

# Evaluating Customer Satisfaction as an Aspect of Quality Management

Olga V. Krivobokova

**Abstract**—A major goal of any enterprise is to create a ratings system of customer satisfaction, goods and services. It is obvious that the company cannot change what is not measured. In order to get a clearer picture of the preferences of the major consumer groups, this stage should be based on extensive research, including a variety of interviews and surveys. It is necessary to know the key benefits, which determine customer satisfaction in the market segment, of the properties of certain goods and services. It is important to estimate the terms of these preferences from the viewpoint of the client. This article discusses the importance of customer satisfaction, and ways of assessing it.

**Keywords**—Costs, customer, evaluation, organization, producer, quality management, satisfaction.

## I. INTRODUCTION

NOWADAYS, in the age of developed technologies, it is very difficult to offer consumers a principally new type of product. In the conditions of worldwide competition, a new type of product is a very expensive undertaking. Developing new products requires time and investment, and a thorough study of market conditions. The risk premium can sometimes make the investment needed for developing new products unprofitable. To increase the demand for manufactured goods, there is often a need only for minor structural changes, or, indeed, no changes may be needed.

For any modern enterprise, the primary purpose of its existence is profit, which can be obtained from the sale of goods or services. It is the customer who chooses what goods to buy or services to use. Based on these market assumptions it is not difficult to reach the conclusion: the better the manufacturer meets the needs and desires of the consumer, the greater his economic effect will be.

## II. CUSTOMER SATISFACTION

Customer satisfaction is generally understood as the sense of satisfaction that a consumer feels when comparing his preliminary expectations with the actual quality of the acquired product. Thus, satisfaction is closely linked with the quality of the product (service). The quality of services is extremely difficult to assess, because services are intangible and heterogeneous. It is not feasible to develop well-defined quality standards that will allow the manufacturer to exercise full control and reject "unsuitable" services before they are sold to the consumer. The direct involvement of consumers in

the provision of services leads us to talk about quality not as the recruitment of certain objective characteristics corresponding to stated standards, but as quality conceived by the consumer.

"Quality" = "Customer satisfaction" = "Value"/ "Cost" [3]

This definition of quality implies a close relationship between the product or service and the consumers. In current market conditions, the consumer plays the role of arbiter, so failure will result if customer satisfaction is not taken into account.

The potential financial benefits of an increased number of satisfied customers are often quite substantial. The greater the satisfaction of the buyer's company, the more willing he will be to buy again from the same provider. However, these benefits are not immediately apparent, and the company needs to be able to see the prospects. In contrast, the consequences of consumer dissatisfaction may be felt much faster and can be very severe. One disappointed buyer will talk about the problems he has encountered with another 35 potential clients, on average, and this secondary effect can impact future sales.

The production of quality products helps to increase profitability and the return on capital expenditure. It also increases the prestige of the firm. If its products are widely perceived to be of high quality, the company need not spend so much on advertising or offer an expensive package to attract buyers.

The interests of manufacturers in improving the quality of products are as follows:

- Promote their products to new markets, expand market share;
- Increase labor productivity by eliminating the shortcomings of technological processes, reducing defects;
- Reduce the risk of loss during the warranty period;
- Obtain a higher profit.

For the manufacturer, the quality of the company's product is the determining factor in all its industrial and economic activities. The process of improving quality has to be aimed at consumers. In this task, the manufacturer must do the following:

- Identify customers and define their requirements for products;

- Transform the customer requirements into technical terms;
- Identify the stages in the technological process of manufacturing products, and develop criteria of the process;
- Assess the results and the level of customer satisfaction.

It is important to provide for the customer: [4]

- User-friendly and reliable devices
- Qualified technical services on time
- Characteristics that correspond to product prices

Typically, improved quality of a product is accompanied by an increase in the cost of establishing it, but this trend can be reduced by using scientific and technological advances, by introducing innovations, by improving the production management, and by increasing labor productivity. Moral aging of products also leads to a relative decrease in quality, though the cost of production remains unchanged.

### III. EVALUATION METHODS OF CUSTOMER SATISFACTION

Evaluations of customer satisfaction are based on an examination of **two major factors**:

**Firstly**, how well the staff of organizations focused on the consumer understand the relationship between consumer satisfaction and stability of consumers on the one hand, and profit on the other. Employees of these organizations know how to use market research in order to achieve a competitive advantage. However, they are aware that there is no simple model of management and no research methodology that will give a clear and unambiguous answer to the question: what drives customer satisfaction and consumer constancy?

