

WHITEPAPER: The Problem with Customer Satisfaction

The problem with satisfaction is just this simple: It sets the bar too low—so low, in fact, that it doesn't actually impact a company's sales results.

Keywords & Concepts

Customer Loyalty

Re-Purchase Rate

Emotional Satisfaction

Customer Exuberance

Measuring Satisfaction: The Good

If you are thinking about customer satisfaction then presumably you care about the customer and the quality of the customer experience.

Measuring Satisfaction: The Bad

Satisfaction has nothing to do with sales. It is NOT what customers look for and it isn't what keeps them coming back. In spite of this, managing and measuring to satisfaction is pervasive in corporate America.

Satisfaction

The fulfillment or gratification of a need, or appetite; a document indicating that an obligation has been satisfied (e.g., a satisfaction of mortgage). Satisfaction as a state of mind does not correlate with re-purchase rate.^[i]

From Inside the Trenches: A Practitioner's Perspective on Satisfaction Measurement

Every interaction between staff and customers has the possibility of transcending satisfaction in powerful (but subtle) ways. Nevertheless, whether the customer interaction involves a receptionist, a broker or a customer service associate, we rarely find that companies plan, manage or measure anything beyond basic satisfaction. This is a clear mistake.

Strategies to Consider

Measurement Strategy #1: (Applies to Retail and B2B)

If you're using surveys, don't ask about satisfaction. Instead ask things like: Were you tickled pink? Did we wow you? Was this a positive, memorable experience in some way?

Measurement Strategy #2: (Mostly Applies to Retail)

While it can be exciting to engage projects that re-work store layout, window displays, etc., some of the greatest wins in terms of creating loyal customers will come from the gestures, nuances and other subtleties exchanged between employees and customers. With this in mind, take the time to identify what actually happens—and with what frequency—at the point of interaction between staff and customers. Then develop a communications plan that allows for spontaneity and improvisation but prescribes communication structures that will engage and compel customers.

Academic Roundtable

The Customer Satisfaction Problem

The problem with satisfaction is just this simple: It sets the bar too low – so low, in fact, that it doesn't actually impact a company's sales results.

Background Research | Jones and Sasser

Assuming you don't have a monopoly on the market, what goes on in the minds of your loyal customers who consistently return to purchase from you? What about those who buy from you less frequently? And what about those who buy once and never return?

Consider the results of a study published in the Harvard Business Review in 1995.^[ii] While the research—conducted by Thomas Jones and W. Earl Sasser—is over a decade old, the experiment was rigorous and involved more than 30 individual companies from five different market sectors. From this research, two key discoveries were made:

- **Discovery #1:** A customer's satisfaction with a product or service has virtually no bearing on his or her likelihood to return to buy from that company again—unless the customer is made to feel what Jones and Sasser called "totally satisfied," or what others might call "exuberant," "wowed" or "elated." This totally satisfied customer is vastly more likely to buy from you again. In fact, Xerox found that its totally satisfied customers were **6 times** more likely to re-purchase than its merely satisfied customers.
- **Discovery #2:** To understand how customers feel, Jones and Sasser found that it was necessary to look beyond the usual survey approaches. Above all, they advocated strategies focused on listening to the customer – one such mode being interviews with the frontline. Other listening approaches might include: depth interviews with current and defector customers, experience audits and training programs to prepare front line staff to capture key customer insights.

Background Research | The Gallup Organization

Ten years after Jones and Sasser published their research, a group from the Gallup Organization used various techniques including functional magnetic resonance imaging (fMRI) technology to probe the concept of customer satisfaction. Their studies delineated two types of satisfaction: rational satisfaction and emotional satisfaction.

Rationally satisfied customers described themselves as satisfied with a company's goods or services, but had no evident emotional connection. Just like these customers, emotionally satisfied customers said they were satisfied, but the difference was that they also exhibited feelings of confidence, pride, passion and integrity for a company and its goods or services.

The importance of the Gallup results is that they seem to prove what others have stated before, namely that **emotions drive customers' purchasing decisions while rational considerations** (such as price or convenience) are mere afterthoughts.^[iii]

Interaction Metrics Weighs In: Excellence is All that Matters

Only a strategy aimed at achieving "extraordinary," "total" or "emotional" satisfaction will succeed. Aiming high is important because this is the only approach that impacts re-purchase rate and sales per customer. As Jones and Sasser summarized:

"Most managers should be concerned rather than heartened if the majority of their customers fall into the satisfied category. Those customers have reasons for not being COMPLETELY satisfied. Some element (or elements) of their experience with the company was not acceptable and that shortfall in performance is sufficient for them to consider alternatives."

In light of this, it is imperative that companies look outside of the satisfaction box and start managing to the factors that truly matter to customers.

References

- i. Definition compiled from an assortment of dictionaries.
- ii. Jones, Thomas O. and W. Earl Sasser, Jr. "Why Satisfied Customers Defect." Harvard Business Review. 73.6 (1995): 88-99.
- iii. Zaltman, Gerald. How Customers Think: Essential Insights into the Mind of the Market. Boston: Harvard Business School Press, 2003.