

Customer Satisfaction VS. Customer Perceived Value

CUSTOMER SATISFACTION

CUSTOMER PERCEIVED VALUE

<p>Limited to Current Customers Questions are not oriented to potential customers. <i>(ie: you can't answer questions about a Marriott if you never stayed in one)</i> Problem: CS scores have little correlation with customer loyalty & asking only current customers is an inherently biased sample.</p>	<p>Includes entire target market</p>
<p>Retrospective (past) Questions tend to focus on how the customer felt the last time he/she bought from you (but we need to know what will make a customer buy again).</p>	<p>Prospective (future) CPV definition = prospective customer's evaluation of all the <u>benefits</u> & all the <u>costs</u> of the offering as compared to the available <u>perceived alternatives</u>.</p>
<p>Features Oriented Seller's offering (e.g., drill bits).</p>	<p>Benefits Oriented What customer wants (e.g., holes)</p>
<p>Relative to Expectations Satisfaction compared to what? - What I expected</p>	<p>Relative to Alternatives Customer perceived benefits & costs. The seller that provides the greatest CPV at the time of the purchasing decision wins the sale.</p>
<p>Useful for Improving Processes</p>	<p>Useful for Predicting Customer Behavior (i.e., loyalty) CPV is the basis for competition.</p>

MEASURING CPV

- 1. Attributes:** Use in-depth interviews & focus groups to determine what attributes prospective customers will use to evaluate your product.
- 2. Relative Importance:** Besides knowing what attributes are, you need to know their relative importance. You can't be all things to all people. Remember the 80/20 Rule; pick the critical few. Ask the customer to place a percentage value of importance on each attribute so that the total equals 100%.
- 3. Relative Performance:** For existing customer, use a scale of 1 to 10; "How do you rate the performance of attribute number one?" "How do you rate the performance of the alternative (competitor) offering on attribute number one?"

The answers should drive the business strategy (market positioning, product development, market segmentation, pricing, marketing communications and operations management).

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