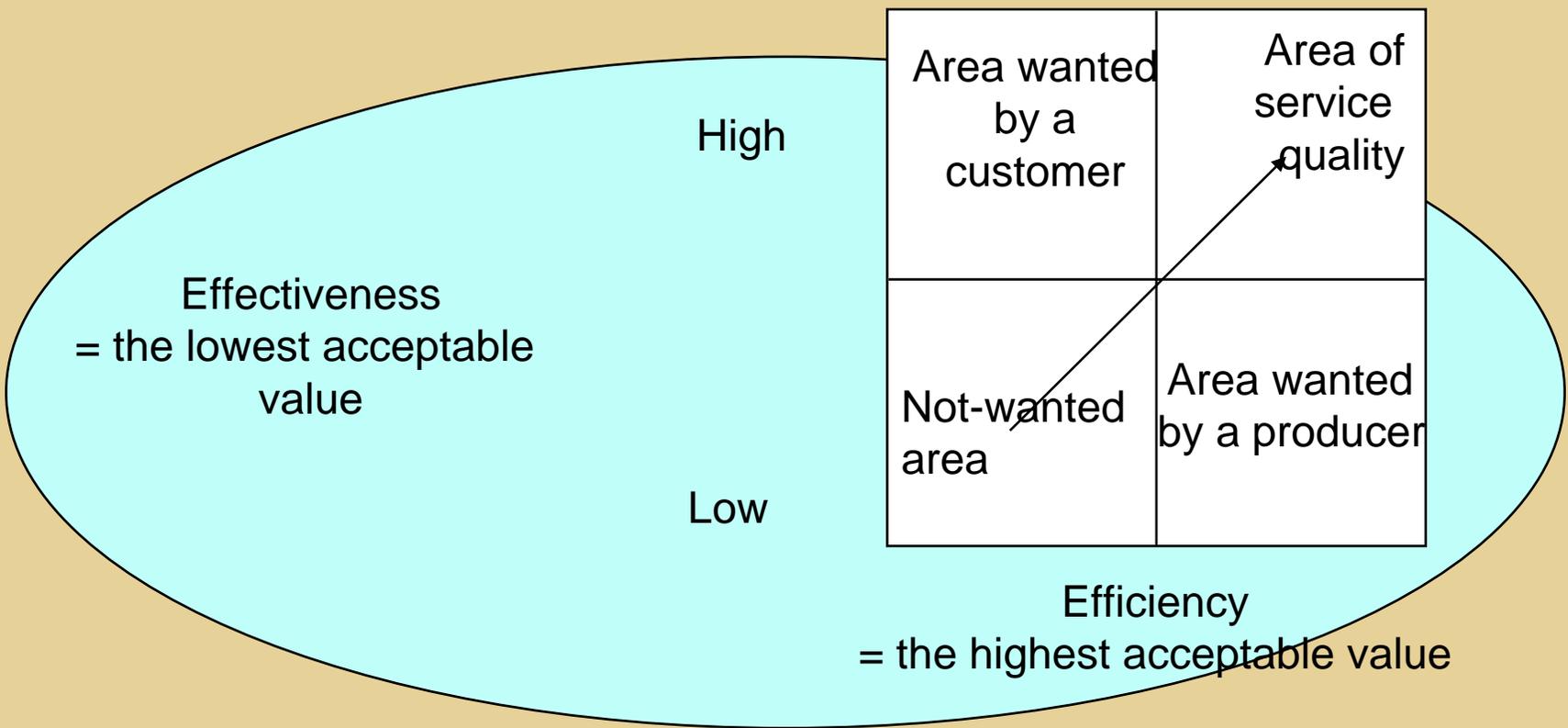
Estimation based on qualities

- ◆ Interviews
- ◆ Complaints
- ◆ Critical episodes
- ◆ “Customer juries”
- ◆ “Mystery shopper”

