



MEASUREMENT OF CUSTOMER SATISFACTION IN SERVICE SECTOR

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Abstract

Satisfaction is an overall psychological state that reflects the evaluation of a relationship between the consumer/customer and a company – environment – product/service. In the service sector, it needs to concentrate on how to satisfy its customers in a highly competitive environment. Customer satisfaction is a dependent factor on expectations and perceptions. Only when their expectations are fulfilled, they become satisfied. Satisfaction also depends on the quality of service being offered by banks. The development of new technologies has profoundly changed the way in which customers interact with service providers. Service quality can be defined as the difference between customer expectations of service and their perception.

Key Words: Customer, Satisfaction, Services.

INTRODUCTION

Satisfaction is an overall psychological state that reflects the evaluation of a relationship between the consumer/customer and a company – environment – product/service. It involves one of the following three psychological elements: cognitive (thinking/ evaluation), affective (emotional/feeling) and behavioral. The most comprehensive definition of satisfaction has been offered by Kotler and Keller, who define satisfaction as “person’s feeling of pleasure or disappointment which results from comparing a products perceived performance or outcome against his/her expectations. Satisfaction is a term which is highly abstract in nature. As it is related with the psychological feeling of a person, it cannot be defined in a particular manner. Satisfaction differs from person to person according to their own perception. Perception in general means the act of perceiving or understanding or evaluating a given thing with their own past experience. Such perception is the pivotal element of satisfaction. In service sector, it needs to concentrate on how to satisfy its customers in a highly competitive environment. Customer satisfaction is a dependent factor on expectations and perceptions. Satisfaction also depends on the quality of service being offered by banks. Since services are intangible, the inner feeling about how the services are offered is much felt by the customers in order to arrive at the higher degree of satisfaction. If the performance falls short of expectations, the customer is dissatisfied. If it matches expectations, the customer is satisfied and if it exceed, then the customer is delighted. The goal for every service organization is to make its customers satisfied. Satisfied customers will continue to be customers and also make others to become customers. This is technically called as customer loyalty.

FACTORS TO MEASURE CUSTOMER SATISFACTION

Following are some of the factors that measure customer satisfaction.

a. Expectations

Expectations are of three kinds (a) Ideal expectations (b) pre – expectations and (c) minimum expectations. Ideal expectations are persons own values and hopes for the action that a customer expects from a company. This includes lower cost, friendly personal service, convenient location etc. Pre – expectations mean the level of expectations a customer has on the different features of the company and the services offered. This includes mouth-to-mouth communication, business idea, basic elements of marketing etc. All these factors are connected to each other either directly or indirectly. Minimum expectations describe the minimum level of expectations that a customer expect from the company. There



are four different factors affecting the expectations- situational factors, customer's background factors, competition situation and marketing of services.

b. Experiences

Expectations are proportioned to experiences and this creates reaction in the scale of satisfaction – dissatisfaction. This satisfaction scale is divided into three basic categories

- Under expectation situation (positive experience),
- Balance situation (match to the expectations) and
- Over expectation situation (negative experience).

In case of under experience situation the expectations of the customer are less and the experience he actually gets from the service organization is high and hence called positive experience. In this situation the customer tells his/her friends or neighbors about the good service offered by a particular service organization. When the expectations of a customer match with the experience in a service organization, then the situation is said to be a balanced situation. Here the expectation is equal to experience. The third situation is the over expectation situation where the customer gets negative experience i.e. his/her expectations are higher than the actual experience he receives and the customer gets disappointed or dissatisfied.

LEVELS OF CUSTOMER SATISFACTION

The customer satisfaction levels can be divided into different categories according to how strongly and to which direction the customers have reacted.

a. Greatly Disappointed Level

When the expectations of the customers are completely unfulfilled they are called as greatly disappointed customers. These customers may break the customer relationship with the organization and spread negative words about the organization and its services.

b. Mildly Disappointed Level

If the expectations of the customers are partially fulfilled i.e. they may be satisfied with one or more features of the organization and the service rendered but not with all the features of the organization and the service, then they are called mildly disappointed customers. When an organization seems to have this type of customers, the service provider should have a system of collecting customer feedback on a regular basis in order to rectify the defects with the organization; otherwise the organization may lose their valuable customers.

c. Experience According to Expectations Level

Though the service organization performs according to the expectations of the customers, it does not necessarily improve or weaken the customer relationship with the service provider. This is a situation where it is possible for the competitor to make a better offer for the customer and this way can attract the customers towards their organization. But without the competitors' offer there is every chance for the customer to continue with the same service provider based on personal acquaintance.

d. Mildly Positively Surprised Level

At this level the customers do not usually give feedback on their positive experiences; rather they stay as customers and are ready to recommend the service provider to others. The customer relationship with the organization keeps on going, if the company keeps fulfilling the expectations of the customers in the future as well.

e. Greatly Positively Surprised Level

The customer attains a very high level of satisfaction when their expectations are low and the service organization performs and provides service in an exemplary manner. The customer will thank the service



provider on his own for the treatment he got. The customer is very likely to spread positive word-of-mouth to others also at this level.

OLIVER'S THEORY

Oliver's theory divides potential customer satisfaction level into three categories:

a. Negative Disconfirmation

This is a level of satisfaction where the level of service turns out to be worse than expected by the customer.

b. Positive Disconfirmation

At this level the service is better than expected by the customer.

c. Simple Disconfirmation

This is the level where the level of service matches the level of service.

