

MODERN METHODS OF CUSTOMER SATISFACTION MEASUREMENT

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Abstract

Acquisition of feedback from customers has become a necessity. It can be divided into direct and indirect. The indirect feedback is pursued via mystery shopping or via a secret or inspecting customer who observes feelings while drawing services or shopping for goods. He did not spend his own money, so the impression differs. Since about 2005, D Telecom and Skoda Auto, direct feedback has been used. It was copied very early by other telecommunication companies and automobile factories, followed by e-shops. We introduce development, risks and difficulties of these methods called Customer Satisfaction Index, used as CCS, CSI, ICCA etc., including misusing these tools in employees' assessment based on customers' opinions.

Keywords:

Customer Satisfaction Index
CSI
ICCA

Mystery Shopping,
KPI

1 Introduction

The origin of this publication comes from the invisible nuances in entrepreneurship within the last decade. Since the Second World War we moved to an age that is both modern and peculiar. Most goods and services are overproduced and are thus in excess in today's world. The ultimate goal is to convince our customers and consumers that they might want our goods or services. The same can be seen in the context of the state/government, when the so called "hidden taxes" are preferred to reduce the substitution effects (Klazar, 2010, p.55). Also management and marketing started hosting plethora of new strategies, plans and abbreviations, such as KPI in which case one cannot even be sure whether it is still management related or whether it is a curse word. All manufacturers and contractors wish to see constant surges of at least something even though there is no one to keep buying. And the most important aspect is being neglected. As Hrnko and Křištofiaková (2016, p.277) say, judging the quality of a product or a service is rather subjective manner. What does the customer think? Why does he want to or why did he buy the product? What is his motivation (Němec, 2014, p.33)? And so, by the need to measure something that is by its very nature difficult to measure, a new discipline which takes into account everything was born in order to accumulate feedback from the customer. For the purpose of the methods described in this paper it is indifferent whether the customer to whom the goods are being sold is an actual person, a large company, government or even internal employees. Those methods are very simple and most consumers are familiar with them. How it works, how they are applied, what they measure and how to actually realize them mostly remains hidden as a company know-how. Here is a brief introduction to those methods and how to put them into practice.

2 Direct method – Customer Satisfaction Index (CSI, ICCA)

Fairly new and modern evaluation method. (Hill 2006) The basic distinctive feature is that in this case the evaluation is gathered directly from the customer (Terry, 2006) and not a third party as it is the case of

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the mystery shopping. The customer evaluation is subjective (Cochran, 2003, p. 14) and is based around 360 - 540 degree feedback (Amstrong, 2006, p. 19). The customer is contacted via phone, email or a website 24 to 48 hours after their visit of the designated place. (Hayes, 2008, p.72) They are asked previously prepared questions (Self, 2007, p.112) and the purpose is to evaluate the services and goods using a school scale (1-5). They can also state any positive or negative aspects of their visit and ultimately assess the visit as a whole with a final grade.

2.1 Companies using Customer Satisfaction Index (CSI, ICCA)

This method and its variations is used by all telecommunication providers in the Czech Republic since 2005 for try-outs and fully since 2009. Additionally, Peugeot, Toyota, Skoda Auto, to name a few, use these methods as well. The abbreviations of this method can vary.

T-Mobile uses this method by the name ICCA (International Customer Contact Analysis), Telefonica uses CSI (Customer Satisfaction Index), Peugeot ISC (Index of Satisfaction Customer) and Toyota CCS (Complete Customer Satisfaction). Further variations of this method can be encountered mostly in a simplified electronic form on e - shops (alza.cz) and search engine (google.com, heureka.cz, seznam.cz, vision.com and many more).

2.2 Advantages Customer Satisfaction Index (CSI, ICCA)

This method offers swift and highly operational features and it is considered rather progressive. Given an appropriate preparation we can gather countless reactions on a recently played commercial, a new product or a new offered service in a matter of hours. All that with a fraction of expenses required by other methods. Expenses are significantly lower than for mystery shopping mostly because it doesn't require physical visit of the evaluated places and thus it saves funds and time which can be used for further analysis of the gathered data.

Data gathering – a call centre employee is able to gather reactions from three to seven customers within an hour. In the case of an evaluation via website, we can have hundreds of reactions during an hour. All that while being generated only by a few employees of a call centre or an assessing computer.

It is recommended to conduct the evaluation after two days from the customer's visit or a week after their purchase from an e-shop even though it is being conducted immediately or within a few hours after.

2.3 Disadvantages of Customer Satisfaction Index (ICCA, CSI)

The evaluation is subjective but despite that we try to aim the customer to evaluate each point separately by detail questions. Some customers might neglect the evaluation. Various views on the evaluation scale (while mystery shopping has a uniform view because most of the evaluations are realized by the same person).

2.4 Risks of Customer Satisfaction Index (ICCA, CSI)

Do they evaluate the correct place? The customer often does not have to know whether they are evaluating the correct outlet. For example, it is possible that the customer visits other outlets in the meantime. The customer is not required, nor is he often able, to distinguish which outlet he evaluates.

Insufficiency of reactions.

The customer can be satisfied but gives the store a mark "3". This is a typical feature of the ICCA evaluation. It was swiftly discovered that the time and places of the evaluation influences the customer's assessment much more than how they were treated.

Lust for vengeance from the customer if all of their needs were not fulfilled.

The unwillingness of customers to give great evaluation leads to biased results.

If the customer visited more stores in a short period of time they can then assess all the places collectively or compare them.

Validity

There is a risk that every customer may have a different evaluation scale or they can be subjected to peer pressure or hints

Quality

We can get a significant amount of assessments in a short period of time.