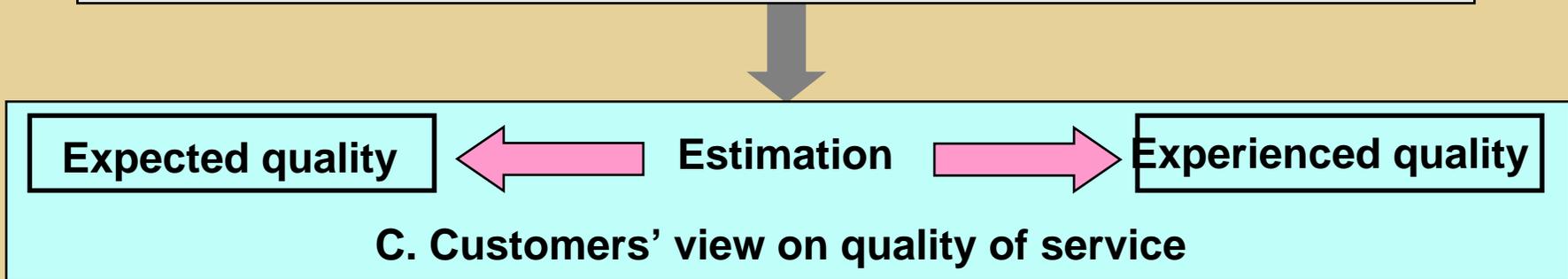
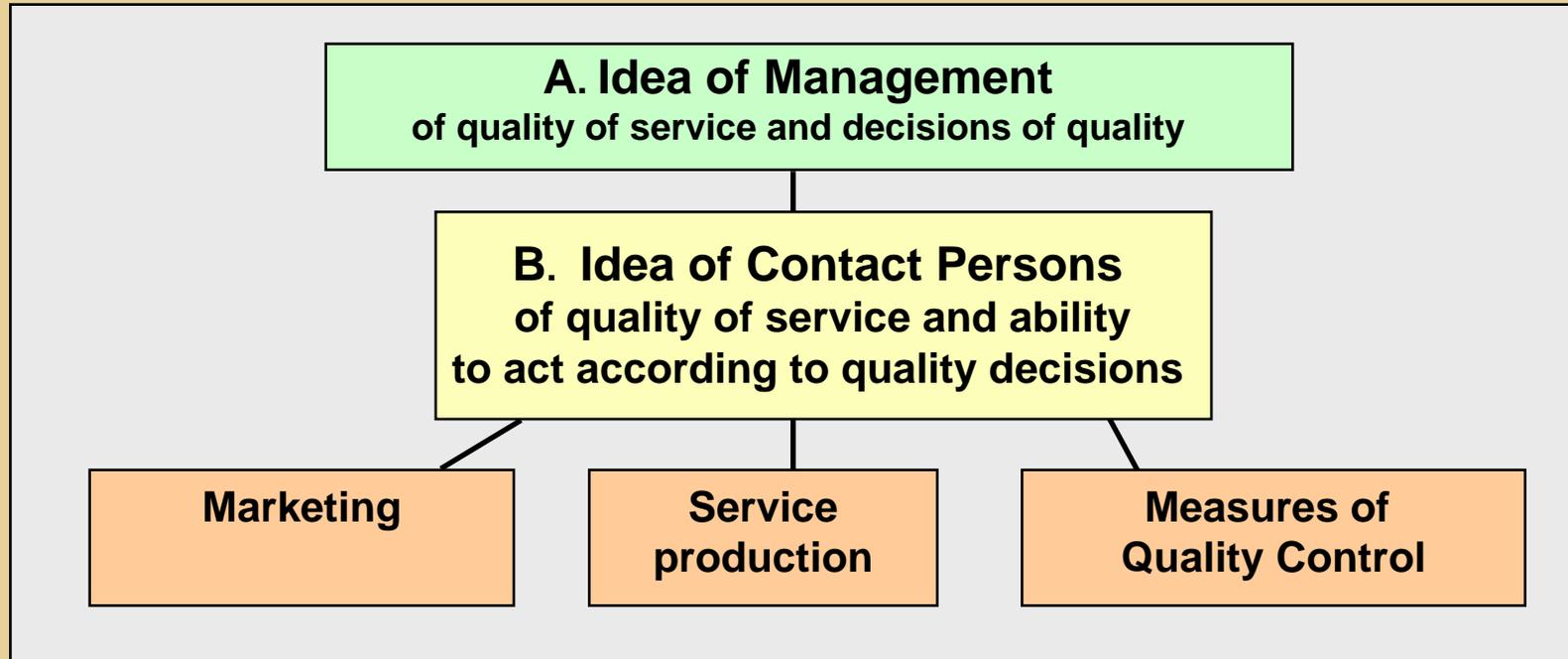
- ◆ “Normal” inquiry
(service is measured by scale)
- ◆ Picking up problematic situations
- ◆ SERVQUAL - type scale

