

Insight Group

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Satisfaction & Loyalty



Customer Satisfaction & Customer loyalty

– what is it and why bother

Satisfaction – a central goal

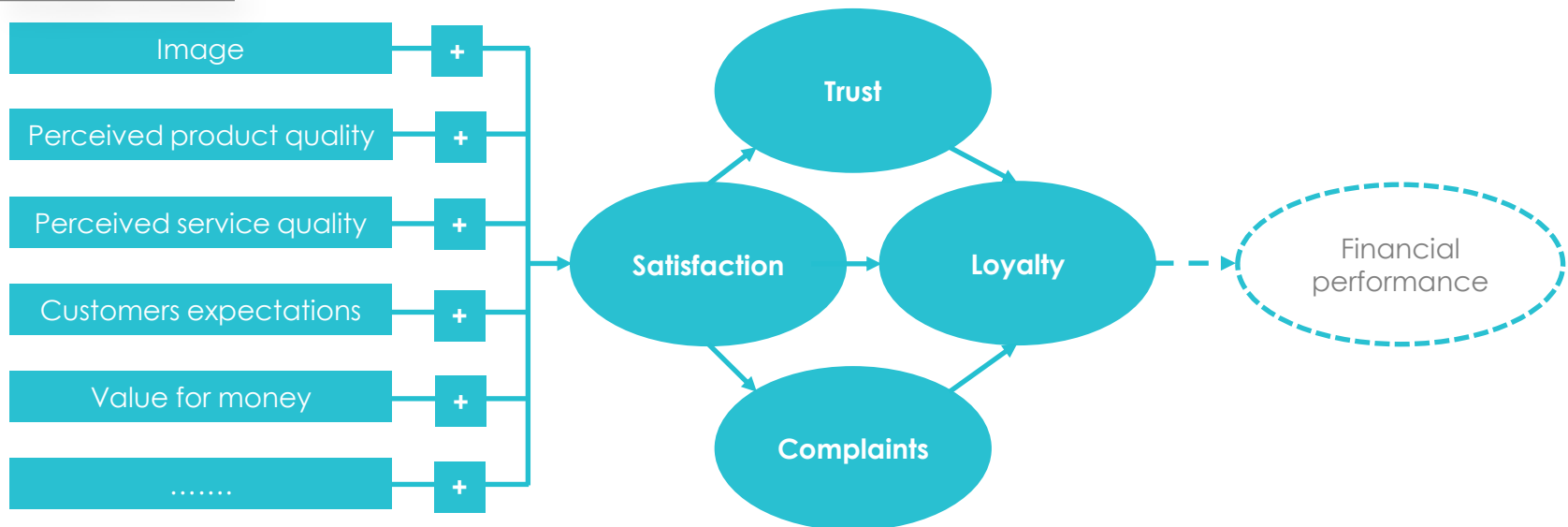
- **Satisfaction** is widely agreed to be related to a company's ability to **meet the customer's needs**. As a result, satisfaction is generally considered to be the effect of factors such as *customer expectations, perceived quality, image, etc.*
- **Satisfaction** is furthermore found to be a significant factor in creating increased *customer loyalty, market shares, share of wallet, financial performance, less price-sensitive customers, etc.*
- As a result **satisfaction** is – and should be – considered a **key goal** for any company who's success depends on happy and returning customers, i.e. any customer orientated company.



Loyalty – paving the road to success...

- **Loyalty** is generally accepted as an effect of high levels of customer satisfaction, trust, complaint management, commitment, etc.
- Furthermore, decades of research have established a significant relationship between **loyalty** and financial performance

Simplified illustration





... increasing customer satisfaction and loyalty should be a top priority for any customer oriented company

- By focusing on customer satisfaction and customer loyalty, telecommunication providers should see:
 - Less price sensitive customers
 - Customers with less awareness of competitors
 - Increased Share of Wallet
 - Decreasing customer churn
 - Increased customer recommendation
 - Etc...

