

# Customer Satisfaction

BPF2123 – Quality Management System



# Chapter Outline

- Who is the Customer?
- Customer Perception of Quality
- Feedback
- Using Customer Complaints
- Service Quality
- Translating Needs into Requirements
- Customer Retention

# Lesson Outcomes

- Able to identify internal and external customer
- Understand customer satisfaction concept
- Using customer satisfaction as the measure of quality



# Introduction

- Most important asset of any organization is its customers.
- Understanding the customer's needs and expectations is essential to winning new business and keeping existing business.
- An organization must give its customer :
  - a quality product / service that meets their needs at a reasonable price
  - on-time delivery and
  - outstanding service
- Customer satisfaction is not an objective statistic but more of a feeling or attitude.

# Who is the Customer?

There are 2 distinct types of customers:

- **External**
  - Defined as the one who uses / purchases the product or service, or the one who influences the sale of the product or service
  - It exists outside the organization and generally falls into 3 categories : current, prospective and lost customers – provides valuable customer satisfaction information for the organization
- **Internal**
  - Every person in a process is considered a customer of the preceding operation

# Customer Perception of Quality

- There is no acceptable quality level because the customer's needs, values and expectations are constantly changing and becoming more demanding.
- Ranking of survey by American Society for Quality on end user perceptions of important factors that influenced purchases showed:
  1. Performance – “fitness for use”
  2. Features – secondary characteristics of the product
  3. Service
  4. Warranty
  5. Price
  6. Reputation

# Feedback

- Feedback enables the organization to:
  1. Discover customer dissatisfaction
  2. Discover relative priorities of quality
  3. Compare performance with the competition
  4. Identify customers' needs
  5. Determine opportunities for improvement
- Listening to the voice of the customer can be accomplished by numerous information collecting tools such as :
  - comment cards
  - questionnaires
  - focus group
  - toll-free telephone lines
  - customer visits
  - the Internet
  - employee feedback
  - mass customization

# Using Customer Complaints

- A dissatisfied customer can easily become a lost customer
- Many organizations use customer dissatisfaction as the primary measure to assess their process improvement – obtain information and provide a positive service
- Every single complaint should be accepted, analyzed and acted upon
- Study shows that more than half of dissatisfied customers will buy again if they believe their complaint has been heard and resolved
- Front-line employees should know how to handle a wide range of situations that arise in the customer relationship.



# Using Customer Complaints

Actions to handle complaints:

- Investigate customers' experiences by actively soliciting feedback
- Develop procedures for complaint resolution
- Analyze complaints
- Identify and eliminate the root cause
- Establish customer satisfaction measures and constantly monitor them
- Communicate complaint information
- Provide a report for evaluation
- Identify customers' expectations beforehand

# Service Quality

- Customer service is the set of activities an organization uses to win and retain customers' satisfaction
- It can be provided before, during or after the sale of the product or exist on its own
- Elements of customer service are:
  1. Organization
    - Identify each market segment
    - Write down and communicate the requirements
    - Organize processes and physical aspects
  2. Customer Care
    - Meet the customer's expectations
    - Get the customer's point of view
    - Deliver what is promised
    - Respond to all complaints
    - Make the customer feel valued

# Service Quality (cont.)

## 3. Communication

- Minimize the number of contact points
- Optimize the trade-off between time and personal attention
- Provide pleasant, knowledgeable and enthusiastic employees

## 4. Front-line people

- Give them authority to solve problems
- Be sure they are adequately trained
- Hire people who like people
- Challenge them to develop better methods
- Serve them as internal customers
- Recognize and reward performance