**Secondly**, the business device that helps the organization to understand problems related to the perception, attitude and behavior of their customers. Some of these tools are located inside the company, and others are located in the professional agencies involved in market research. Those two teams have to cooperate with each other to help customer-oriented companies fully realize their potential. To achieve this goal, market researchers should be the "right hand" of business, rather than just "information providers". Market researchers must therefore extend their knowledge into other business disciplines: from finance to manufacturing processes, from marketing to strategic planning, and from the relationships among employees to customer service.

Options for analyses:

- Non-recurrent. Individual assessment of customer satisfaction is used to compare a product or service with the products or services of major competitors
- Periodic (every three, six or twelve months). Periodic evaluation of customer satisfaction is applied in order to compare the product/service with the products/services of competitors, to evaluate the dynamics of changes in satisfaction that occurred following the market activities or implementation of changes, etc.

In the case of a periodic study, the customer satisfaction rating is evaluated on the basis of a comparison of the composition (conditions of selection, sex, age, etc.) and the size of consumer audiences.

In the evaluation, the following indicators are measured:

- Overall satisfaction with products/services
- Satisfaction with the parameters of a product or service (an example of the attributes - price, range of assortment, speed of supply, shopping convenience, etc.)
- The parameters of the product/service are based either on results of earlier studies (e.g., quality) or they are established by an expert.

The method can be expanded by including in the study not only an evaluation of satisfaction with the various parameters of a product or service, and also an evaluation of the importance each parameter to the consumer. Methods for evaluating satisfaction with a product/service provide an opportunity to:

- Evaluate the overall satisfaction of customers
- Identify "narrow" points of a product or service (i.e., aspects that do not evoke enough satisfaction)

In addition, the evaluation of customer satisfaction with a product or service provides an opportunity to:

- Evaluate the importance that consumers attach to a particular parameter
- Define the strategic direction of work with the parameters of a product or service [2]

It is therefore advisable to use several methods simultaneously. It is important to remember that when choosing the direction for improving the company it is necessary not only to have a reliable evaluation of satisfaction, but also to take into account the importance for clients of each of the criteria by which they evaluate the effectiveness of the company.

1. The Likert scale, Likert's multi-evaluation method, in which respondents have to make choices, using the suggested answers: completely satisfied, somewhat satisfied, etc.
2. The Importance-Satisfaction (I-S) model.
3. SIMALTO (Simultaneous Multi-Attribute Level Trade-Off) – a descriptive verbal scale; [6]
4. Customer Satisfaction Measurement

Customer satisfaction affects the efficiency of the company's operation as a whole. Statistics confirm that the cost of attracting new customers is many times higher than the cost of retaining existing customers (depending on the business sector, but in the service sector this is the most important parameter).

The current service market leaves no other choice, because of:

1. Excess supply. A wide range of services in the market makes consumers more readable and weaker
2. High quality. The massive improvement in the quality of products and services as a result of the development of new

technologies and the implementation of more efficient management systems in all market segments.

3. Information. Modern consumers have almost full information about products and services and are able to compare prices, the characteristics of the goods, etc. They can adequately assess what value they get for their money.

4. Education. The rising level of education has led to the formation of consumer confidence in their range of consumer rights

5. Service suppliers. Suppliers are forced to engage in tough competition for each customer, and therefore make more efforts to meet the requirements of customers. [7]

Thus objective and accurate indicators of customer satisfaction are the best and the main indicator of consumer loyalty.

#### IV. REQUIREMENTS FOR CUSTOMER SATISFACTION EVALUATION IN ISO STANDARDS

An orientation toward cooperation with the client is now a key feature of effective company management. Customer satisfaction is a major component and a necessary requirement for certification by the ISO standards for a modern system of quality evaluation. These standards took third place in a survey of marketing research topics on customer satisfaction in European companies.

