The new models of customer satisfaction

Manijeh Rahimizadeh¹, Leila Jamshidian²

1. Department of Physical Education, Bandar Abbas branch, Islamic Azad University, Bandar Abbas, Iran.
2. Department of Physical Education, Shiraz Branch, Islamic Azad University, Shiraz, Iran.

ABSTRACT

Studies of the evolution of theories and schools of management show that the orientation towards the client, the quality increase, variety and speed in service provision has been on the agenda of organizations since the 1990s. Focus on the customer is the concept that has been proposed as a key factor to achieve sustainable competitive advantage in the 1990s. Customer satisfaction survey and the influencing factors have found its importance as nearly a decade. In total, there are four concepts and trends (manufacturing trends, product trends, trends in sales and marketing trends) that the for-profit and non-profit organizations can review them and follow them up on the implementation of their marketing activities.

Keywords: Customer Satisfaction, Manufacturing, Product, Sales, Marketing.

INTRODUCTION

In the traditional view, the client is who buys organization or company’s products or the client is who receives goods or services. This definition is not clear and complete anymore. A better definition of customer is as follows: the customer is a person to whom the company or organization is willing to affect his behavior by creating values1.

In the market’s dictionary, the customer is a person who has the ability and talent of buying good or service. This ability and talent are indicated in the person simultaneously that selection and buying can happen. In this view, customer is an intelligent and wise individual who examines and studies well about his needs and selects based on the valuation and considering the facilities and talents2. Customers are people or operations who consume the product or the results of a performance or need them and benefit them3.

THE CONCEPT OF CUSTOMER SATISFACTION

Different definitions are provided in relation to the concept of customer satisfaction by marketing theorists. Cutler defines customer satisfaction as the degree of actual performance of a company to meet customer expectations. According to Cutler, if the company’s performance meets customer expectations, the customer feels satisfaction otherwise he feels dissatisfaction4. Jamal

¹. Corresponding Author: manijeh7176@gmail.com

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and Nasser define customer satisfaction as the feeling or attitude of a customer towards a product or service after using it. These two researchers argue that customer satisfaction is the main result of marketing that acts as a link between the various stages of consumer’s buying behavior. For example, if customers are satisfied by special services, they will likely repeat their purchase and thus they affect the profitability of the company.

Blanchard and Galloway believe that customer satisfaction is as a result of the customer's perception in a deal with the value relevance so that the price is equal compared to the quality of services compared to price and customer cost.

Customer satisfaction is a result that is achieved from the customer’s prior to purchasing comparison of the expected performance with actual perceived performance and the paid costs.

This lack of consensus on the definition of customer satisfaction will face the client satisfaction research (customer) with limitations. Researchers cannot compare the studies conducted in this field without a unified definition of satisfaction. Although there are significant differences in the definitions of satisfaction in the literature, there are still a number of the same elements in all of them that are identifiable when all of them are checked. These three elements are:

A. Customer satisfaction is a (emotional or cognitive) response.
B. Response is related to a specific topic (product, consuming expectations or experiences, and so on).
C. This response occurs at a specified time (after consumption, after selection or based on the accumulated experiences of the person).

So, satisfaction is the answer given to a particular topic at a particular time. There are other definitions of clients' satisfaction, for example, Canada’s public monitor and evaluate office has known client satisfaction in its report as a measure to which the expectations come true. This definition is more general than other definitions and shows that two essential factors should be paid attention to in the definition of satisfaction: first customer’s satisfaction, second the real quality of services. Each of these elements has a decisive effect on the satisfaction of its clients.

In fact, customer satisfaction survey and the influencing factors have found their importance almost for a decade. In total, there are four concepts and trends that the profit and non-profit organizations can review them and follow them up on the implementation of their marketing activities. The four groups are: manufacturing trends, product trends, trends in sales and marketing trends.

Three basic factors of the means and ends are quite different in the old and new concepts of sales and marketing. In the old concept, selling was the basis of the company's activities which must be sold through incentive and promoting policies. But in the new concept, marketing is the beginning and the basis of all activities, needs and demands of customers, consumers or generally the buyers that is determined through market research and assessment. The aim is also to make a profit or meet the needs of buyers and provide the necessary services.

CUSTOMER SATISFACTION INDICATORS

SWEDISH CUSTOMER SATISFACTION INDEX

The first national indicator of customer satisfaction is Swedish Customer Satisfaction Indexes that was founded in 1989. Historically speaking, the index has included approximately 130 companies from 32 great Swedish industries. This model consists of two primary drivers of satisfaction: perceived performance (value) and customer expectations. Perceived performance is usually considered equivalent with perceived value. The value is a common index that consumers use for comparing brands and similar categories. The basic prediction is that satisfaction will
increase in line with the increase of the perceived value. The extent to which the customer’s expectations are met about the product or service is another driving factor.