The Model of Service Quality by Davis

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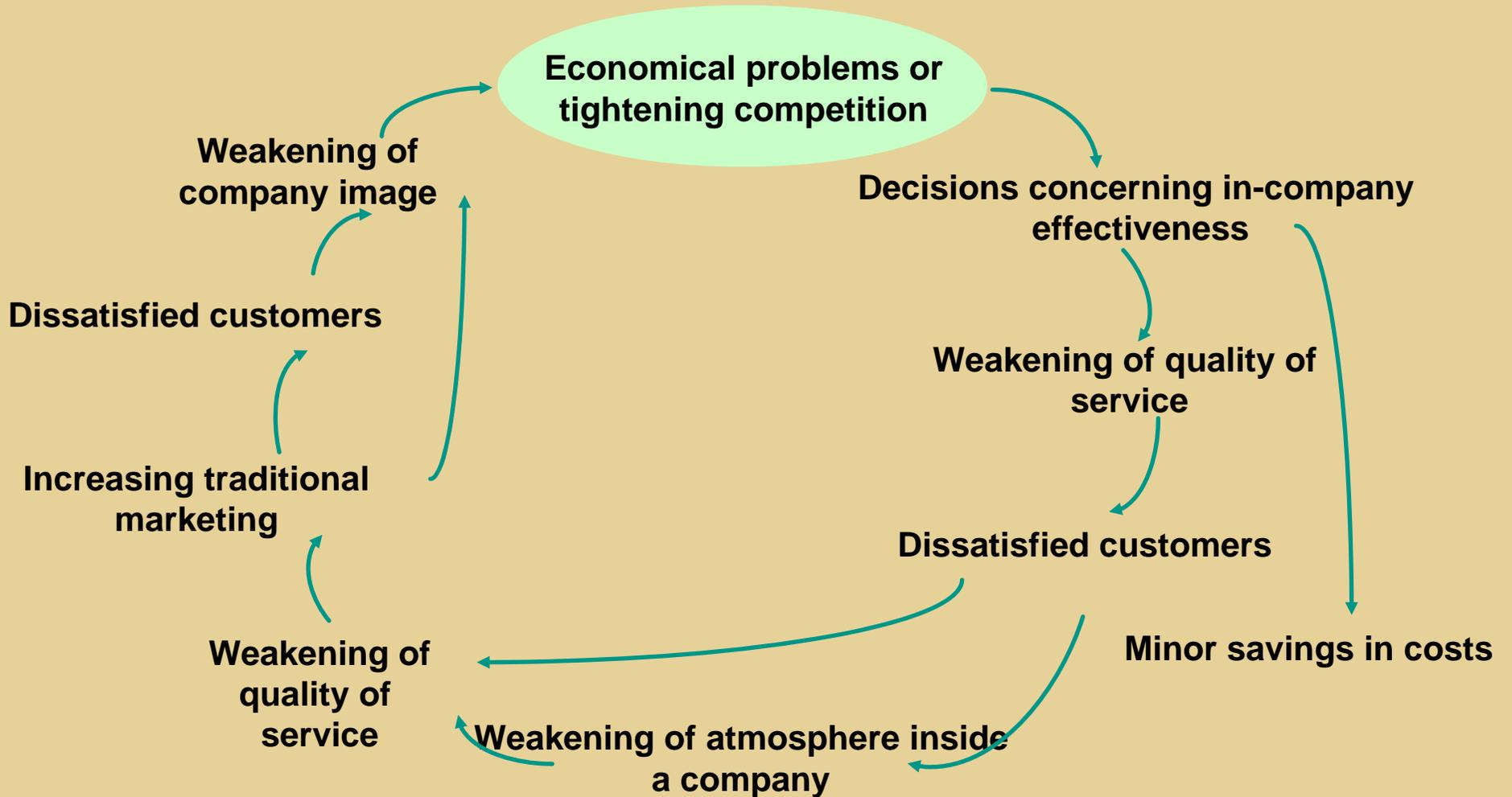
Quality management of a service company