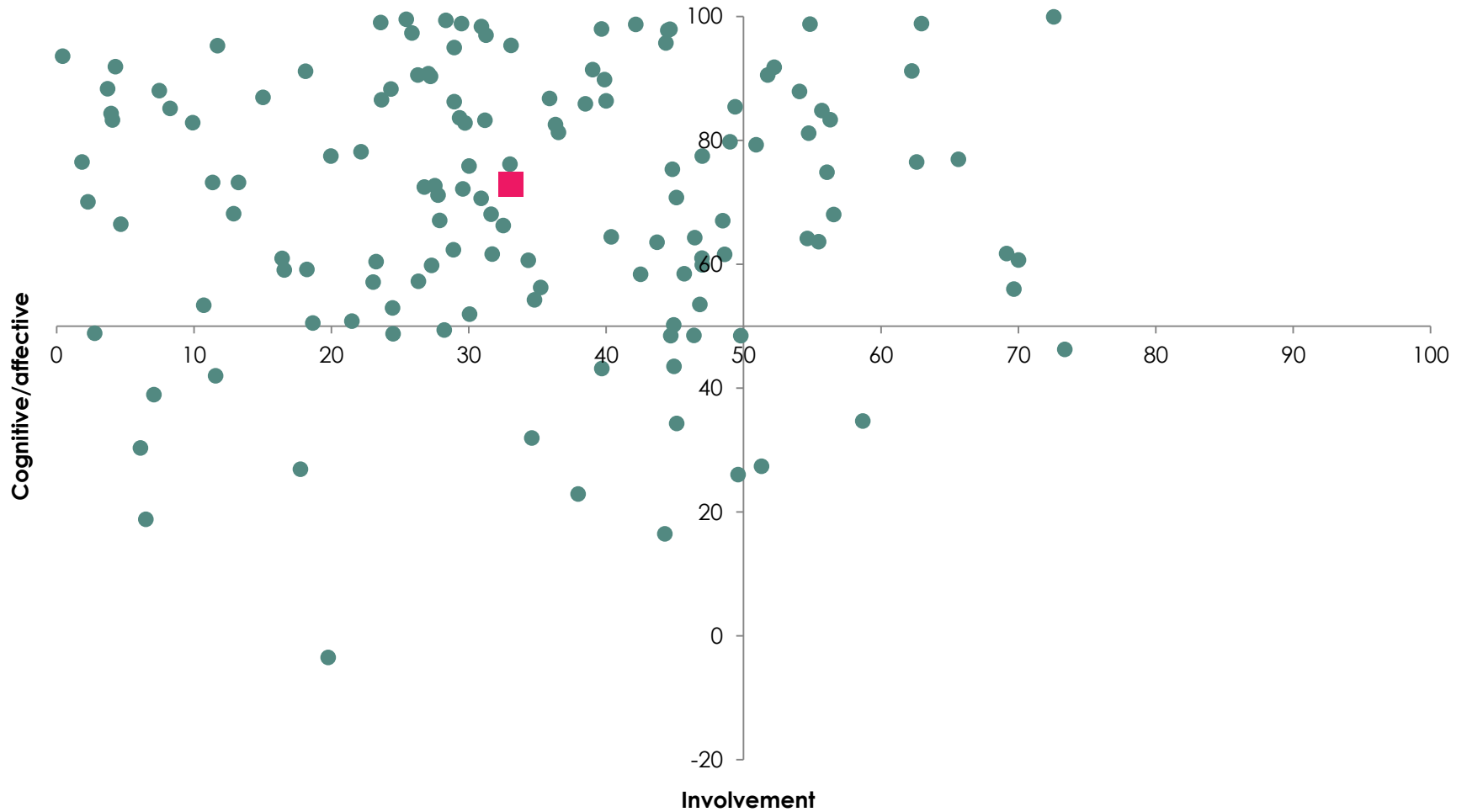


Case

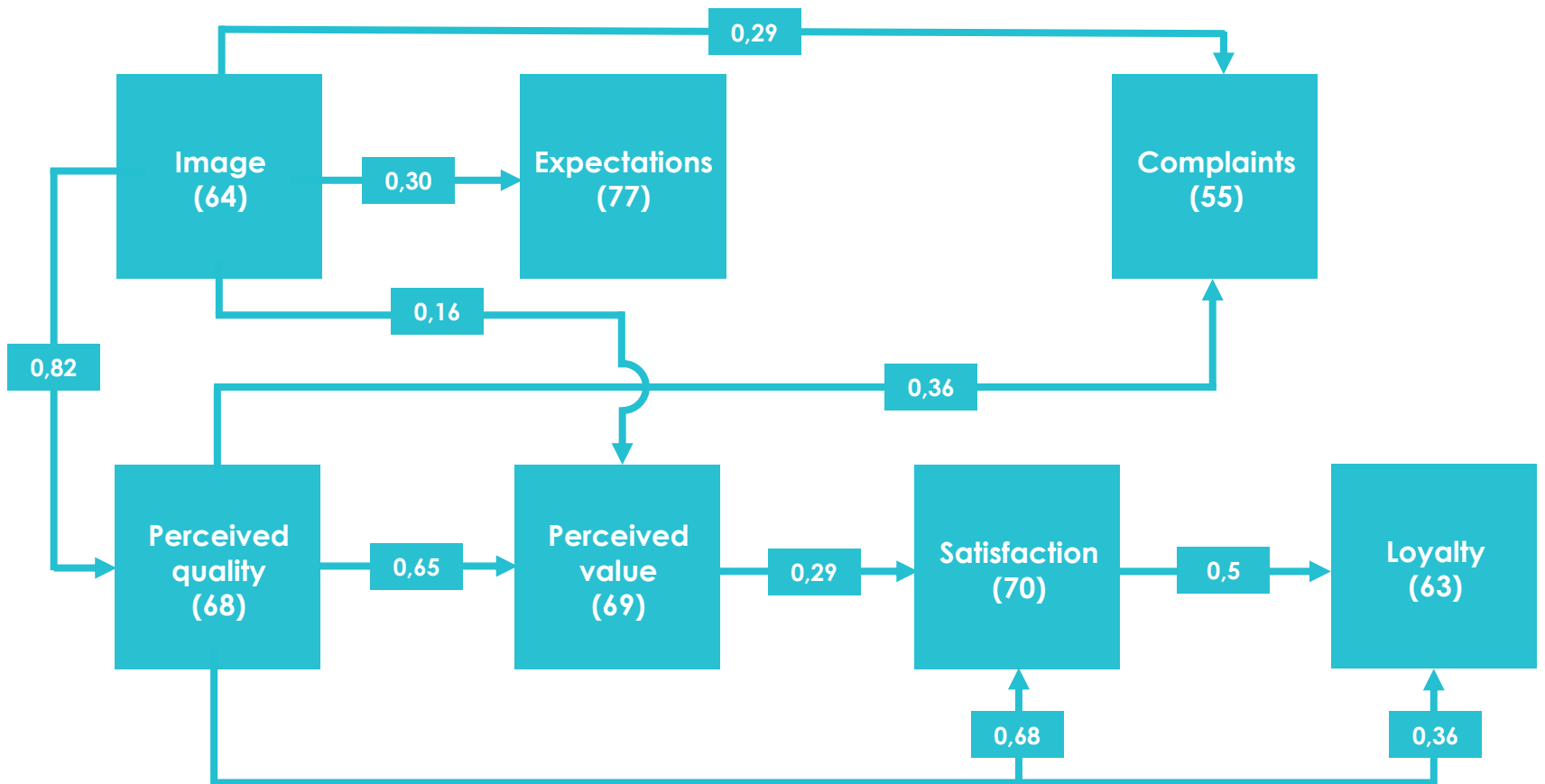
- loyalty in the Danish
telecommunications industry