One of the factors influencing the customer satisfaction relationship is the change of cost. Companies can keep their customers (increase their loyalty) without their satisfaction increase. Costs of change are the psychological and economic costs that are perceived with a change from one brand (Mark) to other brands (Marks) by the consumer.

Examples of the cost change are: benefits achieved by the continuous relationship with producer but are lost with the change of the producer such as discount at the time of purchase that is only given to old customers, psychological costs related to the perceived risk in the time of mark change, assessment and research costs before mark change, the cost of the introduction like filling new bank forms when changing the bank and so on.12

Customer expectations are defined as customer predictors instead of normative standards or criteria. Expectations are directly related to customer satisfaction because they are used as a cognitive fulcrum in the assessment process. Customer expectations are caused from previous usage of products or services of the company, as well as advertising and word of mouth while the perceived performance is more from recent experiences. Expectations will predict the future performance of the company, so they have a positive impact on satisfaction in the SCSB model. The expectations should positively be related with the performance of the perceived (value).

The consequences of satisfaction in SCSB model are originated from the famous Hirschman (1970) exit-voice theory of marketing. This theory describes the situations that the client or customer is unsatisfied with the products or services of an organization. Organization has found two mechanisms of exit and voice to get out of this predicament and provide satisfaction. Every customer who exits or stops purchasing from the company, or expresses dissatisfaction complaint, the company is trying to understand the situation. Obviously, immediate consequences of satisfaction increase are the reduced customer complaints and the increased customer loyalty. Increase in satisfaction should reduce the incidence of complaints, and increase customer loyalty which is the customer psychological tendency to buy this particular product or service again from the provider. Loyalty is the ultimate dependent variable in the model, because its value is as an index of customer retention and profitability persistence.12
THE AMERICAN CUSTOMER SATISFACTION INDEX

American Customer Satisfaction Index is a 100-point scale that ranks households customer satisfaction in America about goods and services. The index was designed in 1994 at the Business School of University of Michigan and is updated 4 times per year. ACSI is a new kind of market-based performance measure for companies, industries, economic sectors and national economies. It measures the quality of goods and services as the customers experience and consume. ACSI has three entrances: the perceived quality, the perceived value and customer expectations. The first characteristic of the overall customer satisfaction is the perceived quality or performance and the assessment of service market is done by recent consumer experience, and is expected to have a direct and positive impact on the overall customer satisfaction. This prediction is intuitive and is the basis for all economic activity. We should infer the literature of quality with basic descriptions of two combinations of consumption experience for operating out the structure of the perceived quality:

Customize is the degree to which the company provides the customer needs in accordance with customer orders.

Reliability is the extent to which the company’s product is reliable, standardized and impeccable.

The second characteristic of overall customer satisfaction is the perceived value or the perceived level of production quality against the price paid. Adding the perceived value joins the price information to the model and increases the comparability of results of companies, industries and sectors. It is expected that a positive correlation exists between increased perceived value and customer satisfaction.

The third characteristic of overall customer satisfaction is the serviced market expectations. The serviced market expectations show both the primary consumption experience of the serviced market from the company’s delivery, which includes available non-experimental information via resources like advertising and verbal relationships, and also predicting the ability of the producer to provide the quality in the future. Expectations structure has a direct and positive correlation with company’s cumulative performance assessment such as the overall customer satisfaction. Meanwhile, the serviced market expectations predict the company’s ability to satisfy its market in the time of t in the future period of t + n, t + 1, t + 2, and so on. Customers’ expectations must be associated with the perceived quality and ultimately with the perceived value positively. Customers’ knowledge must be in a way that the expectations are the mirror of the current quality. ACSI consequences include both customer complaints and customer loyalty.

Examining the recent years evolutions indicate that services are developed widely and it will continue with a higher speed the following years. The industry is minified and the service is greatening. The people in charge of productive and service institutions in all corporation governmental and private departments gradually realize that product quality is not conducive to differentiate them from others, but they should change the focus orientation from market to customer. Many of them not only have changed their focus from market to the customer, but also view preserving the current customer as cheaper, easier, more profitable and more attractive strategy. As a result, researches, conferences, articles, books, training courses and consulting projects at different levels entitled as service management and service strategy are expanded and developed more than the past to support and reinforce service-providing to satisfy the receivers.

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![Diagram of customer satisfaction model]

**Figure 2. American Customer Satisfaction Index**

**EUROPEAN CUSTOMER SATISFACTION INDEX**

Sweden and America’s successful experiences in determining customer satisfaction index caused European organizations such as Europe Institute of Quality and European Foundation for quality management to contribute to the Europe Union to create customer satisfaction index in Europe.

ECSI model is a modified version of ACSI model theoretically. The perceived quality in this model is divided into two parts: the hardware part which means the quality of production while the software part is related to the service such as guarantee and after-sales service. In mid-spring 2000, Europe Institute of Quality decided to abandon the ECSI program. As a result, European Foundation for quality management and International Foundation for customer focus took the responsibility of the whole program and did regular checkups from ECSI. Their goal was beyond customer satisfaction, including "people results" and "society results" in accordance with the created dimensions in the EFQM sublime Model.

