

TO STUDENTS IN ENC 3250

This sample report was submitted during the Summer C, 2007 session at USF Sarasota-Manatee. Except for minor editing to remove the author's name and adjust spacing for web-posting, it appears as I received it from the student, with no marks or comments by the instructor. Although it is not flawless, it certainly represents an excellent achievement, especially by a student who has had only limited experience with this kind of writing. (At approximately 3,400 words, it is considerably longer than the 2000-to-2500-word document assigned in current presentations of ENC 3250.)

Apply the standards of quality and effectiveness you see here to your own writing on Assignment 4, but do not try to duplicate the wording of this document. Use it as a source of inspiration and guidance. Please contact me if you have a question.

[student name withheld]
ENC 3250 - Mr. Roberts
Summer C, 2007 - July 2, 2007
Assignment 4 - Business Report

CUSTOMER SATISFACTION: DOES IT ADD VALUE?

Executive Summary

Management has expressed concern that increasing competition from call centers offering lower priced services will significantly erode WCMSI's client base. In an effort to increase the value of WCMSI's services, all business units have been asked to identify potential new offerings.

METHODOLOGY. Recognizing the importance of customer relationship management and the role customer satisfaction takes in that process, the Marketing Research Department undertook a study to investigate the viability of adding customer satisfaction research to our product mix. A representation of highly recognized industry resources were reviewed to understand current thinking regarding benefits and tools available to measure satisfaction.

FINDINGS AND CONCLUSIONS. Research revealed the following:

- Two critical areas must be addressed when considering customer satisfaction.
 - Customer service, including both the shopping experience and after sale servicing.
 - Product, including all aspects such as ability to perform as expected, price/value, and durability/reliability.
- When evaluating customer satisfaction, the analyst must consider performance over time as well as comparisons to industry norms or standards. Normative data is available for minimal or no cost.
- Numerous survey techniques exist to measure satisfaction, most of which WCMSI has the technology and capability to perform in-house. In-house capabilities include IVR, live agent and web-based.

As a result of our research we conclude that:

- Adding customer satisfaction to our core competency of customer service products can enhance WCMSI's position as an integral part of our clients' business operations and strategic planning.
- WCMSI has sufficient internal resources to offer products aimed at providing clients with a better understanding of what their customers want and how well they deliver. Gaps can be inexpensively filled through business partnerships with external providers.

RECOMMENDATIONS. We recommend the following:

- Enhance our current QC efforts by adding a customer feedback loop to identify strengths and weaknesses in our call center performance. The benefits are increased credibility of our quality story by providing objective measurement and a unique selling point to help retain and attract clients.

Estimated Cost to WCMSI:	\$25,000 pilot program
	\$75,000 - \$100,000 annually

1. Offer a tiered program aimed at improving our clients' knowledge of how well their customer relationship management efforts are satisfying customer needs and wants. The program would range in scope from basic satisfaction measurement to sophisticated analytical techniques designed to identify underlying causes of dissatisfaction.

Estimated Cost to WCMSI: none. All costs would be charged back to clients either as part of their contract or on an ad hoc basis.

Introduction & Methodology

INTRODUCTION & RATIONALE. Clients of We Care Marketing Services, Inc. (WCMSI) come to us because of our dedication to client service, leading edge technology, highly experienced staff and proven ability to deliver results. While we have been highly successful in our core competency of inbound customer service handling, the industry as a whole is becoming increasingly price sensitive. In order to maintain a competitive advantage, we need to better understand our clients' customers and expand our value-added offerings. One possible path toward achieving this objective is to understand the components of customer satisfaction and develop offerings that will help our clients better manage their customer relationships. This strategy will increase our value as business partners and make it more difficult for clients to justify changing vendors on the basis of price alone.

METHODOLOGY AND OBJECTIVES. This investigation into customer satisfaction was undertaken by the WCMSI Marketing Research Department under the guidance of _____ [student name withheld], Research Director. In addition to providing our clients with customized survey capabilities, _____ and her staff constantly monitor trends and new developments in both survey research and the individual markets of our clients. In the past, this department has provided the sales team with detailed information about potential clients' product/service offerings and the markets in which they compete. This has given Sales a competitive advantage as potential clients have been impressed with the depth and breadth of the knowledge displayed.

The specific objectives of the investigation are to provide:

- a basic understanding of the factors that drive customer satisfaction.
- an evaluation of the tools available to measure it.
- a recommendation for a course of action.

To achieve the first two objectives, the MR team has reviewed and summarized:

- the fundamentals of the customer-supplier relationship.
- the factors that drive customer satisfaction.
- the research methodologies used by leaders in the customer satisfaction research field.
- the availability of benchmark information.

