

(You Can Get Some) SATISFACTION

By Michael Kirsch and Leslie Wood

BECAUSE DIRECT MARKETERS usually don't get to speak with their customers in person, they face unique challenges when attempting to assess how satisfied those customers are. They can roughly judge satisfaction by the number who return to buy again, but these are just statistics and offer little insight into a company's strengths and weaknesses. Complaints provide some insight, but most dissatisfied customers don't take the time to complain. They simply disappear.

Customer satisfaction surveys can provide a road map for a marketing program, and also help increase a company's customer base or the value of an average purchase. Well-designed surveys help firms understand customers' reactions to their marketing efforts and predict likely responses to changes in strategy.

Capturing Information

The first step is to identify customer needs and wants. Once this has been accomplished, buyers are typically asked how satisfied they are by the company and its competitors.

Often a pilot survey is conducted to identify the most important factors. While many items may crop up in the pilot study, those about which there is general consensus should be the focus of the main survey. Without a pilot study, or when there is no consensus (which is rare), the main survey can consist of open-ended questions; this, however, can complicate the analysis.

It's important to fine-tune the scope of the questions. For example; "How important is service to you?" is too vague. "Service" is important to everyone. A better question might be, "How important is 24/7 tech service availability?"

Taking the Survey

How the study is conducted depends on a firm's objectives, type of business and the structure of its market.

Telephone surveys can capture nuances by permitting open-ended questions. This medium is powerful because it permits follow-up questions, but it's expensive, and the interviewer's skill is critical for success. Inexperienced interviewers can bias the results, commit transcription errors and anger respondents. Few things are more

annoying than being interviewed by impolite or incoherent interviewers.

Mail is less expensive than the telephone, and it allows querying of larger samples for the same cost. Response rates can be low, biasing the results through self-selection. Three percent is a typical response rate, and 10% is considered excellent. This means that 90% to 97% of the market is not represented. Further, mail is a one-way medium that limits the information that can be gathered. Mail is an attractive medium to direct marketers because it's easy and inexpensive to include a questionnaire with other pieces, but it isn't always very accurate.

Face-to-face interviewing is powerful but labor



intensive, and its reach is limited. If the market's geographic range is wide, these interviews are generally not cost-effective (unless the sample is very small). One solution is focus groups. As they are typically "opt in," respondents generally are more knowledgeable and interested, and

hence more cooperative. Focus groups can explore responses and attitudes in depth and can generate highly detailed information. On the downside, they're expensive to conduct, can only cover small samples, and can be biased by participants' desire to please, annoy or impress the facilitator.

The Internet is fast becoming a powerful medium for conducting surveys. It offers the ability to get responses to simple questionnaires and to conduct one-on-one interviews or even interactive focus groups

across broad audiences at relatively low cost. It also opens the possibility of new hybrid survey tools, such as questionnaires with built-in intelligence that take respondents down different paths according to their answers. The Net's major drawbacks? It doesn't permit face-to-face contact for interviews or focus groups and it's limited to people who have online access.

Often the best solution is a combination of approaches. For example, a company can use a focus group or telephone interview program to identify key issues, then follow up with a larger mail or online survey.

Media selection also depends on the product. High-ticket items, such as luxury cars, require that more care be taken with the survey instrument (generally a questionnaire) and with inter-viewer training. However, buyers may be more willing to participate in longer telephone Q&As or even visits to their home if they're conducted by highly skilled interviewers.

Generally it's not a good idea to have salespeople do the interviews. They are often biased, and the fact that they're asking the questions can bias respondents as well.

Who to Interview?

The ideal sample often consists of a mix of good customers, occasional customers, former customers and prospects. By comparing responses, a firm can identify the factors that explain customers' buying preferences and their perceptions of the company and its products. Simply changing perceptions can turn occasional buyers and prospects into good customers.

Interviewing customers who have purchased from other companies can be a valuable way to compare products or services with the competition.

The number of respondents needed depends on the level of detail desired (which should be defined before the study begins) and the range of opinions found. As a guideline, each group to be analyzed should include 20 to 30 respondents. Too large a sample wastes money and can generate results that are statistically valid but operationally useless. Too small a sample doesn't provide the level of confidence needed to reach valid and useful conclusions.

Analyzing the Data

Analysts need the proper skills and sufficient

experience to assign significance to the responses. An analyst should be detached from the marketing process to avoid unconscious bias. He or she also must be able to communicate the findings to management.

Not all of the data gathered has the same importance. A good pilot survey can reveal much of what is important, but management must exercise judgment in interpreting the responses to assure that the company is focusing on important issues and not spending excessive resources on minor matters.

Surveys sometimes produce results that need additional study. Current customers, for example, may like one particular thing about a company, while former customers could cite the same thing as a failing. Or customers in one region might have a different perception than the rest of a given marketing area. Beware of false correlations every apparent correlation should be tested statistically to verify it.

Another pitfall is reverse causality—the correlation is real, but what looks like the cause is really the effect, and vice versa. Do customers buy from a certain store because they like something about it, or because they have been buying there for so long they've simply become used to the way the store operates?

When a customer survey shows that only minor changes are needed, the best solution is usually a combination of improving actual performance and changing perceptions through communications programs.

If a survey indicates deeper problems - those rooted in the culture of the organization and the way it's managed - then it may be time to bring in outside consultants for an objective assessment.

Whatever happens, don't ignore the results. Don't adopt the attitude captured by comedienne Lily Tomlin as telephone operator Ernestine: *"We don't have to care. We're the phone company!"* This manner was largely responsible for the breakup of Ma Bell. If a company wants its business to grow, it'll have to listen to and care about its customers. *Michael Kirsch is vice president and Leslie Wood is president of North Andover, MA-based Les Wood Associates.*