Perseus
Customer Satisfaction

A Web Methodology

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Introduction

Requesting feedback from your customers is always a good idea. Guidelines for this process exist that, if followed, can save you time and help you make the most of the feedback you receive. During the past three years *Perseus' Research Services* has worked with many industry leaders in developing and executing Web-based customer-satisfaction measurement programs. While each of the customer-satisfaction programs we develop is unique, they typically share a common structure and implementation methodology. This paper is based on our professional experience, and is designed to assist in developing a sound process for executing a Web-based customer-satisfaction program. The research process outlined includes developing project objectives, defining the scope of the research, and developing a methodology. This paper also provides an example of a customer-satisfaction survey guide and an approach for completing the analysis of the survey results.

Statement of Objectives

The key to a successful customer-satisfaction program is the survey guide. To create an effective survey guide you must first determine specific goals and objectives for the research. We refer to this as a "Statement of Objectives."

Here's an example: The goal of the customer-satisfaction program is to develop a set of actionable strategies that will improve repeat customer sales. In support of this goal, the following specific project objectives have been defined:

- To determine overall customer satisfaction with our products and services
- To identify customer perceptions of our "key areas of weakness"
- To identify customer perceptions of our "key areas of strength"
- To measure and prioritize areas where improvement will most affect customer satisfaction
- To identify key competition and determine competitive position
- To determine the extent pricing affects repeat customer sales
- To develop a means to measure, over time, the effect that increased customer satisfaction has on repeat customer sales

A sound "Statement of Objectives" will serve as both an outline for the survey guide, and as a framework for analyzing the results of the survey. Try to make sure that you include a single goal statement within the "Statement of Objectives." Developing a single goal statement will give you something to fall back on when you have to decide what to include and what not to include in the survey guide.

Project Scope

Once you have developed the "Statement of Objectives", you will need to define the scope of the project. The "Project Scope" should define the following:

- What group of customers you will interview (i.e. strategic customers, new customers, all customers …)
- When / how often will you interview them (i.e. is this a single project or will it be a recurring effort)
- How you will segment (group) the customers you interview (this may be done by geographic region, by sales volume, by industry)
- How many of your customers you will interview (i.e. by defined segment, for example 100 new customer, 100 long term customers and 100 customers from each geographic region)
- How you will interpret the results (i.e. what type of analysis and reporting you will produce)
- What special considerations need to be reviewed (i.e. customer identification or anonymity)

As the "Statement of Objectives" provides you with an outline for developing the survey guide, the "Project Scope" provides you with a framework for completing the project. Think of the objectives and scope of the project as the foundation for the customer-satisfaction program. The better the foundation, the greater the likelihood of success. Take the time to craft a clear and concise project objective and a well-defined project scope.

Project Methodology

The next step in the process is to define the "Project Methodology". *Perseus Research Services* often breaks the project methodology into phases. This allows us to measure our progress against a specific set of goals and a time line. Within each phase we define the specific tasks that will be completed before we move to the next phase. While each project is different, you may find the following structure useful in developing your methodology.

The project will be completed in three phases. The first phase will include a kickoff meeting. This meeting will provide an opportunity to review the scope of the project and the methodology. Administrative requirements and processes will be discussed and time frames for the completion of interim tasks agreed to. Phase 1 will also include the design of the survey guide and associated materials such as the invitation to respond. Phase 2 of the project will include the actual surveying process including the deployment of the survey to the Web, a pretest of the survey, and the collection of the responses. The final phase of the project will include the creation, review, and delivery of the final database and frequency report.

Phase 1 - Project Kickoff

Task 1: Meet with the project team to review the project objectives, project scope and to assign key project tasks.

Task 2: Develop the content of the survey guide

Task 3: Convert the survey guide for use on the Web

Task 4: Develop the invitation to send to customers notifying them of the survey

Task 5: Test the survey guide and collection process

Task 6: Identify the source and availability of customer names, address and e-mail addresses

Phase 2 - Survey Implementation

Task 1: Conduct a live pretest of the survey with team members

Task 2: Distribute the survey invitation to respond to the survey to the customers

Task 3: Monitor survey progress

Task 4: Distribute reminder notifications if required

Phase 3 - Results Collection and Reporting

Task 1: Collect the survey results and build the results database

Task 2: Clean and de-duplicate results

Task 3: Analyze survey results and produce final report

Task 4: Provide feedback of process for improvements with next survey

Now that you have a well defined set of objectives, scope and methodology, you are ready to start implementing the research. There will be many tasks that you or members of your team will have to complete. Two of the most important are the creation of the survey guide and the analysis of the survey results.

Creating the Customer Satisfaction Survey Guide

Customer-satisfaction guides will, and should be, different for each business. After all, no two businesses are exactly alike. However all effective customer-satisfaction survey guides share many similarities. We'll summarize these similarities here and provide you with a framework for developing your own survey guide.

As in writing reports, articles or papers, it's a good idea to start off with a basic outline for your survey. Since we've taken the time to create a detailed set of objectives, creating the outline is not very difficult. Simply start with the objectives. While not critical, we have always found that it is easiest to develop the survey in segments or sections. Our typical survey includes at least four sections.