SIGNIFICANCE OF MEASURING CUSTOMER SATISFACTION

The primary objective of any business organization is profit. In case of service organizations, in order to achieve their primary goal, it needs to satisfy its customers. The organization should meet the needs of their customers and strive to provide/perform service according to the expectations of the customers. Unless their requirements are met to the fullest extent, achieving the primary goal is a question mark. So it becomes necessary to measure customer satisfaction by means of customer satisfaction surveys. The survey should be methodologically sound based on what customers think, conducted with a reliable sample of customers and updated at regular intervals. Customer satisfaction measurement enables to identify the requirements of customers, helps to understand how customers perceive the services offered, identify and improve the areas where the customers are dissatisfied, train the staff to understand the customers' priorities and finally increase profit through customer retention and loyalty.

TOOLS TO MEASURE CUSTOMER SATISFACTION

Measuring customer satisfaction is one of the biggest challenges an organization faces. The tools or methods to measure customer satisfaction needs to be defined sophisticatedly to fulfill the desired norms. Following are the methods to measure customer satisfaction.

a. Direct Methods

Under this method the customers are contacted personally and their valuable feedback is sought. Through this method the customers could be directly tabbed. Following are some of the ways of data collection.

- Face to face conversation
- Complaint handling meeting
- Request for feedback through questionnaires/schedules in person or through e-mail
- Feedback through external agencies
- Call centers

These feedbacks needs to be sophisticated, highly focused and structured so that conclusive results could be fetched out. The questions asked under this method should be in such a way that the customers are encouraged to respond in an obvious manner. This type of feedback is treated as one of the best way to measure customer satisfaction.

b. Indirect Method

The major drawback of direct method is that it is very costly and also requires a lot of pre compiled preparation to implement. There are other indirect methods of getting feedback regarding customer satisfaction to overcome the drawbacks of the direct methods.



c. Complaint Box in Service Centers/Complaint Registration Segment in Website

Under this method the customer can make a written complaint i.e. issues and problems relating to some service can be registered in complaint registration segment or can directly drop such complaints in the specific box kept in the service centers without any human intervention. These complaints can be assessed daily/weekly/fortnightly etc. If the complaints are high, it shows that customers are not much satisfied and vice versa. This helps the service organization to take corrective actions wherever necessary.

d. Assessing Customer Loyalty

The service organization can assess its customers based on the active customer who does transactions regularly and from the data base the organization maintains. Through this method the organization can come to a conclusion about the active customers and the customers who do not operate their accounts for a long time. A customer is said to be loyal if he/she visits the service centre on a regular basis for carrying out the transactions.

PROCESS OF MEASURING CUSTOMER SATISFACTION

Many companies have discovered that there is a strong correlation between satisfaction and loyalty only at the high levels of customer satisfaction. Hence it is evident that each and every service organization should measure the level of satisfaction of their customers. Following are the steps in assessing customer satisfaction.

1. Internal

a. Categories Customers

The first and the foremost thing a service provider has to do is to classify its total customers based on some logical reasoning including customers those who avail the services either directly or indirectly.

b. Classify the Services

The service provider must then assess and classify the services that are being offered by them to their customers in order to satisfy their wants. The services can be classified as traditional and modern (with the use of technology) and can sort the services that are used more by different segments of customers.

c. Services and Competitors

It is necessary in this present competitive environment to determine how the services which are provided at present to the customers are different from those of the other service provider in the same line of operation (competitors).

d. Promotional Activities

The most important thing a service organization must note is that how the promotional activities are being carried out by them to make their customers, both existing and potential, know about various features of the service provider and the services provided by them.

2. External

After internal process, the service provider can measure customer satisfaction in two ways: depth interviews and analysis through distribution of questionnaire. Depth interviews can be used to collect data from customers belonging to different categories depending on the complexity of the customers – service provider relationship. Such type of interviews can be structured and focused directly towards the opinion of the customers pertaining to the quality of service provided, their level of satisfaction and where improvement is sought. Data can be collected through distribution of questionnaire to customers for measuring customer satisfaction. A well framed questionnaire consisting of questions relating to the needs or expectations of the customer, experience or quality of services being provided and their level of satisfaction of customers towards various service quality dimensions can be circulated and the responses has to be sought. At the time of framing of questionnaire, the service provider



should keep in mind the length of the questionnaire and the rating scale to be used to measure the responses of the customers. The questionnaire should contain a reasonable number of questions which are easy to understand and could reflect the exact requirements or perceptions of the customers. The rating scale should be framed in such a way that it should produce mean score of the responses given by the customers. To get an accurate measure of customer satisfaction, a true representative of the total population must be selected as sample unit using random sampling technique and a sufficiently larger sample must be obtained. The primary data collected either through interview method or by distribution of questionnaire must be analyzed using a specialist package such as STATISTICA, SAS or SPSS which will make standardized analysis much easier and quicker and offer more in the long run. The result usually depicts both the satisfaction drivers and the dissatisfaction aspects of various services provided by the service organization. The service organization should and must improve the areas where the customer are dissatisfied and try to maintain the quality of service where the customers are satisfied. Gap analysis should be carried out so that necessary corrective measures can be taken at the right time.

According to Hayes (1992) following are the main steps of the customer satisfaction survey. It was noted from the model that after formulating the research objectives, the researcher has to analyze the customer from their behavioral aspect and a preliminary market analysis must be conducted through different sources in order to obtain behavioral intensions of customers, various competitive edges and how the services are provided by the competitors. Based on this preliminary analysis, a questionnaire has to be designed inculcating the various survey parameters and the well-constructed questionnaire has to be circulated among the customers for data collection. The data which is collected has to be checked for reliability and has to be analyzed and compared with standards and any improvement, if required, has to be formulated and implemented.

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