Sources include industry leaders such as:

- J.D. Power and Associates, a global marketing information services firm known for conducting independent and unbiased customer satisfaction research in the automotive industry. J.D. Power also provides consulting and performance improvement services. (<http://www.jdpower.com/corporate/about/overview>).
- Echo Surveys and Reporting Solutions by Benchmark Portal. The Benchmark Portal database, was originated by Dr. Jon Anton of the Center for Customer-Driven Quality at Purdue University, an expert in customer service contact center research. The Center is a recognized source for best practice standards in numerous industry segments. Echo Surveys is an offshoot that provides survey research services geared to evaluating call centers specifically. (<http://echoinformation.com>).
- American Customer Satisfaction Index was developed and maintained by Stephen M. Ross, School of Business at University of Michigan. ACSI produces customer satisfaction indexes that measure satisfaction with an entire brand or company. The Index covers 10 economic sectors, 43 industries and more than 200 companies and federal or local government agencies. (<http://www.theacsi.org>)
- Bart Allen Berry, customer satisfaction expert speaker and author of the book *What Customers Want!* Mr. Berry has extensive experience with the conduct and analysis of customer satisfaction research. (<http://www.whatcustomerswant.org>)

The third objective (a recommended course of action) will be addressed through analysis of the findings and existing capabilities within WCMSI.

Background

IMPORTANCE OF THE CUSTOMER-SUPPLIER RELATIONSHIP. Everyone has heard of J.D. Power and Associates' awards for customer satisfaction in the automotive industry and a great deal of credibility is given to them. But what does "customer satisfaction" really mean? Do customers base satisfaction on the quality of the product, the quality of the service or their ability to find what they want when they want it? There are no easy answers; satisfaction is comprised of many dimensions. Perhaps the best starting point for understanding this concept is summed up in the words of customer satisfaction expert Bart Allen Berry of whatcustomerswant.org. "Customers want to have a relationship." (Berry 10) They want their supplier to understand and meet their needs and to do so in a manner that shows the supplier values their business and wants the same relationship. At the same time, the supplier who wants to satisfy customers must do so without sacrificing a reasonable profit. The balance between these needs is delicate and requires careful management. Companies that successfully manage the relationship will outperform those who do not in both attracting and retaining loyal customers.

CUSTOMER SATISFACTION VERSUS CUSTOMER SERVICE. According to Berry, many companies make the mistake of focusing on customer service as a primary means of achieving customer satisfaction. While this may provide an immediate increase in satisfaction, the result will be short-lived if the product provided is below par. Similarly, the best product will not guarantee high customer satisfaction if it is delivered with a poor attitude or it is too difficult to obtain. For this reason, companies must recognize that product and other basic marketing factors go hand in hand with customer service factors to enhance the overall customer satisfaction experience.

FACTORS THAT MAKE UP SATISFACTION. So what are the factors that make up customer satisfaction? Regardless of whether one is talking about the physical product or service offered or the behavior and competency of a customer service organization, the consensus is that quality and value are the two primary factors. Both of these are highly dependent on the customer's expectations as well as their experience with other products or services in that category. Sources agree on the following concepts of quality and value.

Quality.

- How well a company's current offering compares to previous experience with that company, with competitive companies whose products have been tried or with those considered the best available.
- How reliable and error or defect free the product or service is.
- How knowledgeable and credible the company's personnel are about their products or services and the needs of the customer.

Value.

- Value is a combination of the quality of the product and the price paid.

- It is judged in comparison to the price and quality of similar products or services the customer has experience with.
- For higher priced items, value is also judged by how long the product lasts or how well the company provides continuing service after sale.

Beyond these two critical elements there are a number of other factors that play a part in overall satisfaction. These are summarized as follows:

- **Ease of access.** The product is available at the time needed, there are no barriers between the customer and the product and the purchase process is as simple and streamlined as possible.
- **Commitment.** The customer is treated as important and valuable, complaints are handled in a timely manner and the company or supplier takes responsibility for problems associated with the product or service.
- **Teamwork.** All employees involved in the transaction work seamlessly together and in a courteous and attentive manner.

Measuring Customer Satisfaction

OVERALL OBJECTIVES OF CUSTOMER SATISFACTION MEASUREMENT. The overall objectives of customer satisfaction measurement techniques are to monitor a company's performance from the customer's viewpoint and to obtain guidance for improving the supplier-customer relationship. This type of research is aimed at identifying what customers want and expect in the products and services provided by a particular company and areas where delivery is strong or weak. Comparisons to industry benchmarks or specific competitors can reveal advantages to be capitalized upon or problems to be corrected. To be successful, measurement of customer satisfaction must be an on-going process and it must provide actionable information.