Even in cases where all the customer's needs were met they might still assess their visit poorly mainly due to inappropriate timing of the phone call.

2.5 Methods of evaluation via Customer Satisfaction Index (ICCA, CSI)

For simplicity several scales for evaluation were proven.

1 – 5, 5 – 1, 1 – 10 points, 1 – 5 should be converted to points mainly because of the differences in school scales (which can be 1 – 5 in one state but 5 – 1 in the other).

The biggest issue is to gather enough reactions to ensure its validity. Due to the customers' unwillingness to be contacted for the purposes of marketing, the amount of calls for a store has settled on 10 – 100 per month.

Risks and possible mistakes during the first data collection

1. Usage of the scale 1 – 10 – most frequently sent by SMS (Vodafone). Even though a customer might want to send back 10, as in satisfied to the fullest, there is a risk that they might miss the 0 and send back only 1. A possible solution for this issue is moving the scale to 0 – 9 which is always only one character
2. Usage of the scale 1 – 100 – it is not preferred because of the ultimate lack of 100 and 1 points.
3. The attitude of the people processing the evaluation. The evaluation is subjective. To achieve more objectivity, shouldn't the best and the worst result be disregarded?

Consequent processing of the data is mostly done via three methods.

1. Arithmetic mean
2. Geometrical mean
3. Sum of the points

It might be obtained by machine processing or electronic completion by customers.

2.6 Use X misuse od Customer Satisfaction Index (ICCA, CSI)

The main use is to tie this evaluation with the financial one. That is in the case of franchisor X franchisee, supplier X business partners and employer X employee. Initially, in the years preceding 2010, the financial bump made only 5-10% of the total amount of money which was used for motivation. Today it is not unusual that this bump makes up to 80% of the total amount. From the view of the evaluated, sometimes one customer with a differently set scale is enough to devalue the whole sales motivation for the given period (days, months, quarter, half-year). This uncompromising tool for evaluation is used frequently. The employee can easily calculate that he will not get any bonuses in the certain period because the mean simply could not be fixed. This can demotivate and harm the loyalty of the employee. It is thus recommended to choose the form where these problems are eliminated even before they arise.

3 Indirect method – Mystery shopping

The evaluator can be a third party which is a distinctive aspect for the indirect method of the Mystery shopping. Direct methods are characterized by the feedback coming directly from the customer and it doesn't matter whether the customer is past, present or future. Customers usually follow their interests that are often professional or technical specialized. Mystery shopping is nowadays considered a sophisticated tool the use of which is relatively simple and easily realized. (Smith, 2010, p.29-31) For example, one can have a small business such as a restaurant, a shop or a hairdressing salon. To this business they send a person whom they trust to evaluate how their business operates. The trusted person can be anyone, for example a friend or an outsider from an agency.

3.1 How Mystery shopping works

The most important thing to know is what we want to find out and whether the evaluator is the good one for the job. Basic distinction is that the purchase or the visit is realized by a third party = evaluator. This person usually gets the evaluation requirements from the supplier of services or the seller of goods. These requirements can be very complex and thorough investigations of the functioning of the shop. They can also be specifically targeted on a quality of the goods or services, the employee's knowledge of contemporary offer of goods or services. Both of those are rather extreme examples of the scope this method might cover. The task has

to be clear, specified and has to contain information about what we wish to find out, what the mystery shopper should pay attention to and how they should behave. The difficulty of this method is ensuring that the observed institution will not find out that they are being observed and thus will not display better kind of behaviour towards the mystery shopper than they would to a regular customer (Dolista, 2005, p. 18).

Provided a comprehensible task and an appropriate third party, the realization of mystery shopping itself is fairly simple. Appointed person visits the place of evaluation on a previously unset time, embodies a customer and asks the staff questions or actually proceeds to make a purchase in order to find out answers to previously set questions. In this day and age, the whole process is often recorded on a voice recorder or a hidden camera for a future evaluation. This evaluation is realized outside the observed place. The most common practice how to evaluate the services is by a questionnaire given to the mystery shopper prior to the shopping itself. This questionnaire is a part of the initial task given by the institution which desires the data to be collected. It does not necessarily have to be the owner of the business or shop. It can be a franchisor who is providing the franchisees with the opportunity to conduct business under their name. (Pamln, 2009, p.22). The franchisor then wishes to test the quality of the provided services. Or to find out how a contemporary commercial campaign is doing. A note from the legislation is important here. (Dolista, 2008, p. 94). If we wish to record any sort of material, may it be audio or audio-visual, a signed agreement must be gathered from every single potentially observed person, otherwise that recording cannot be used for anything whatsoever. The evaluator has a uniform evaluation scale for more outlets they visit.

3.2 Disadvantages of Mystery shopping

The process is rather slow. The evaluator is realistically able to visit five to seven outlets in a day. Moreover, the costs for mystery shopping are much higher than they are for its direct counterparts. It is necessary to travel long distances and a lot of time and money is spent on further processing of the data. Evaluated person can find out they are being evaluated.

4 Conclusion

Modern methods of surveying customers' satisfaction have moved from indirect assessments by a third party (mystery shopping) to the area of a direct evaluation by the customer (CSI) in the last decade. Latest trends are to automatize this process as much as possible. So more often than a phone call, the customer's evaluation happens online or via an SMS. These evaluation methods are not only a tool for employee control, but they also affect buying possibilities of customers and are used as a filter for the suppliers or the choice of a vacation. The beneficiaries are the middlemen such as google.com, heureka.cz, zbozi.cz, TripAdvisor and many more. Many of these tools are slowly progressing from the point of an evaluation tool to the point of an oppression tool and many opportunities are missed because of one simple miss-click.

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