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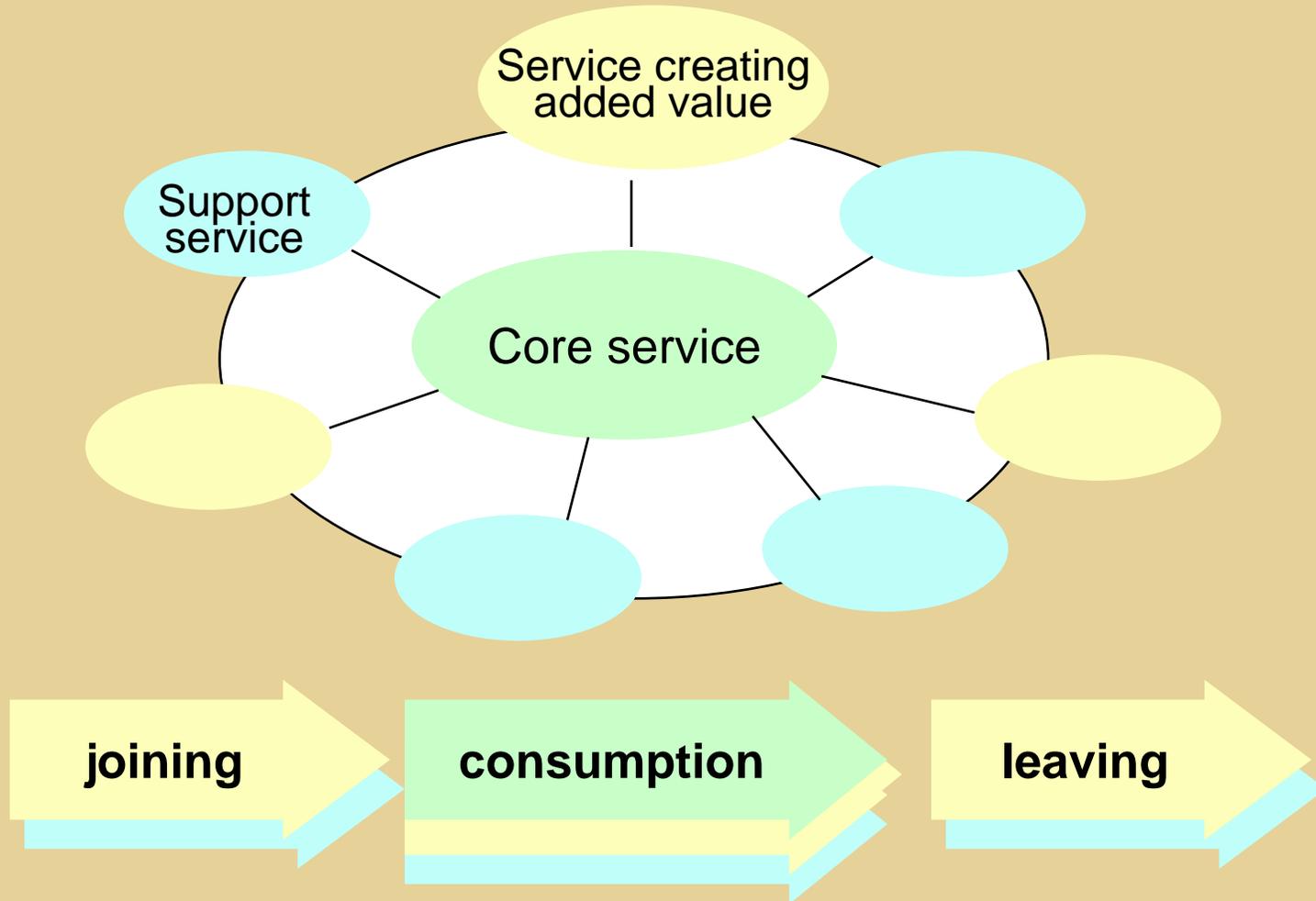
Vicious Circle

