



A STUDY ON FACTORS INFLUENCING CUSTOMER SATISFACTION AND INTERNAL PROCESSES

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Abstract

Customer satisfaction is how customers view an organization's products or services in light of their experiences with that organization (or product), as well as by comparison with that they have heard or seen about other companies or organizations.

Loyalty is about a customer's intention or predisposition to buy. A loyal customer might be someone who repurchases products and services but is not necessarily committed to the organization.

Customer satisfaction was usually focusing on operational breakdown of service issues. As management became more interested in customer service and loyalty, so new research techniques and models were developed. Today this has expanded even further, with research departments changing their focus from market research with its technical connotations to customer insight. Their remit has also broadened to include the researching of employee satisfaction and benchmarking.

Customer satisfaction a business term, is a measure of how products and services supplied by a company meet or surpass customer satisfaction. Organisations are increasingly interested in retaining existing customer while targeting non customers, measuring customer satisfaction provides an indication of how successful the organisation is at providing products and services to the market place

In order to meet the customer satisfaction a lot of factors are to be considered such as product oriented factors, customer oriented factors and firm oriented factors. The present study focuses on analysis of these factors for knowing customer satisfaction

The main objective of the study is to ascertain customer satisfaction with regard to product oriented factors, customer oriented factors and firm oriented factors.

The study attempts to cover the analysis of variables which influence the customer satisfaction of three types of business units such as retailing, durables and foods.

Introduction

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Significance of the Study

In order to meet the customer satisfaction a lot of factors are to be considered such as product oriented factors, customer oriented factors and firm oriented factors. The present study focuses on analysis of these factors for knowing customer satisfaction

Objectives of the Study

To ascertain customer satisfaction with regard to:

1. Product oriented factors
2. Customer oriented factors and
3. Firm oriented factors.

Scope of the Study

The study attempts to cover the analysis of variables which influence the customer satisfaction of three types of business units such as retailing, durables and foods.

Methodology

The study extensively depends on the primary data collected through an interview schedule from the sample units

Sampling Design

For the current study three types of business units such as retailing, durables and foods are selected as sample units in Thiruvananthapuram District through purposive sampling. From each of these units a sample of 10 units is selected and a total sample of 30 units was selected.

Collection of Data

The study is based on empirical data collected through survey method. It is extensively based on primary data. However secondary data is used to develop theoretical framework

Analysis of Data

The data were analysed in to three sections i.e., on the basis of product-oriented factors, customer-oriented factors and firm oriented factors. The data were analysed by using the Four-point scale giving four points for maximum level, three and two points for the medium level and one point for the lowest level. The data were analysed by using the mean which is ranging from classes such as 1-2,2-3 and3-4.

Review of Literature

1. Based on Coyne (1986), there are two critical thresholds affecting the link between customer satisfaction and customer loyalty. On the high side, when satisfaction reaches a certain level, loyalty



increases dramatically, at the same time satisfaction declined to a certain point, loyalty dropped equally dramatically (Oliva, Oliver & MacMillan 1992.)

“Satisfaction” is an attitude, whereas loyalty is described as a behavior. Chen and Wang (2009) suggest a view of customer satisfaction as a kind of consistency evaluation between prior expectations and perceived service performance. Accordingly, the positive evaluation of the product or service that the customer acquires is a major reason to continue a relationship with a company’s service or products, and an important pillar that upholds loyalty. Satisfied customers are thus more likely to repurchase, lower their price sensitivity, engage in positive word-of-mouth recommendation, and become loyal customers (Chen & Wang 2009.)

Theoretical Framework

Theories and strategies for measuring and improving customer satisfaction and loyalty.

This provides a brief introduction to some of the more common theories and strategies that are used by organization to improve customer satisfaction and loyalty in pursuit of improving profits and shareholder value.

It includes:

- 1. Strategic level models**
- 2. Strategic benchmarking**
- 3. Research models**

1. Strategic-level Models

Strategic level models fall into two categories; those that help companies shape their competitiveness through being at the heart of an organization’s strategy, and those that provide an external benchmark of how far the organization is meeting its strategic objectives.

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It includes

- **The balanced scoreboard**
- **The service profits chain**

2.Strategic benchmarking

Benchmarking is about comparing performance against a standard or a fixed reference point over a period of time. It can take number of reforms. Benchmarking is very popular with companies that track customer service performance loyalty.

- **ISO 9000**
- **UK Charter Marks**
- **Malcolm Baldrige National Quality Award**
- **EFQM Excellence Model**
- **The American Customer Satisfaction Index**

3.Research models

There are plethora of research agencies that claim their models or approach for measuring customer satisfaction will provide an organization with a competitive edge or some other business benefit. There



are two well documented research tools that have been used extensively in customer satisfaction research. These are Simalto and SERVQUAL.

- **Simalto(an acronym for simultaneous multi- attribute level trade off)**
- **SERVQUAL**
- **The Conversion Model**

Analysis and Interpretation

Product - Oriented Factors

While analysing the product oriented factors the major components considered are brand loyalty,dealer network, quality and service ,the analysis revealed the following results

Table:1, Product - Oriented Factors

Product oriented factors	Type of business units					
	Retailing		Durables		Foods	
	Mean	Rank	Mean	Rank	Mean	Rank
Promotion of brand loyalty	3.3	III	1.8	V	.6	IV
Better dealer network and accessibility	3.4	II	2.9	III	2.8	II
Global business processes	.4	V	0	-	0	-
Increased market share through increased profitability	1.5	IV	2.0	IV	1.9	III
Superior quality	3.7	I	3.6	I	4.0	I
Superior service	3.4	II	3.4	II	2.8	II

Source: Primary Data

While analysing the various product oriented factors which contribute to the customer satisfaction in the case of retailing sector, the most important factors are the promotion of brand loyalty, better dealer network and accessibility, superior quality and superior service and which were having a mean ranging from 3-4 and which shows highest level of satisfaction and there is very low level of influence in the case of global processes.