Involvement and level of affect/cognition in decision



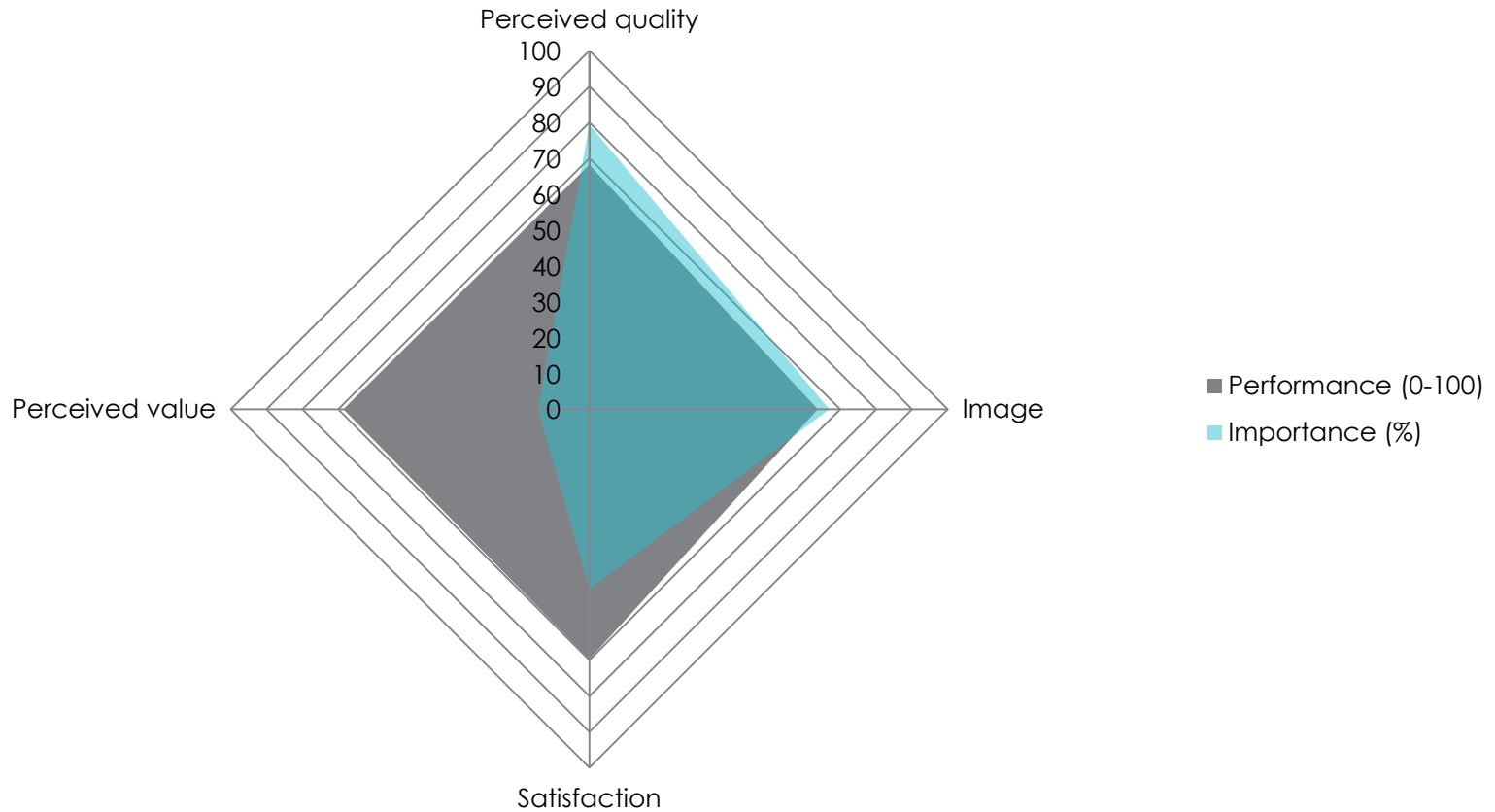
Estimated model – considerable effect sizes between variables



R²: Loyalty 71%, Satisfaction 84%, Perceived value 61%, Perceived quality 67%, Expectations 9%, Complaints 39%