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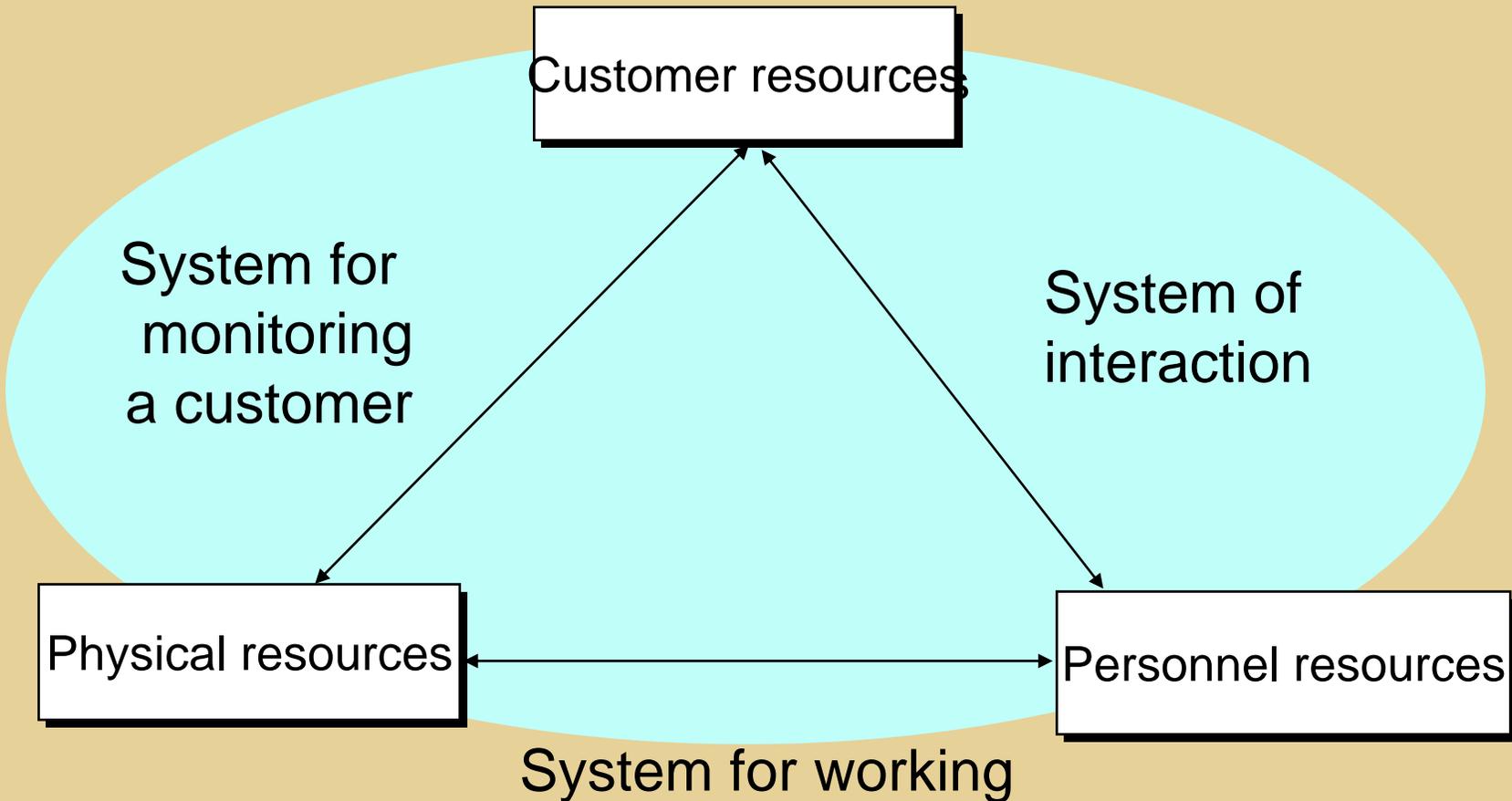


