

Key to happier customers: get them to expect more of you

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THE most demanding customers need not be the hardest to please – they could in fact be the best allies of a business, according to a study by the Institute of Service Excellence at Singapore Management University (ISES).

ISES's analysis of data collected in its latest poll of retail and infocommunications customers found that those who were most contented with what a company offered them also tended to be those with the highest expectations of the company.

What's more, they reported being more satisfied than those who started out expecting less from a given retailer or telco – even when their elevated expectations were not met. The flipside held true too: dissatisfied customers tended to hold relatively lower expectations of the company to begin with.

While this might fly in the face of conventional marketing quips about exceeding expectations or seeking to surprise the customer, the underlying logic is simple.

"Some managers are proponents of wowing some customers but often don't realise that, in so doing, they may have missed meeting the expectations of others. The marginal decline in satisfaction is greater when failing to meet expectations than the marginal increase in satisfaction when exceeding expectations," explains ISES academic director Marcus Lee.

He advocates that businesses seek instead to meet a baseline service promise for all customers, before raising the bar incrementally. This would be more effective than "doing ad-hoc extra-mile efforts for selected customers at the expense of the satisfaction of other customers", Dr Lee says.

The expectations measured by ISES's Customer Satisfaction Index of Singapore (CSISG) survey capture the level of service and quality consumers think they will receive, which is closely linked to the company's reputation. ISES sees this as distinct from an aspirational form of expectations – what customers desire of a product or service – which is not what the CSISG study measures.

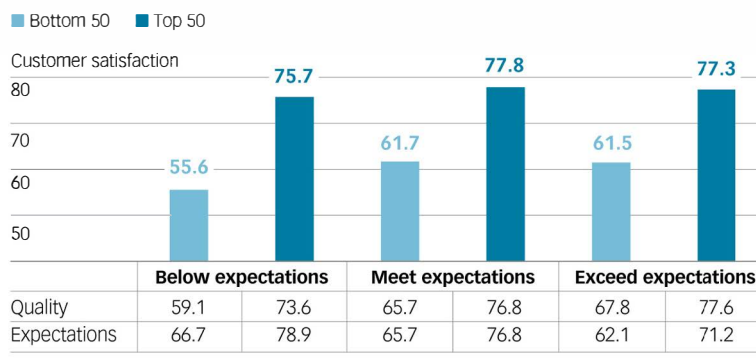
But by comparing customers' responses about the perceived quality they got from a particular company against their prior expectations of that company, ISES could infer whether the company had succeeded in meeting – or even surpassing – customers' expectations.

And it found that even when a company could exceed a customer's expectations, if that customer held mediocre expectations of the company to begin with, he would be more likely to leave feeling dissatisfied than someone who walked into a store expecting more.

This finding, ISES believes, should provide an impetus for companies to attempt to shape customers' expectations – raise them, in fact – with deft use of branding and communication.

It cautions, though, that that is not at all about hyping

Higher expectations, happier customers



Source: Institute of Service Excellence at SMU (ISES)

up a product or service, but rather positioning it accurately. "The challenge for businesses is to accurately shape these expectations such that it matches the actual experience. When successful, a high expectation, for example, to be greeted by name at a hotel check-in counter will contribute to a high perception of quality, and consequently customer satisfaction," says Dr Lee.

This ensures that businesses can attract a group of customers who will appreciate their service proposition.

While studies like the CSISG might inform companies on where they stand in relation to peers in the same sector, companies will need significantly more in-depth interviews with different segments of customers to paint themselves an accurate picture of what customers expect, Dr Lee says.

It is after validating these views – at times with more research or often simply by consulting their front-line sales teams – that a company can craft branding and other forms of communications to shape expectations right.

"The specific communication vehicle employed has to make sense to the appropriate customer segment," Dr Lee says. For example, allowing customers to redeem a coupon using a mobile app would work best with a tech-savvy segment of customers.

Another possible challenge is getting the messaging in line with the actual experience dished out to customers. Dr Lee speaks of how, in the case of many companies in the services sector, the "product" is "consumed" through interaction with front-line staff. Which is why he deems it essential to sell the brand not just to external customers, but to internal customers – the company's employees – too.




A quarterly series brought to you by the Institute of Service Excellence at Singapore Management University (ISES). Featuring findings from the Customer Satisfaction Index of Singapore, it also reveals insights on leadership and strategy from industry leaders, particularly in leveraging customer satisfaction as a competitive advantage.

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