PLANNING FOR CUSTOMER SATISFACTION RESEARCH. Any satisfaction research program must begin with proper planning. There are three critical steps marketing researchers follow in the planning process.

Step 1. Clearly define the objectives of the program and how the information will be

used. WCMSI has two potential sets of objectives:

1. Utilize customer satisfaction research to improve and demonstrate the quality of the customer relationship services we provide our clients. Specifically:
 - a. How do our clients' customers rate our handling of their requests, orders or complaints over time?
 - b. How do our customer service representatives compare to those of other call centers?
 - c. What are our strengths (potential selling points) and our weaknesses (areas requiring improvement)?

2. Develop individualized satisfaction research programs for our clients to help them better understand their customers.
 - a. What is the overall satisfaction with the client's offering when all factors are considered (e.g., customer relations, product quality, distribution aspects, after sale service)?
 - b. How does the client offering compare to other similar products or alternative products?
 - c. What do customers feel the client offering does well and where do they want to see improvements? Suggest ways in which the client can use strengths to create a new or different competitive advantage as well as identify areas where the client can improve or strengthen their current offering.

Step 2. Determine the analytical tools required to address the objectives. Analyzing satisfaction research can be as simple as monitoring trends in satisfaction scores over time or as

complex as using sophisticated modeling techniques to uncover the key factors driving overall satisfaction and the underlying causes of dissatisfaction. Another consideration is the availability of industry standards or competitive information against which to measure the results. These factors are most likely to drive the decision as to whether to utilize external resources or in-house capabilities.

Step 3. Select the proper vehicle for collecting customers' opinions. There are numerous survey techniques available to measure customer satisfaction ranging from personal or face-to-face to the impersonal web-based or IVR-based interview. Following is a brief summary of the primary options available, along with strengths and weaknesses.

TECHNIQUE	STRENGTHS	WEAKNESSES
FOCUS GROUP	<ul style="list-style-type: none"> - In-depth discussion of specific areas led by a trained moderator. - Relatively inexpensive. 	<ul style="list-style-type: none"> - Qualitative in nature. (Only 8 – 10 participants per group.) - May not be adequately representative of the target market.
WEB PANELS	<ul style="list-style-type: none"> - Utilize panels developed to be representative of the U.S. population with web access. - Participants are randomly selected from those who meet target market characteristics. - Survey invitations are e-mailed to panel members. - Enables large sampling of target market at low cost. 	<ul style="list-style-type: none"> - Control issues. Person responding to survey may not be same person invited to participate. - Panel members may be overly sensitized to survey methods due to frequent participation. - Drop off rate may be high due to interruptions, further reducing target market representation.
WEB OR IVR-BASED NON-PANEL	<ul style="list-style-type: none"> - Invitations are issued randomly to customers at point of purchase, through banners on web pages or as part of customer service calls. - Enables large sampling of customers at low cost. 	<ul style="list-style-type: none"> - Control issues. Person responding to survey may not be same person invited to participate. - Survey participants are self-selecting and may not be representative of target market. Most likely participants are highly satisfied or highly dissatisfied. - Drop off rate may be high due to interruptions, further reducing target market representation.
TELEPHONE SURVEYS	<ul style="list-style-type: none"> - List providers are able to target specific markets and supply phone numbers to facilitate accurate representation. - Random digit dialing techniques increase the quality of sample representation by enabling callers to reach unlisted phone numbers. 	<ul style="list-style-type: none"> - Privacy managers, do not call lists and increasing use of cell phones make it more difficult to reach target market. - More expensive than other techniques.

	<ul style="list-style-type: none"> - A live interviewer controls the conversation so all questions are answered. 	
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RESOURCES AVAILABLE. Because of our core competency capabilities, WCMSI has the ability to conduct satisfaction interviewing internally utilizing telephone, IVR and web based techniques. However, WCMSI does not have the database necessary for benchmarking nor does it have the modeling expertise to provide in-depth analysis of key drivers.

Fortunately, a myriad of external resources are available to fill gaps in WCMSI’s in-house capabilities. The following are the better known and probably more reliable starting points.