Nowadays, customers want something more than their values. Although they like cheap things, they need more and more things to be cheap. They consider comfort and speed as important things while shopping, but they like even more comfort and speed. Although they pay attention to the artistic aspect of goods, they want to see art manifested in them. If they want expert guidance, they are willing to receive such an intimate, accurate and patient behavior as if they are the only...
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customer there. Today, whatever amount we consider for the customer, they want more. This is why companies such as Rolex, IBM and General Motors are going bankrupt. One or more companies are found in the market of these giants and have replaced them with increased value to customers by reducing prices, improving products and favorable services.

Leading foundations have occupied the market with understanding this and the customer needs and have left their rivalries. Meanwhile, those who are not able to continue this way are fallen apart.

![Diagram](image)

**Figure 3.** European Customer Satisfaction Index

OTHER NATIONAL CUSTOMER SATISFACTION INDEXES

Norwegian customer satisfaction index was introduced in 1996 and its results were reported for 42 companies in 12 different industries until 1999. Norwegian customer satisfaction index NCSB is similar to American Customer Satisfaction Index model except that it includes the Corporate Image and relationship to customer satisfaction and customer loyalty. Related interactions with organization that is engraved in the memory of the customer are keys to the corporate image understanding. In line with the development of marketing from the exchange trends to communication between service providers, the NSCB expanded over time to include Relationship commitment structure. The structure is derived focused on affective and calculative factors. While affective factors are "hotter" or more emotional, calculated factors are based on "colder" aspects of communication such as switching costs. In this model, the commitment structure acts as a mediator of the impact of satisfaction on loyalty.

Creating a national indicator for customer satisfaction in Switzerland began in 1996 during a research project at the School of Marketing and Business at the University of Basel. Customer in Malaysia satisfaction index MCSI was founded in 2000. This indicator has paved the way for strategic decision making of the organizations of this country by providing relevant information about customers. This national indicator is as an important criterion for evaluating organizations in the country in conjunction with other economic indicators.
In 2000, China Business Research Center at the University of Tsing Hove financed by the Ministry of Science and Technology of China and cooperated by the National Quality and Technology Supervision Bureau started a research program for the quality and evaluated an indicator based on customer satisfaction as CCSI. The aim of this program was to improve the quality and preparing the companies and industries to have inclinations to the market\textsuperscript{16}.

Johnson et al\textsuperscript{12} have studied four national index of customer satisfaction as SCSB, NCSB, ACSI and ECSI, have checked out the shortcomings, have proposed reforms and have tested their modified model. They have observed that the relationship between customer expectations and perceived value is unknown, since the assessment of customers’ expectations is related to quality not the value. In addition, the findings of several national studies showed that the relationship between expectations and values is not significant. According to Johnson et al\textsuperscript{12}, the perceived quality involves the factor of price perception and the assessment of the perceived value and perceived quality are repeated reasons. So, the perceived price was replaced by perceived value. Perceived price means how much the price of goods and services are appropriate compared with the quality they have and to what extent the price of goods and services meet the expectations. Johnson et al model is shown in Figure 2-4\textsuperscript{12}.

**Figure 4.** The proposed National customer satisfaction index by Johnson et al\textsuperscript{12} for Norway

**CONCLUSION**

Despite a long time after the subject of service quality and its measurement and assessment methods, not only it has reduced but also it has become more important due to the increasing importance of services in the countries’ economies and specially the developed modern
The new models of customer satisfaction economies. Measuring quality in service organizations is a measurement of the extent to which the provided service meets customer expectations\textsuperscript{1, 2}.

Awareness of the concept of service quality and trying for its improvement leads to provide qualified services and customer satisfaction can be expected by increasing levels of service quality. Based on the definition by Parasuraman et al, quality of service is the customer judge (attitude), and is defined as the difference between customer expectations of what companies have to offer and the performance of the received service\textsuperscript{17}.

The quality of superior service enables a company to make them privileged compared to their competitors and gain a competitive advantage. Increasing the quality of services causes increased customer satisfaction and increased customer focus, positive oral propaganda and improving the company's financial performance.

One of the basic ways that a services company distinct itself from other competitors is the permanent offering of superior service quality. Many companies have recognized that the qualified service can bring strengthened and secure competitive advantage to them. This advantage can ultimately lead to higher sales and profit. To achieve this goal, it is sufficient to response appropriately to customers' expectations of service quality or to surpass them. Thus, this is the task of services provider to study and identify their customers' expectations of service quality despite more difficulty in determining the quality of service than determining the quality of the goods. Customer’s expectancy in buying a product or get a service is to receive something worthy. In this regard, the value is defined as a link between what customers gain against what they lose.

Thus, the quality of service can be defined based on customer satisfaction as the difference between the expectations or demands of the client and his understanding of the actual performance of the service\textsuperscript{14}.

REFERENCES


