

Customer Satisfaction Solutions

This Customer Satisfaction white paper is organized into the following sections:

- (1) Definition of customer satisfaction and customer loyalty
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- (3) How do you measure customer satisfaction and customer loyalty?
- (4) What are the key success factors for a customer satisfaction program.
- (5) Proactive customer satisfaction programs that drive customer satisfaction and customer loyalty.
- (6) Customer listening channels.

- a. Periodic customer satisfaction surveys.
- b. Transactional customer satisfaction surveys.

Definition of Customer Satisfaction and Customer Loyalty

The first step in establishing a customer satisfaction program is having a well constructed definition for Customer Satisfaction and Customer Loyalty. A suggested definition of Customer Satisfaction and Customer Loyalty are presented below:

- Customer Satisfaction is the result of a process.
- Customer Satisfaction is a measurement or indicator of the degree to which customers or users of an organization's products or services are pleased with those products or services.
- Customer Satisfaction is a comparison of expectations versus perception of experience.
- Customer Loyalty relates to a relationship between a company and a customer.
- Customer Loyalty includes behaviors (a.k.a. Customer Retention) where customers make repeat purchases of their current brand, rather than choosing a competitor brand instead.
- Customer Loyalty includes attitudes where a customer's judgments and feelings about a product, service, relationship, brand, or company are associated with repeat purchases.

It is important to note that Customer Satisfaction and Customer Loyalty are related but one does not always drive the other. For example a Customer may not be satisfied, but is loyal. These customers are called "Captives". It is also possible for a customer to be extremely satisfied, but not loyal. This situation occurs in highly commoditized markets where there is little to no product differentiation.

Why is customer satisfaction and customer loyalty important?

According to the Balanced Scorecard Institute, "Recent management philosophy has shown an increasing realization of the importance of customer focus and customer satisfaction in any business. These are leading indicators: if customers are not satisfied, they will eventually find other suppliers that will meet their needs. Poor performance from the this [customer satisfaction] perspective is thus a leading indicator of future decline, even though the current financial picture may look good"

How do you measure customer satisfaction and customer loyalty?

The best way to measure customer satisfaction is by receiving direct and unfiltered feedback from customers. Direct customer feedback includes:

- Customer Satisfaction and customer loyalty score (customer provides a score from 0 to 10)
- "Would you recommend company xyz to a friend or colleague? There is a growing body of research that suggests this one question is the most important single question to measure customer satisfaction and customer loyalty.
- Customer planned and actual spending behavior.

Based on direct customer feedback, there are industry standard scores that can be calculated including the Net Promoter Score that measures customer satisfaction and customer loyalty by looking at the percentage of the most satisfied (called promoters) and the least satisfied (called detractors). A customer satisfaction and customer loyalty topology. The topology segments customers into four customer satisfaction and customer loyalty classes:

- Champions
- Moral supporters
- Captives
- Rebels

Leading indicators for customer satisfaction and customer loyalty can be obtained by looking at key internal organization metrics. For example, Daily Sales Outstanding (DSO) is a leading indicator based on the premise that satisfied customers pay their bills on time. If customer satisfaction decreases, there is usually a corresponding increase in DSO.

What are the key success factors for a customer satisfaction and customer loyalty program?

According to the the Harvard Business Review, there are nine key success factors for a customer satisfaction and customer loyalty program.

1. Customer satisfaction and customer loyalty programs must focus on the big picture that includes customer satisfaction and customer loyalty.
2. Customer satisfaction and customer loyalty programs must maintain a customer satisfaction and customer loyalty dashboard.
3. Customer satisfaction and customer loyalty programs must link performane objectives and employee incentives to customer satisfaction and customer loyalty measurements.
4. Customer satisfaction and customer loyalty programs require a compnay to have a customer focused culture.
5. Customer satisfaction and customer loyalty programs must have executive support and participation to be successful.
6. Customer satisfaction and customer loyalty programs must define and use relevant customer segments.
7. Customer satisfaction and customer loyalty programs require continous training of employees.
8. Customer satisfaction and loyalty programs requirie a set of customer listening tools including a customer survey.
9. Customer satisfaction and customer loyalty programs must not only measure customer satisfaction and customer loyalty, but must also implement continous improvement initiatives.

Proactive customer satisfaction programs that drive customer satisfaction and customer loyalty.

The proactive customer satisfaction and customer loyalty programs require some up front investment in avoiding customer satisfaction and customer loyalty issues.

Proactive customer satisfaction and customer loyalty programs recognize the best way to deliver customer satisfaction and customer loyalty is by building and delivering high quality products.

Proactive customer satisfaction and customer loyalty programs recognize the next best way to deliver customer satisfaction and customer loyalty is to set proper expectations during the sales process.

Proactive customer satisfaction and customer loyalty programs recognize the next best way to deliver customer satisfaction and customer loyalty is to execute a well-defined customer welcome process.

Proactive customer satisfaction and customer loyalty programs recognize the next best way to deliver customer satisfaction and customer loyalty is to deliver professional services.

Proactive customer satisfaction and customer loyalty programs recognize the next best way to deliver customer satisfaction and customer loyalty is to allow customers to solve their own issues using customer self service.

Proactive customer satisfaction and customer loyalty programs recognize the next best way to deliver customer satisfaction and customer loyalty is to provide excellent service from a call center / help desk.

Proactive customer satisfaction and customer loyalty programs recognize the next best way to deliver customner satisfaction satisfaction and customer loyalty is to be reactive and requirie management to get involved.

Customer listening channels.

There are many customer listening channels to obtain direct customer feedback. The most important and most accurate customer listening channel includes periodic and transactional customer surveys that measure customer satisfaction and customer loyalty.

A periodic customer survey measures customer satisfaction and customer loyalty at specific periods of time (typically every 6 months to 1 year). Customer satisfaction and customer loyalty are measured using the following dimensions: business, technical, relationship. The most important question in direct customer feedback is "would you recommend company xyz to a friend or colleague?".

A transactional customer survey mostly measures customer satisfaction after completing a specific transaction with company XYZ.

There are many mistakes that can be made in measuring customer satisfaction and customer loyalty.

According to the Harvard Business Review, the top reasons why companies don't understand their customers.

- Customer satisfaction and customer loyalty surveys contain too many questions.
- The wrong customers respond to a customer satisfaction and customer loyalty survey.
- The right employees never hear the problems reported on customer satisfaction and customer loyalty surveys.
- Many customer satisfaction and customer loyalty surveys are sales calls in disguise.
- Plain vanilla customer satisfaction and customer loyalty surveys don't fit a company's needs and requirements.
- Customer satisfaction and customer loyalty surveys actually dissatisfy customers.

About the Author

More details at [Customer Satisfaction Solutions](#).

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