Service Processes

Phases of Service Process



Service Systems of A Service Company



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Resources of Service Production

Customer Resources

- customer participates in service production
- customer effects on service of other customers

Personnel Resources

- customer contact personnel

Physical Resources

- frameworks
- goods
- tools

Customer Participation & Division of Labor

Division of labor between customers

– **guiding**

Division of labor between customers and
personnel

– **use of resources**

Division of labor between customers and
physical resources

– **“users guides”, manuals**

Participating Styles of Customers

- ◆ **Defining** = a customer defines himself the service package he wants
- ◆ **Marketing** = a customer informs others about the service he has used
- ◆ **Developing** = a customer gives impulses for development work of services
- ◆ **Controlling** = a customer controls the quality of service he uses and aims at controlling the production process as well
- ◆ **Productive** = a customer is an essential resource in production process
- ◆ **Consuming** = a customer uses the service during the total production process

Production System of Service

A Part not seen by a customer:

- ◆ service strategy
- ◆ in-company services
- ◆ systems

A Part seen by a customer:

- ◆ contact persons
- ◆ machines, equipments,
- ◆ other physical resources
- ◆ other customers

In-Company Marketing

TRAINING

ACTIONS OF FOREMEN
IN-COMPANY COMMUNICATION

Recruiting good workers

Keeping good employees

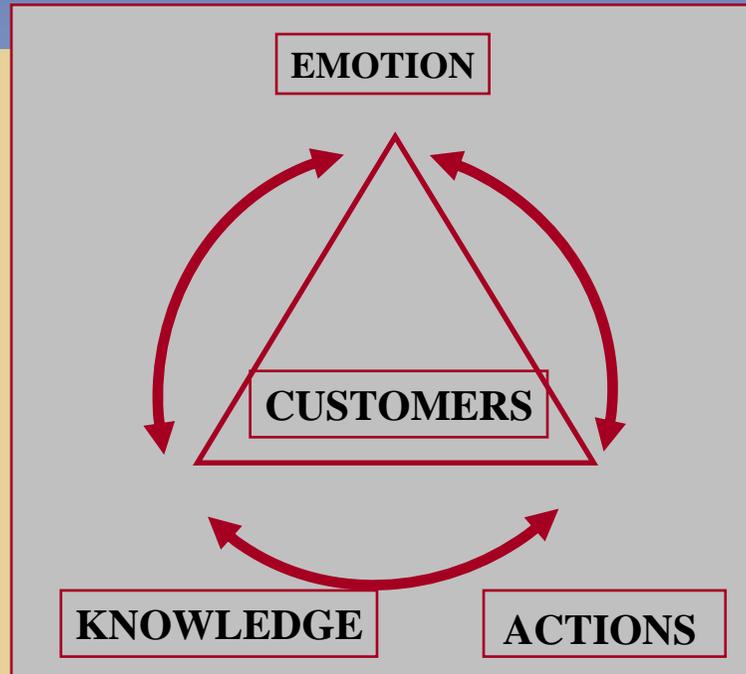
Motivating employees to

- ◆serve
- ◆market

Effects of Customers

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Emotion
Satisfaction
Confidence
Disappointment



Actions
Decisions
Demand
Negotiations
Complaints

Knowledge
Price
Contents of service
Experiences