

OBSERVATIONS ON APPLIED CS/D RESEARCH

Robert A. Westbrook, Rice University

ABSTRACT

As a result of participating directly in the efforts of several firms that were developing customer satisfaction tracking systems and participating in three national benchmarking studies the author observed the following and more. What matters most from an overall management perspective is overcoming inertia and instituting a satisfaction measurement system rather than perfecting its measurement methods. Comparison standards and psychological process models of CS/D have little relevance for applied efforts to increase organizational customer satisfaction. Actually bringing about customer satisfaction improvement is much harder than it looks. Achieving increased satisfaction is difficult and slow because it cannot occur without a company-wide obsession for improvement. And, preventing problems is more important than fixing them well.

INTRODUCTION

The gaps in knowledge, method and perspective between academic and applied research in marketing have been variously examined (see, for example, Carroll and Green 1997; Myers, Massy and Greyser 1980; AMA Task Force on Development of Marketing Thought 1988; Garda 1988; Wind and Mahajan 1997). However, little has been written about the differences between academic and applied CS/D research, despite the fact that the subject of customer satisfaction continues to attract attention from academics, practitioners, and consultants (see Perkins 1991; 1993 for a recent bibliography). Intrigued by the possibility of substantive differences in what little we as academics seemed to know about the applied side of the mountain, I decided to investigate practitioner knowledge of and methods in applied customer satisfaction research.

First, I was fortunate to have the opportunity to participate directly in the efforts of several Fortune 500 firms that were developing customer satisfaction tracking systems, as well as another in a non-profit organization in the performing arts. To add perspective on the practices of these select

firms, I subsequently participated in three national benchmarking studies of U.S. firms with respect to best practices in customer satisfaction. This paper reports my preliminary observations and discusses some of the implications for academic customer satisfaction research.

PRESUMPTIONS

Before presenting my observations, it might be helpful if I first identified the major presumptions I held as an academic researcher relative to applied CS/D study, since my contact had been to that point quite limited. Perhaps my strongest presupposition was that applied satisfaction research suffered greatly owing to the prevalence of relatively weak customer satisfaction measurement practices. As academics, we make use of powerful psychometric methods to develop and refine measures of latent constructs. In industry customer satisfaction work, measures are often limited to single item ratings or arbitrary indices of items, and measure development seldom receives the explicit, thorough attention it does in academics.

Second, I assumed that a firm seeking to increase the satisfaction of its customers required knowledge of the causal model of its customers' satisfaction judgments. As academics we devote a great deal of attention to psychological process models of CS/D. In particular, we consider at length the comparison standards used by customers to judge their experiences with products and services. Much of this work in academics is indeed motivated by the presumption that applied students need such information.

Third, I assumed that the key to making improvements in firm-level CS/D was the provision of sound customer satisfaction data to the organization's key functional or business unit managers. Such data were necessary for identifying the particular functions and processes warranting improvement efforts. Given the right data, improvement processes would naturally be triggered.

Fourth, I assumed that applied satisfaction studies were generally not sufficiently comprehensive insofar as accounting for the

relevant sources of satisfaction/dissatisfaction or causal antecedents. The applied studies I had seen appeared limited in their assessment of potential satisfaction/dissatisfaction antecedents. Naturally I assumed that this shortcoming would result in misdirected efforts to improve satisfaction.

Related to the preceding points, my last presupposition was that firms necessarily had to prioritize their various satisfaction improvement efforts according to the observed "potency" of the sources of satisfaction/dissatisfaction, if they hoped to make the best use of their scarce resources. I also assumed that direct importance ratings were poor indicators of the actual weights of customer evaluations in producing overall satisfaction. As a result, I believed it was necessary to derive importance weights from regressing satisfaction on its sources (Westbrook, 1981).

KEY OBSERVATIONS

My key observations, which should be treated as no more than hypotheses derived from qualitative research, are summarized as follows:

1. What really matters from an overall management perspective is overcoming inertia and instituting a satisfaction measurement system, rather than perfecting its measurement methods.
2. Comparison standards and psychological process models of CS/D have little relevance for applied efforts to increase organizational customer satisfaction.
3. Actually bringing about customer satisfaction improvement is much harder than it looks.
4. We need better ways of gauging the causal importance of different product or experience attributes with respect to overall customer satisfaction.
5. Prioritizing customer experiences in terms of their impact on overall customer satisfaction is a double-edged sword.
6. Achieving increased satisfaction is difficult

and slow because it cannot occur without a company-wide obsession for improvement.