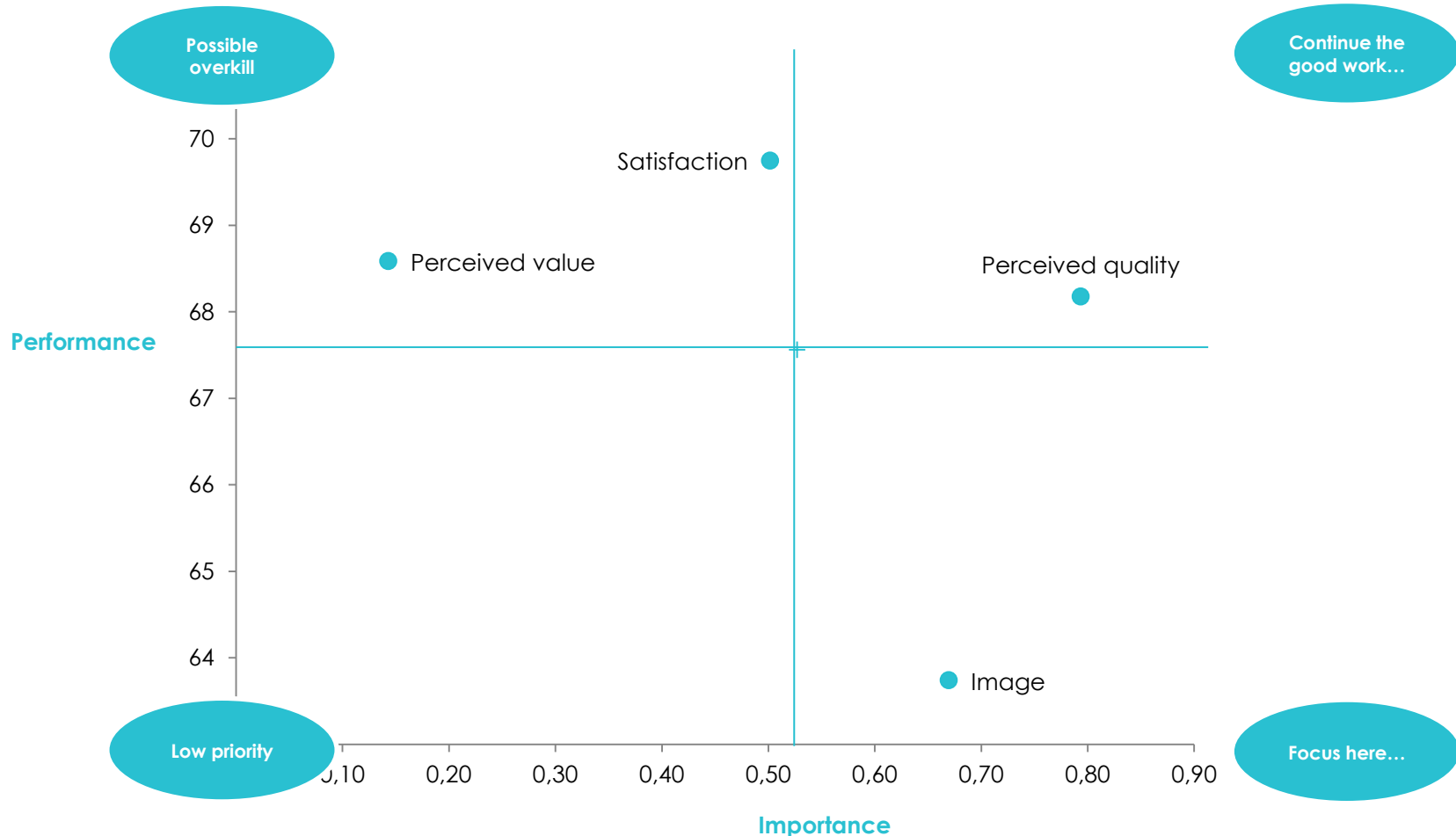


Performance and importants...