Sample Survey Outline

Section A: Customer Information

1. Customer name and address
2. Products or services being used
3. Account manager and/or service representative
4. Length of time we have been providing products/services to customer

Section B: Customer Satisfaction

1. Customer perceptions of our "key areas of weakness"
2. Customer perceptions of our "key areas of strength"

3. Identify areas where improvement will most affect customer satisfaction
4. Prioritize areas where improvement will most affect customer satisfaction
5. Measure overall customer satisfaction

Section C: Factors Determining Future Business

1. Effect of pricing levels and pricing structure
2. Competitive landscape
3. Likeliness to continue purchasing products/services
4. Key factors affecting future buying decisions

Section D: Closing

1. Thank you for participating
2. How results will be used
3. Inform time frame for next survey
4. Thank for continued support

The first section includes customer demographics. In this section you will want to make sure you capture the information you will need to group your customers when you analyze the results. What information you gather depends on what segments (groups) you defined in the project scope. For example, if you want to analyze your customers by product, make sure you include a question about what product they have purchased (it sounds basic, but it is not uncommon for even professional market researchers to realize they have left out a very basic question when they try to analyze the results).

The second and third sections should focus on customer requirements and/or expectations. In measuring satisfaction, you will need to have a base line against which to measure your performance. One common method is to compare satisfaction to customer requirements or expectations. Another option is to compare the satisfaction of your customers to their satisfaction with a competitor. A third option is to measure customer satisfaction over time. A fourth option is to benchmark performance of a particular function in another industry. For example, you may want to ask customers how your shipping and delivery service compares to what they have experienced with the "best in class" delivery service. It is not uncommon to include all of these approaches when measuring customer satisfaction.

Typically a 1 to 7 or 1 to 10 performance rating scale is used in measuring customer satisfaction. These scales should use anchors to define the high, mid, and low rating levels, and should stay consistent throughout the survey. For example:

Please rate our performance for each of the following activities on a scale of 1 to 7 where 1 is extremely poor, 4 is average and 7 is exceptional.

The last section of the survey is the closing. In this section you should not only thank your customer for participating, but also provide your customer information about how you plan to use the results of the survey, and if you are planning on conducting a follow-up survey, when they should expect to receive it.

Once you have completed your questionnaire you should review your project objectives to make sure that you have asked all the questions required to address the objectives.

Analyzing and Reporting the Results

Analyzing and reporting the results can often be the most daunting task, but it should be fairly straightforward if you have followed the steps outlined in this paper. When analyzing customer satisfaction we need to keep in mind our goal. Increased customer satisfaction is not the goal of the project. In our example, increasing repeat business is the project goal. In developing our analysis therefore we need to provide actionable strategies to increase repeat business, not to increase customer satisfaction. The first step in developing these actionable strategies is to identify what part of the customer relationship is affecting repeat business. We can then prioritize these based on a number of factors including;

- our ability to develop an effective response within an appropriate time frame
- the effect that the response will have on our objective
- the cost of developing/implementing the response

Several different approaches to analyzing customer-satisfaction data exist. For purposes of this paper, we will provide a simple approach that you can use without the need for more complex statistics. Keep in mind however, that more complicated techniques are available that may provide more insight into developing effective strategies.

The approach outlined in this paper is to start with a macro level analysis and work toward an understanding of the specific criteria affecting customer satisfaction. For most projects this can be accomplished by using frequency and cross-tab reports. A frequency is an analysis that simply provides the count and/or percentage of responses to a particular question.

For example, for a question on gender the results may be:

Gender	Count	Percent
Male	400	40%
Female	600	60%
Total	1,000	100%

Frequency tables using banners (headings) and stubs (rows) are often used to view performance by a particular area. For example, if you want to view how overall satisfaction differs by gender the following table can be created:

Overall Satisfaction	Male	Female	Total

1 - Extremely Unsatisfied	20	30	50
2	50	60	110
3	110	120	230
4	200	250	450
5	50	40	90
6	20	10	30
7	20	30	40

These banner frequency reports can also be referred to as two-way cross-tabulations, and are sometimes incorrectly referred to as a cross-tab. Three-way cross-tabulations include the use of three rather than two variables. For example, a three-way cross-tabulation is very useful to identify how satisfaction levels differ for males and females within different age groups. Here's an example of how this report would look:

	Male	Female	Total
18 - 24/p>	2.0	2.4	2.3
25 - 34	3.0	3.3	3.2
35 - 44	3.2	3.4	3.3
45 - 54	3.1	3.5	3.3
55 - 64	3.5	3.7	3.6
65+	3.9	4.2	4.0
Total	3.2	3.5	3.4

The table displays the average satisfaction rating by age level across gender. It is easy to identify from this single table how satisfaction differs by gender and age. In the same way each element of customer satisfaction, (account management, product quality, delivery, support etc.) can be analyzed and prioritized. Comparing the level of satisfaction against the importance of particular elements can help you prioritize those areas where improvement will most affect overall satisfaction. This comparison of importance to satisfaction is often referred to as a gap analysis.

The following is an example of the results of a gap analysis that has been sorted in order of priority:

Element	Avg. Importance Rating	Avg. Satisfaction Rating	Gap
Product Cost	6.8	4.2	2.6
Product Deliver	6.6	4.2	2.4
Product Quality	6.6	6.4	.2
Technical Service	6.7	6.9	+.2
Sales Support	6.5	7.0	+.5

A gap analysis provides information that can help organizations reallocate their investments. For example, in the results shown above, this company may be spending too much in the area of sales support and not enough to provide on-time delivery. It is not always possible for companies to simply invest to improve performance in particular areas. It is often necessary to reallocate expenditures. A gap analysis can provide a road map for organizations to optimize their investments.

The Feedback Loop

As with any system, the feedback loop is critical to continue the improvement necessary to achieve ongoing success. With customer-satisfaction research this means developing a process that continually measures the effectiveness of the customer-satisfaction programs put in place as the result of the survey. The objectives of each subsequent survey should include a measurement of the effectiveness of the investments made to improve customer satisfaction and an assessment of how this has affected the bottom-line objective of the research. Improvement will be seen through the continued fine tuning of the survey process, analysis of the results, and implementation of the programs developed as a result of the research.