7. TARP got it wrong: preventing problems is more important than fixing them well.

Measurement Issues

One of my most important observations concerns the unexpected role of measurement in customer satisfaction management. My presumption, as noted above, was that better measurement methods were needed in applied research, and that absent some psychometric sophistication, the resulting data would be of dubious value. Hence I assumed a key priority for applied CS/D research would be the improvement of satisfaction measurement technology.

To my considerable surprise, applied CS/D measurement practices appeared to be sufficiently robust to produce meaningful information in most cases, even in spite of their lack of psychometric sophistication we deem so essential in academic research. It would seem that applied measurement practices may be adequate for their purposes, and that investment in further measurement refinements may face diminishing payoffs. While better measurement is clearly desirable for the gain it provides in the ability to detect relationships, such relationships are typically not the focus in applied CS/D work. From a management perspective, the biggest gains appear to come from *instituting* a measurement system, rather than from *perfecting* measurement methods. Or as I have become fond of saying, "It's not the measurement, stupid."

Because of the organizational setting, the act of measuring is itself highly significant, and in of itself may directly stimulate increased customer satisfaction, as employees take note of the newly instituted measurement program. Organizational psychologists term this the Hawthorne effect: workers under special observation of management tend to increase their productivity and output. Beginning to measure is also important in yet another way, because it reflects some degree of senior management commitment; after all, funds were allocated to begin satisfaction measurement.

Psychological Processes

Although the academic CS/D literature devotes a great deal of attention to investigating the psychological processes of CS/D judgment (Anderson & Sullivan, 1993; Oliver, 1980, 1997; Woodruff, Cadotte and Jenkins, 1983; Westbrook, 1980, 1987), these processes have surprisingly little to offer to business unit managers. This observation came as a large surprise to me, inasmuch as our academic papers often suggest the usefulness of our conclusions about process to managers.

In contrast to our emphasis (as well as that of the behavioral sciences) on models of satisfaction process, business managers need models of satisfaction content. In other words, they can do little to improve satisfaction without knowledge of which specific product aspects or customer experiences to improve. Clearly, this requires data on customer evaluations of specific product and service attributes. In contrast, our academic models of satisfaction typically focus on abstractions such as performance, disconfirmation, equity, and even emotional response. While we measure using specific attributes, our analyses invariably ignore the specific content of the attributes, such as in the Attribute Performance model proposed by Oliver (1995).

This observation suggests that we as academic researchers might find it helpful to pursue a different level of satisfaction modeling, one that theorizes not about the psychological process of satisfaction but rather about the content domain of customer evaluations and how these are linked to overall customer satisfaction. Although it took me fifteen years to realize it, I see now that one of my own earlier papers had actually started in this direction (Westbrook 1981), but that I abandoned the approach for the more traditional academic focus on process rather than specific content. An understanding of the content domain of satisfaction would be useful to both academic and applied CS/D researchers. One of our sister literatures, the job satisfaction literature, has devoted considerable attention to questions of the content of satisfaction or its antecedents, such as pay, promotion, supervision, work itself, co-workers, etc. The widespread agreement in the literature on the various elements or sources of job satisfaction

evaluations (e.g., Smith et al, 1994) is an excellent example for the academic CS/D literature.

A final observation with respect to psychological process is that even when great measurement sophistication is applied to assessing satisfaction and its various sources, the resulting data invariably suffer from halo effects. This problem is evidenced by the positive correlation between customer evaluations of all measured satisfaction sources. This indicates that some respondents simply rate all experiences with the focal firm or product more favorably than do other respondents. It is unclear why such intercorrelation occurs. Does it result from each of the antecedents contributing to overall satisfaction? Or does it result from overall satisfaction being reflected in each of the component evaluations? Further, it is unclear whether such halo effects are attributable to methodological artifact or genuine psychological process. This would appear to be fertile ground for academic CS/D research.

Achieving Satisfaction Improvement

As academic researchers, we have little opportunity to observe the great difficulty of actually increasing the average level of satisfaction across the customer base of an organization. What I found particularly surprising was the very slow rate of change of satisfaction in the face of (a) comprehensive research data showing the sources of satisfaction and dissatisfaction and (b) substantial management and employee efforts to improve customers' experiences. On the other hand, I witnessed numerous instances in which acute customer problems could very quickly drive the average satisfaction level down. Among the many interesting questions raised by these observations is that of the differential rate of improvement versus decline in satisfaction. Is the evaluation process simply more sensitive to negative information (reference), or is it that improvement requires mobilizing, focusing, and coordinating organizational actions, which simply requires concerted effort over time? At the very least, improving customer satisfaction is not simply a matter of providing the necessary information to key decision-makers -- an assumption which academic marketing researchers are apt to make.