- **Echo by Benchmark Portal.** (echoinformation.com) This is a solution for quality control monitoring and training designed specifically for call centers. It offers a new dimension to our traditional quality control program by providing real-time feedback from customers on our CSRs’ performance. Echo offers the following capabilities and advantages:
 - Flexibility of data collection vehicle including e-mail/web based, IVR, live interviewer or chat technology. Also offers the flexibility of integrating our own in-house satisfaction survey into Echo’s reporting system to provide an immediate feedback loop.
 - Online, near real-time reporting at every level from management to individual CSRs.
 - Provides direct feedback to the CSR level so agents are able to self-correct and continuously improve their customer handling skills.
 - Reporting also “drills down on core causes of dissatisfaction and pinpoints where to focus specific improvement efforts”.
(echoinformation.com/index.php?contentID=1330 1)

- **Benchmark Portal.** Benchmark Portal manages a database of key performance indicators (contact rates, time on calls, etc.) that are utilized by customer service contact centers worldwide. While these performance indicators do not provide actual customer satisfaction information, when combined with a service such as Echo, they provide a means of measuring the impact of improvement efforts on key metrics used for planning and budgeting purposes. The primary advantage to Benchmark Portal is the ability to compare WCMSI's performance to those of call centers around the world, including specific industry comparisons. (echoinformation.com/index.php?contentID=1346, 1)
- **American Customer Satisfaction Index.** The ACSI reports current customer satisfaction levels at the economic sector, industry and company level on a quarterly basis. Because these scores are released to the public, ACSI provides a benchmarking tool that any company can use to measure their own results against. In addition to the published scores, ACSI offers data modeling services that predict the effects of changes to key satisfaction drivers, custom research capabilities and a corporate subscription program designed as a strategic business tool.
- **J.D. Powers and Associates.** Since its inception in 1968, J. D. Powers has expanded its customer satisfaction work across a number of industries including travel, real estate, retailing, healthcare, office products and utilities to name a few. Because the company funds its own syndicated research services, it is able to maintain an "independent and unbiased perspective" and provides a "reliable benchmark for quality and customer satisfaction in (the) industries" it studies. (www.jdpower.com/corporate/about/services/) Additionally, the

company provides custom and proprietary research services to enable individual companies to understand and identify problem areas, the causes of those problems, and to track the results of their improvement efforts.

Conclusion & Recommendations

Echo's website cites a recent study showing that "93% of companies...collect customer opinions, but over two-thirds of those...don't use the opinions to influence internal change." (<http://echoinformation.com>) Given the importance of customer satisfaction to any company's marketing efforts, this apparent lack of application could be a significant opportunity to provide a value-added service to WCMSI's client base. A well coordinated approach would expand our core competency to provide a more integrated client relationship management product.

It is the recommendation of this department that WCMSI develop a two-pronged approach to filling this void.

1. **Enhance our current QC efforts by adding a customer feedback loop.** The information would identify strengths and weaknesses in our agent training and feedback efforts, increase the credibility of our quality control standards by providing comparisons to the industry and be an additional selling point to retain current clients and attract new clients.

Initial results can be accomplished at minimal cost utilizing WCMSI's current IVR resources combined with the purchase of normative data from Benchmark Portal and Echo. A pilot program is recommended to provide initial feedback and guide further development efforts prior to full rollout.

Estimated Cost to WCMSI:	\$25,000 pilot program
	\$75,000 - \$100,000 annually

2. **Improve WCMSI's value-added Market Research offering through a tiered approach to providing customer satisfaction feedback on client-specific brands and customer service efforts.**

- a. **Tier 1** would include strengths and weaknesses in agent scripting and client mandated procedures uncovered by our enhanced QC efforts. The satisfaction survey would be expanded to include a set number of measures aimed specifically at those elements.

Cost: no incremental costs to WCMSI. A minimal up-charge to the client would enable WCMSI to recover a portion of the cost of the enhanced QC program.

- b. **Tier 2** would involve developing a basic survey program to measure customer satisfaction for a specific client's products/services. The survey questionnaire would be designed to provide comparability to the ACSI published scores and would allow a set number of measures customized to answer specific client concerns.

Cost: no incremental costs to WCMSI. All costs would be charged back to the client as part of their contract or on an ad hoc basis. The benefit to the client would be better consultative service resulting from the integration of knowledge obtained from all services provided to that client by WCMSI.

- c. **Tier 3** would expand the Tier 2 level to include deeper analysis of satisfaction data to identify underlying causes of satisfaction and dissatisfaction. While this would involve the use of sophisticated statistical techniques and modeling, it can be accomplished by establishing business partnerships with providers of those services.

Costs: no incremental costs to WCMSI. All costs would be charged back to the client as part of their contract or on an ad hoc basis. The benefit to the client would be further enhancement of the benefit provided by Tier 2 as well as a deeper understanding of what their customers want.

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