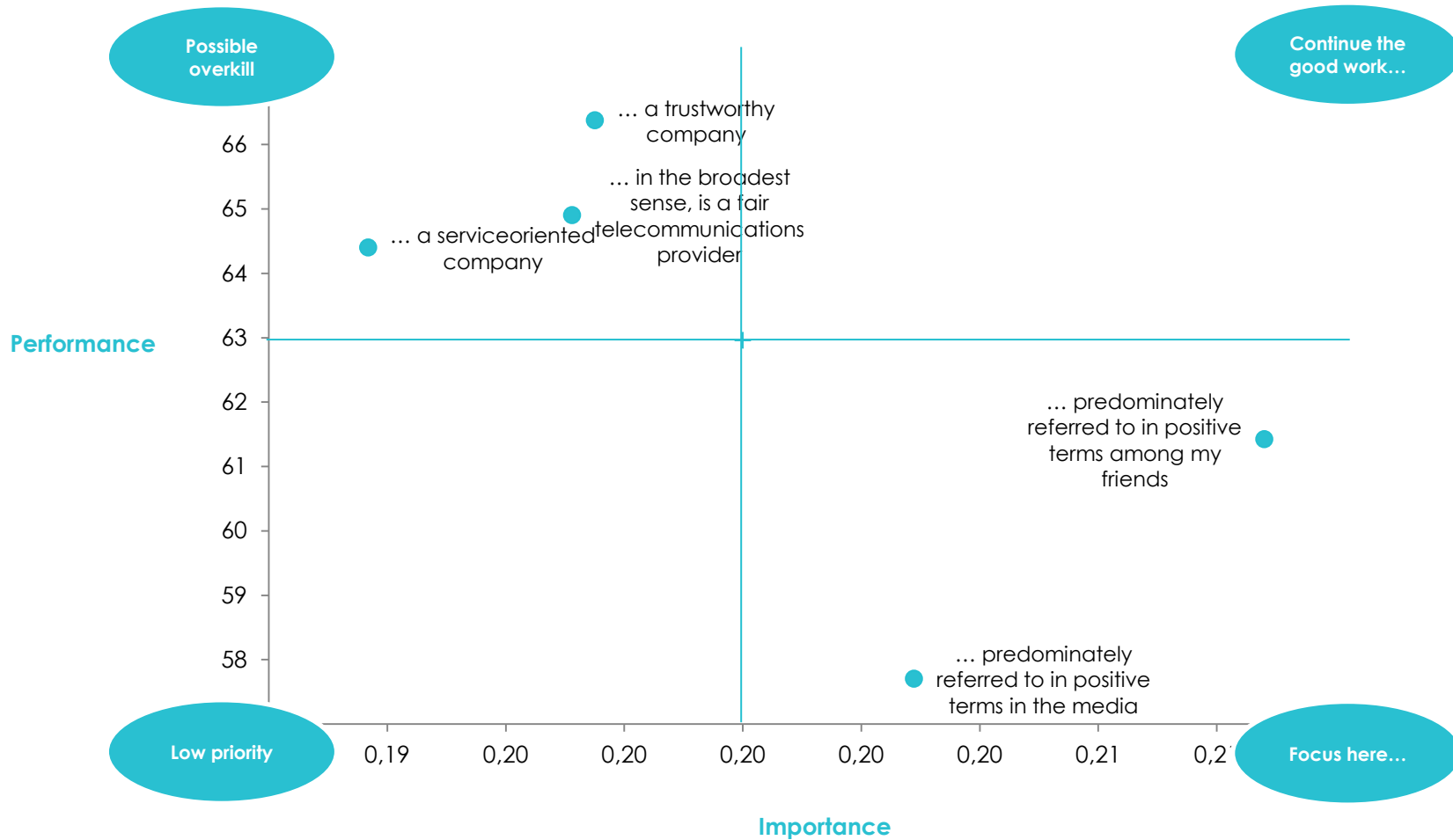


Strategic implications – results indicate that companies in general can benefit from improving their image





How do we effectively increase the image performance?



Insights...

- Customers perceive themselves to be **relatively involved** in decisions regarding telecommunications. Furthermore they emphasize **cognitive elements** of the decision making process as important.
- The case study additionally indicate that companies within the Danish telecommunications industry to a considerable degree **succeed in satisfying their customers' needs**.
- As a result customers are **relatively loyal** to their telecommunications provider.
- Especially **perceived quality** of the product and service seem to have a substantial impact on the of the customer loyalty.
- In order to increase the level of satisfaction and loyalty, companies are encouraged to focus resources on further improving their **Image**.
- Results indicate that **"the conversation"** (or perhaps reputation) surrounding the telecommunications provider holds strong opportunities for improving the overall image. As a result these parameters can be seen as focus areas.