In the era of developed information technologies, the growth of customer satisfaction with the quality of products and services offered depends not only on state policy and the legislative framework, but also on the quality policy of the enterprise as a whole. In order to raise customer satisfaction and the quality of services, the International Organization for Standardization (ISO), which unites the national authorities for standardization (the ISO member countries), has developed the international ISO 10002:2004 standard under the title *Quality Management - Customer Satisfaction - Guidelines for Handling Complaint in Organizations*», as well as *ISO 9001:2000 Quality Management Systems - Requirements*».

These standards provide guidance on managing the claims of consumers regarding products that are offered, including planning, design, manufacture, maintenance and improvement.

#### V. THE IMPORTANCE OF CUSTOMER SATISFACTION

The most obvious reason why companies have to worry about customer satisfaction is that they need customers to be ready to repurchase their services in future. A positive evaluation of products that have been purchased helps to retain customers. People who evaluate a product or service negatively are unlikely to use them and pay for them again. It is usually cheaper to retain existing clients than to attract new ones. Therefore, companies focus on ensuring that their customers have a satisfactory experience of using their products.

Frustrated consumers not only have a negative experience

and share it with their friends and relatives, but may even go to court to seek redress. Companies will receive negative publicity that will affect their prestige and will require extra effort, time and money to be invested in protecting the reputation of the business, including dealing with court cases and the press. In a tough competitive environment, rival firms can take advantage of the situation.

#### VI. THE VALUE OF SATISFACTION FOR BUSINESS STRATEGY AND COMPETITIVE ADVANTAGE

In general, then more favorable impression of the quality is, the higher the customer satisfaction will be.

However, high quality does not guarantee consumer satisfaction. Even the consumption of a relatively high-quality product can be disappointing if the quality does not match the consumers initial expectations. Failure to meet the expectations of the client is a very common problem of businesses.

A comparison of expectations with the customer's experience may lead to one of three results. If the quality of the product is higher than expected, there is positive non-confirmation of expectations. If the quality is in line with expectations, there is simple confirmation. And if it is worse than the expected quality, there is negative non-confirmation. [1]

If the product does not comply with the advertised promises, the probability of negative non-confirmation is higher. The resulting frustration decreases the chances that the customer will repeat his purchases. If the customer is looking forward to a fast and high-quality satisfaction of his requirements, he is entitled to be disappointed if his expectations are not met.

The ability to provide clients with a satisfactory consumer experience determines the success of a company, both in retaining existing customers and in attracting new customers. Disappointed customers will not only go to other producers. Sharing with others their unfortunate customer experience, they undermine the efforts of the company to attract new customers. In contrast, satisfied customers make repeat purchases and recommend the company to their friends.

Companies need to understand not only the process of evaluating the impact of their product or service on the customer, but also how this impact is formed in a customer, causing him perhaps to transfer his allegiance to a competitor. Such information is a useful guide in the process of developing strategies to attract customers. If the consumers of competitors are completely satisfied, attempts to win some business from them are unlikely to succeed. However, knowledge about the unsatisfied customers of competitors increases the likelihood of successful attacks on their position in the market, as dissatisfied customers are more inclined to consider proposals from competitors. In mature markets, where the number of users is relatively stable, profit growth depends largely on the ability to attract dissatisfied customers away from competitors. Of course, "alien" dissatisfied customers can also be lured away in fast-growing markets.

Companies that successfully meet the challenges to satisfy their clients often find it useful to inform the market about their achievements through advertising. First, this allows them to consolidate the positive impact on existing consumers. Second, they are able to establish a positive assessment that will influence not only present customers, but also other aspects of customer behavior (e.g., discussion of customer experiences with other people). Many people discuss their opinions about products and services as an everyday topic of conversation. Obviously, the nature of the verbal feedback depends directly on the success of the customer's experience of consumption. Negative experiences not only reduce the chances of repurchasing, but also encourage customers to make negative judgments about the company in conversations with other people. Dissatisfied consumers are sometimes so disappointed by negative experience of using goods or services that they are willing to share their frustration even with strangers.

## VII. CONCLUSION

The processes of customer satisfaction should not be studied in isolation. What is important is the usefulness of such studies, the perceived progressiveness of the methodology, and continuous development of the Quality Management System in a company. Research for its own sake will not lead a company to prosperity, and a customer will not choose a company's products just because it has an excellent marketing department. To get real benefits from the views of customers, it is necessary to set up a constantly improving integrated quality management system, which will be able to self-regulate and adjust to current methods of production and market conditions.

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