## 5. Leadership

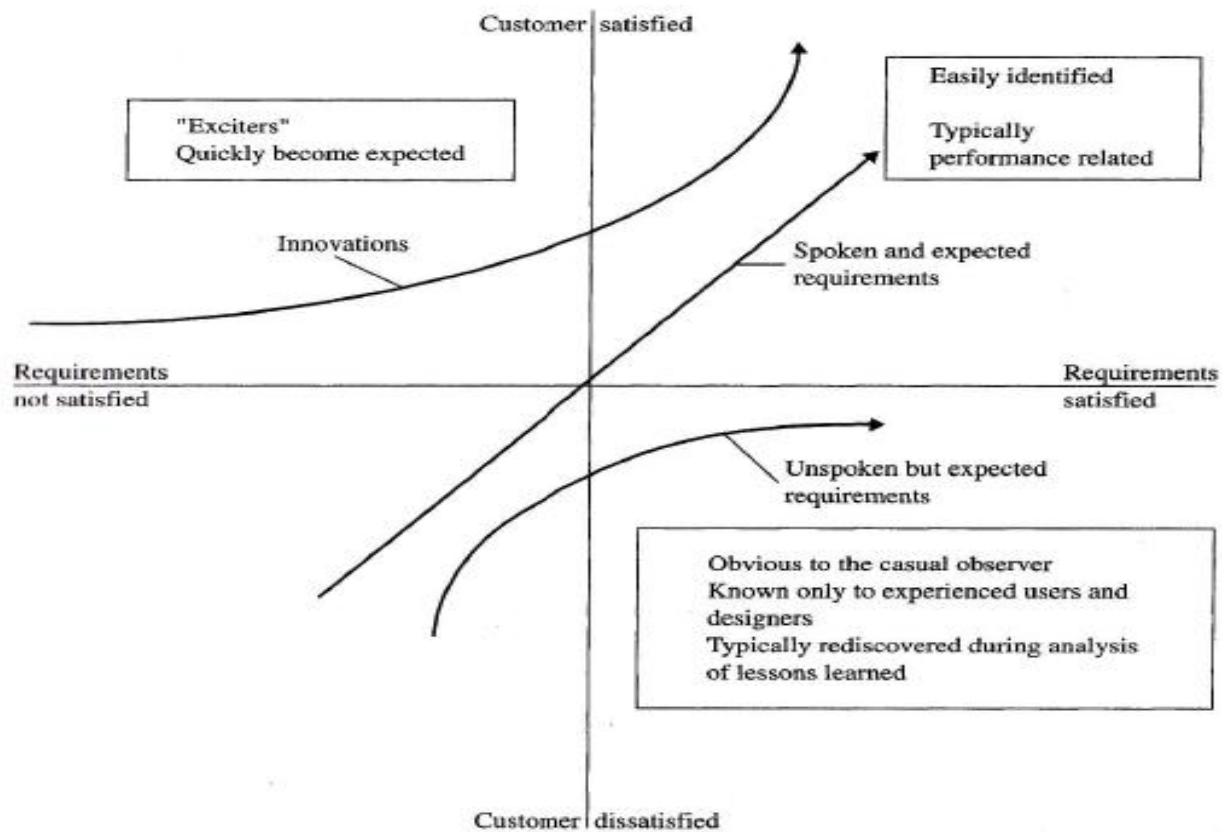
- Lead by example
- Listen to the front-line people
- Strive for continuous process improvement

# Service Quality (cont.)

An essential part of customer satisfaction occurs after the sale :

<b>Characteristics</b>	<b>Expectation</b>
Delivery	Delivered on schedule in undamaged condition
Installation	Proper instructions on setup or technicians supplied for complicated products
Use	Clearly-written training manuals or instructions provided on proper use
Field repair	Properly-trained technicians to promptly make quality repairs
Customer service	Friendly service representatives to answer questions
Warranty	Clearly stated with prompt service on claims

# Translating Needs into Requirements



Kano Model : Conceptualizes Customer Requirements

# Translating Needs into Requirements

3 major areas of customer satisfaction:

## 1. Explicit requirements

- Include written and verbal requirements and are easily identified
- Expected to be met and typically performance related

## 2. Innovations

- Unexpected so the creative ideas often excite and delight the customer

## 3. Unstated or unspoken requirements

- Customer may unaware of these requirement or assume it will be automatically supplied
- Hardest to define but prove very costly if ignored

