

Customer satisfaction

A

The customer

From the point of view of sellers ...

customer	{	satisfaction	is when customers ... are happy with your products
		delight	are extremely happy with your products
		allegiance loyalty	continue to buy from you
		dissatisfaction	are not happy with your products
		defection	stop buying your products



B

Customer delight

When you get what you hoped for as a customer, your expectations are met and there is customer satisfaction. Products, sadly, often fall below expectations.

When expectations are exceeded, there may even be delight, extreme satisfaction, but this partly depends on how involved you are in the purchase. There is a difference in your degree of involvement when you buy different products. For example, there is low involvement when you buy something ordinary like petrol, and high involvement when you purchase something emotionally important such as a family holiday.

C

Customer dissatisfaction

Research shows that 95 per cent of dissatisfied customers don't complain, but just change suppliers. Satisfied customers create new business by telling up to 12 other people. Dissatisfied ones will tell up to 20 people¹. Word-of-mouth is a powerful form of advertising.

Some say that encouraging customer loyalty is important for profitability. They say that customer retention, keeping existing customers, is key. Getting repeat business is five times cheaper than finding new customers.

Customer defection must be reduced as much as possible of course, but a company can learn from its mistakes by asking those who do leave why they defected; this is lost customer analysis.

Services like mobile phone and cable TV companies have to reduce churn, the percentage of customers who change suppliers or who stop using the service altogether each year. This is very costly – the companies would prefer, of course, to keep existing customers and add more in order to build their customer base.

¹ Philip Kotler: *Marketing Management* (Prentice Hall 2000, Chapter 2)

3 Match the two parts of these sentences containing expressions from A opposite.

- 1 There is overwhelming evidence that customer satisfaction is correlated
- 2 With our customer loyalty scheme,
- 3 The financial services industry is struggling, partly because
- 4 The Internet service provider has introduced flat-rate
- 5 Excellent product quality has helped them to build strong customer allegiance and
- 6 Customer delight is more

- a any existing borrower who moves home and continues to borrow with us is entitled to a one per cent discount.
- b with employee satisfaction.
- c prices in an attempt to stop customer defections.
- d of customer dissatisfaction with high charges.
- e than just mere satisfaction.
- f increasing market share.