While analysing the various product oriented factors which contribute to the customer satisfaction in the case of durables, the most important factors was the superior quality and superior service and which were having a mean ranging from 3-4 and which shows highest level of satisfaction and there is no response from the respondents in the case of global processes.

While analysing the various product-oriented factors which contribute to the customer satisfaction in the case of foods, the most important factors are the superior quality which was having a mean ranging from 3-4 and which shows highest level of satisfaction and there is no response from the respondents in the case of global pro

Customer -Oriented Factors

While analysing the customer-oriented factors the major components considered are customer retention, customer acquisition, growing customer base and proactive selling. The analysis revealed the following results



Table: 2, Customer - Oriented Factors

Customer oriented factors	Type of business units					
	Retailing		Durables		Foods	
	Mean	Rank	Mean	Rank	Mean	Rank
Customer retention	2.4	II	1.6	II	2.6	II
Customer acquisition	1.8	III	1.6	II	2.3	III
Growing customer base	3.1	I	3	I	3.4	I
Proactive selling	.4	IV	.3	III	1.0	IV

Source: Primary Data

The above table indicates that the most prominent customer-oriented factors of customer satisfaction and internal processes were the growing consumer base and which is identical among three firms and having a mean ranging from 3-4 and which shows highest level of satisfaction. There was a very low level of satisfaction among the respondents with regard to proactive selling as it was having a mean below one

Firm -Oriented Factors

The firm oriented factors of three major business units are considered and evaluated. The analysis revealed the following results.

Table: 3, Firm - Oriented Factors

Firm oriented factors	Type of business units					
	Retailing		Durables		Foods	
	Mean	Rank	Mean	Rank	Mean	Rank
Minimizing risk and focusing on customer needs	3.4	II	2.2	II	2.2	III
Perpetual consumer care through extended services	3.3	III	3.4	I	3.0	I
Consumer satisfaction through extended business relationships	3.6	I	1.8	III	2.6	II
Developing our capabilities in managing attractive options	1.6	VII	1.2	VII	1.2	VI
Developing staff in Programme delivery	.4	XI	.5	IX	.7	VIII
Leveraging in technology	1.1	VIII	1.4	V	.6	IX
Leveraging on mass media	.6	IX	.7	VIII	.6	IX
Leverage knowledge management	.1	XI	0	-	.1	XIII
Building a favourable business environment	2.6	IV	1.5	IV	2.6	II
Enhancing human competencies	1.7	VI	1.3	VI	1.1	VII
High automation and smart purchasing	1.7	VI	1.3	VI	.4	XI



Automation technology	.1	XII	.1	X	.5	X
Innovation	1.8	V	1.5	IV	1.7	V
Processes support innovation	.1	XIII	0	-	.2	XII
Values based processes	.5	X	0	-	2.0	IV
Work force plans implemented	.3	XII	0	-	.1	XIII
Internal and external alliance achieved	.1	XIII	0	-	.1	XIII

Source: Primary Data

In the case of retailing sector the most important firm oriented factors which influence the customer satisfaction and internal processes were the ‘consumer satisfaction through extended business relationships’, ‘minimizing risk and focusing on customer needs’ and ‘perpetual consumer care through extended services’ as they were having a mean ranging from 3-4. There was very low level of satisfaction in the case of factors like leverage knowledge management, automation technology Processes support innovation and internal and external alliance achieved as they were having a mean below 1-2.

In the case of durables the most important firm oriented factors which influence the customer satisfaction and internal processes were perpetual consumer care through extended services having a mean ranging from 3-4 showing high rate of satisfaction. There was a moderate level of satisfaction of mean ranging from 2-3 in the case of factor ‘minimizing risk and focusing on customer needs’. There was no response from the respondents with regard to the factors like leverage knowledge management, processes support innovation, values based processes, work force plans implemented and internal and external alliance achieved.

In the case of foods the most important firm oriented factors which influence the customer satisfaction and internal processes were perpetual consumer care through extended services having a mean ranging from 3-4 and there is a moderate level of influence in the case of factors such as minimizing risk and focusing on customer needs ‘consumer satisfaction through extended business relationships’ building a favourable business environment and values based processes, having a mean ranging from 2-3.

Findings of the Study

Product Oriented Factors

The most important product-oriented factors which contribute to the customer satisfaction was the superior quality among the three firms by scoring maximum points. The second important among the three sectors was the superior service. The third important factor which contribute to the customer satisfaction of retailing is promotion of brand loyalty and in the case of durables it is better dealer network and accessibility and for the food sector it is increased market share through increased profitability.

Customer -Oriented Factors

The study reveals that the most prominent customer-oriented factors of customer satisfaction and internal processes were the growing consumer base and the second most important factor was the customer retention among the three firms.



Firm -Oriented Factors

In the case of retailing sector, the most important firm oriented factors which influence the customer satisfaction and internal processes were the consumer satisfaction through extended business relationships, minimizing risk and focusing on customer needs and perpetual consumer care through extended services.

In the case of durables, the most important firm oriented factors which influence the customer satisfaction and internal processes were perpetual consumer care through extended services, minimizing risk and focusing on customer needs and the consumer satisfaction through extended business relationships.

In the case of foods, the most important firm oriented factors which influence the customer satisfaction and internal processes were perpetual consumer care through extended services, consumer satisfaction through extended business relationships and minimizing risk and focusing on customer needs.

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