# Translating Needs into Requirements

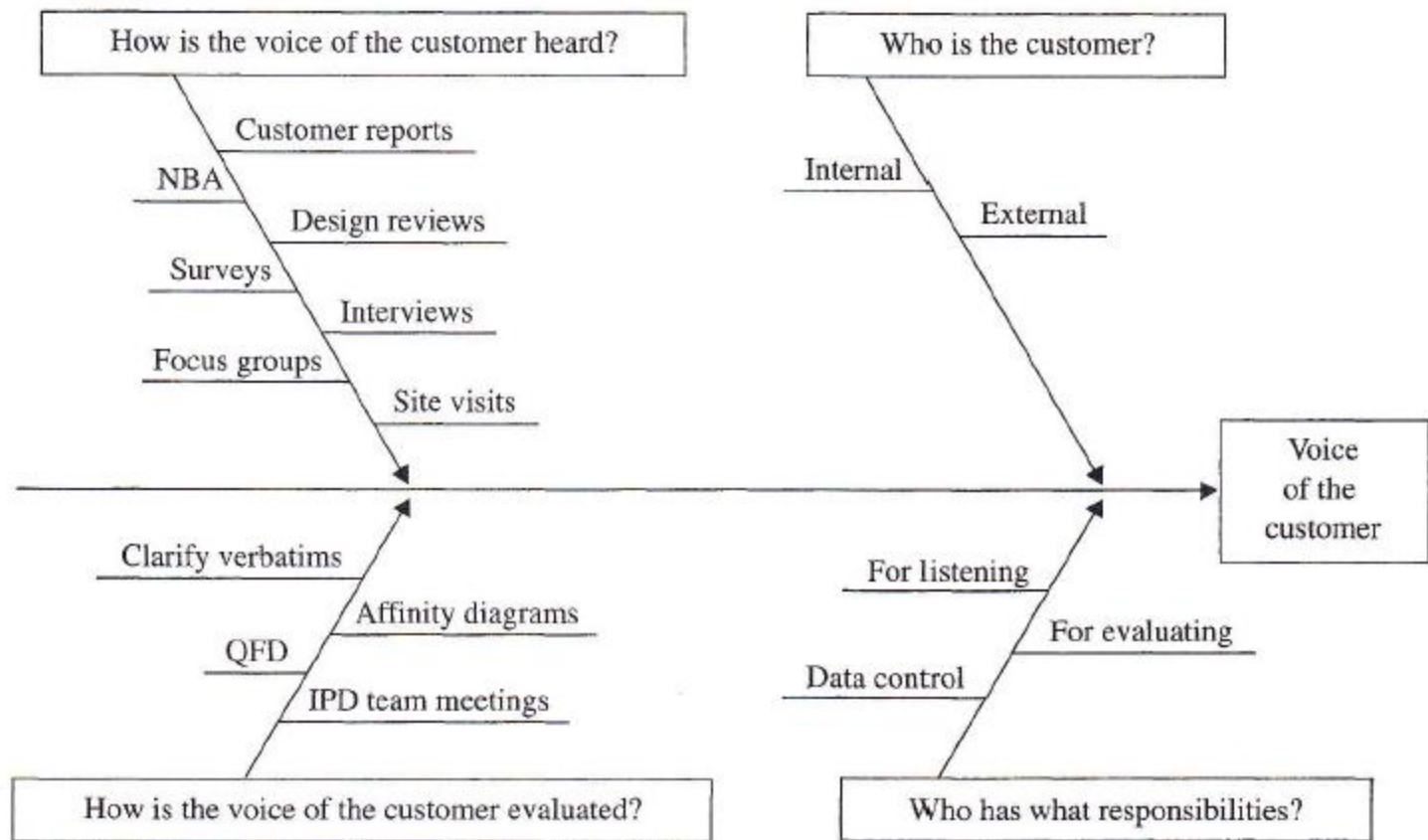


Diagram Voice of the Customer [McDonnell-Douglas, 1993]

# Customer Retention

- Represent the activities that produce the necessary customer satisfaction that creates customer loyalty
- Customer retention moves customer satisfaction to the next level by:
  - determining what is truly important to the customers
  - making sure that the customer satisfaction system focuses valuable resources on things that really matter to the customer
- High employee retention has a significant impact on high customer retention
- One way companies can manage customer retention is to pay attention to their present employees and to who they are hiring. [Goodman,J et al.,1996]