A related observation concerns the organizational processes through which satisfaction improvement is made. Virtually nothing is known about this most critical of matters -- given the results of the satisfaction studies, how exactly is an organization to use the information to advantage? Who is to do what to whom by when? Deshpande and Zaltman (1984) investigated some of these issues with respect to marketing research more broadly, finding that research information which was... had greater impact on its audience than when it was not. The question posed here is really one of implementation as opposed to strategy. For example, finding that a company's customer service was evaluated poorly and that it was the leading driver of overall customer satisfaction, how would an organization best proceed? Notify the customer service manager that improvements in attitude, responsiveness, follow-up, etc. were required? Offer an incentive to employees to improve the evaluations they receive from customers? Re-training the employees and their supervisors in methods of customer sensitivity? Adding new computer or telephone equipment to assist in handling and routing customer requests to other departments? Understanding organizational processes for using customer satisfaction data is in my opinion a critically important issue for academic research. It will require more cross-functional work between CS/D and organizational behavior/management researchers.

Gauging Importance of Satisfaction Drivers

My observations suggest that we are in need of new measures of the importance of satisfaction drivers. Gauging the importance of alternative satisfaction drivers, where the latter refer to the content or specific source of satisfaction, is a major issue among applied CS/D researchers. While many pursue this goal by asking for direct ratings of importance from customers, the clinical judgment literature suggests that such self-reports are substantially in error. Hence, estimating the regression coefficients of the satisfaction drivers is preferred as the measure of importance in sophisticated academic research. However, situations frequently arise in which the drivers -- each of which has a positive relationship with overall customer satisfaction -- appears to have an

adjusted effect which is negative and not positive. While the mathematics of the downward adjustment in relationship strength is clear, its appropriateness is not. What is the most appropriate indicator of how important a given issue or facet or driver is to overall satisfaction? When we say "important" do we mean that all other variables' effects on satisfaction -- even if they happen to be the result of the drivers -- must be cancelled out? Or might there be better measures of importance for drivers when they are linked together themselves as a series of causes and effects.

Prioritizing Satisfaction Drivers

One of the more notable best practices in customer satisfaction management observed during my benchmarking studies is intensive internal communication of satisfaction findings. Companies with superior track records in increasing and sustaining high levels of satisfaction invariably engage in a considerable volume of organizational communication relative to satisfaction. Monthly tracking study findings are publicly posted for employees to see, customer comments circulated by e-mail, satisfaction action plans presented to multi-functional audiences, and numerous other practices are common. The issue here is whether to also circulate widely the findings on drivers of satisfaction. Since this information also pertains to customer satisfaction, the conventional wisdom is to disseminate it as well.

However, it is my observation that such practice is potentially damaging. While invaluable from a strategic point of view for allocation resources among alternative programs to enhance customer satisfaction, information as to the relative importance of drivers has the potential to reduce employee commitment to improved satisfaction outcomes throughout the organization. Results indicating that certain functional areas contribute little to overall satisfaction are potentially devastating to efforts to secure total organizational commitment. I believe it is the total organizational commitment to the goal of increased satisfaction which underlies all successful improvement efforts.

Prevention, Not Restitution

The TARP studies (citation) have enjoyed wide readership and citation in the CS/D literature. It is virtually common knowledge that fixing a customer's problem well is extremely important in restoring customer satisfaction, and that making exceptional repairs can even raise the level of the customer's satisfaction to a point higher than it was before the problem occurred. In theory, the customer forms a favorable opinion of the firm's responsiveness, empathy and commitment to customers, all of which add to the overall evaluation of the firm or product more than the specific customer problem has detracted from it.

However, it is my observation that the above is simply not true, or at least not true in all instances suggested by the TARP findings. My own applied research indicates that even when customers report their problems remedied fully, their overall customer satisfaction with the company or product is significantly less than for customers encountering no problems. Discussions with numerous other best practice and benchmarking firms indicate that problems hurt, and do not offer the potential for raising overall customer satisfaction. Prevention appears to dominate restitution in terms of customer impact. Why this would be the case is another interesting question for applied CS/D researchers.

CONCLUSIONS

In conclusion, I found my exploration of applied CS/D research especially useful in generating a variety of insights and potentially fruitful avenues for future academic CS/D research, some of which I am presently pursuing. Perhaps the larger conclusion is the notable value I found in contrasting our academic methods and theories to those explicit or implicit in the applied realm. They have led me to a more ecumenical perspective on defining a personal agenda for CS/D research, particularly with respect to the importance of management and organizational behavior issues in the delivery of customer satisfaction.

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Send correspondence regarding this article to:

Robert A. Westbrook

Jones Graduate School of Business

Rice University

P.O. Box 1892

Houston, TX 77251 USA
