Customer Relationship Management based on Increasing Customer Satisfaction

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Abstract

Customer satisfaction describes the interaction between corporate behavior and customer behavior, its theoretical research began in the 1990s, after 10 years of research, and the theory has been greatly developed. At the same time, because of the development of CRM theory, research about customer satisfaction has also obtained more and more attention. In this paper, we firstly emphasis the main factors affecting customer satisfaction ---- analysis of customer expectations. Managing customer expectations begins to discuss ideas from the theory. Consider how to evaluate customer satisfaction scientifically, take corresponding measures on this basis, to enhance customer relationship management. In customer perception, analysis of customer satisfaction should have the basic elements. According to the American Customer Satisfaction Index model, using correlation analysis, evaluation index system was constructed. The evaluation index system to improve customer satisfaction has some theoretical and practical value.

Keywords: Customer Relationship Management Customer Satisfaction Customer expectations Customer Satisfaction Index

1. Customer Relationship Management (CRM) and its essence

CRM systems are mainly composed of three parts, marketing management, sales management, service management and technical support management. The core content is mainly to increase the degree of automation of all aspects through continuous improvement and management of corporate sales, marketing, customer service and support related business processes, to improve efficiency, reduce costs and improve service, expand sales, increase revenue and profits, and improve enterprise competitiveness.

Theoretically, CRM is a set of advanced management ideas and techniques, it integrates human resources, business processes and professional technology, and so that enterprises can meet customer demand cheaper and more efficiently. Customer relationship management is a new management mechanism aimed at improving the business and customer relationships, strategically regarding the core enterprise business customers as an important resource, meeting customer needs through the improvement of customer service and in-depth analysis of the customer, so that enterprises can maximize customer satisfaction and loyalty, establish mutual long-term stable trusted and close relationship, maximizing customer lifetime value.

Judging from the core concept of CRM, CRM emphasizes to use modern technical methods to cultivate customer satisfaction and customer loyalty. Whether traditional or modern marketing means, the fundamental purpose is to meet customer needs, enhancing customer satisfaction is the fundamental aspect of business survival. Needless to say, CRM is much more than a technology, it is a management method and management models. All is for customer, improve customer satisfaction is the essence of CRM.

There is a famous 80-20 rule in Marketing, 20% of enterprise customers create 80 % of the profits, the 20% of those customers are old customers in business, and they are also the enterprise loyal customers. The so-called loyal customer is the one who have a higher preference and loyalty to corporate or product brands. Loyal customer is difficult to move to the products of other companies, even for the price of competitive products, promotional activities and other means, they always reject everything which reduces the competitive pressure of enterprises and brings good economic benefits for enterprises. Furthermore, a rule 250 also illustrates the problem. A consumer's life circle owns 250 friends and relatives, he can influence 25 to buy directly.

Therefore, if the company cultivated a loyal customer, the customer can affect 25 people, yet, which can affect 25 people among 25 persons. Customer satisfaction can make old customers repeat purchase, recommend others to buy, while new customers can reduce development costs. One study showed that a company developing a new customer is six times than maintaining an old customer in cost. Therefore, cultivating loyal customers through customer satisfaction is the key competitive advantage of enterprise creation. If ignore or disregard the customer needs, advanced techniques do not enable businesses to go further. CRM implementation is definitely not just install a software, it is important and difficult to change overall management around customer relationships.

2. Overview related to customer expectations

According to customer relationship management triangle law: customer satisfaction = customer experience - customer expectations, customer satisfaction can be seen negatively correlated with customer expectations. Most companies generally detect customer expectations by CSI customer satisfaction analysis model (see Figure 1), it also shows that conclusion, customer satisfaction and customer expectations are negatively correlated.
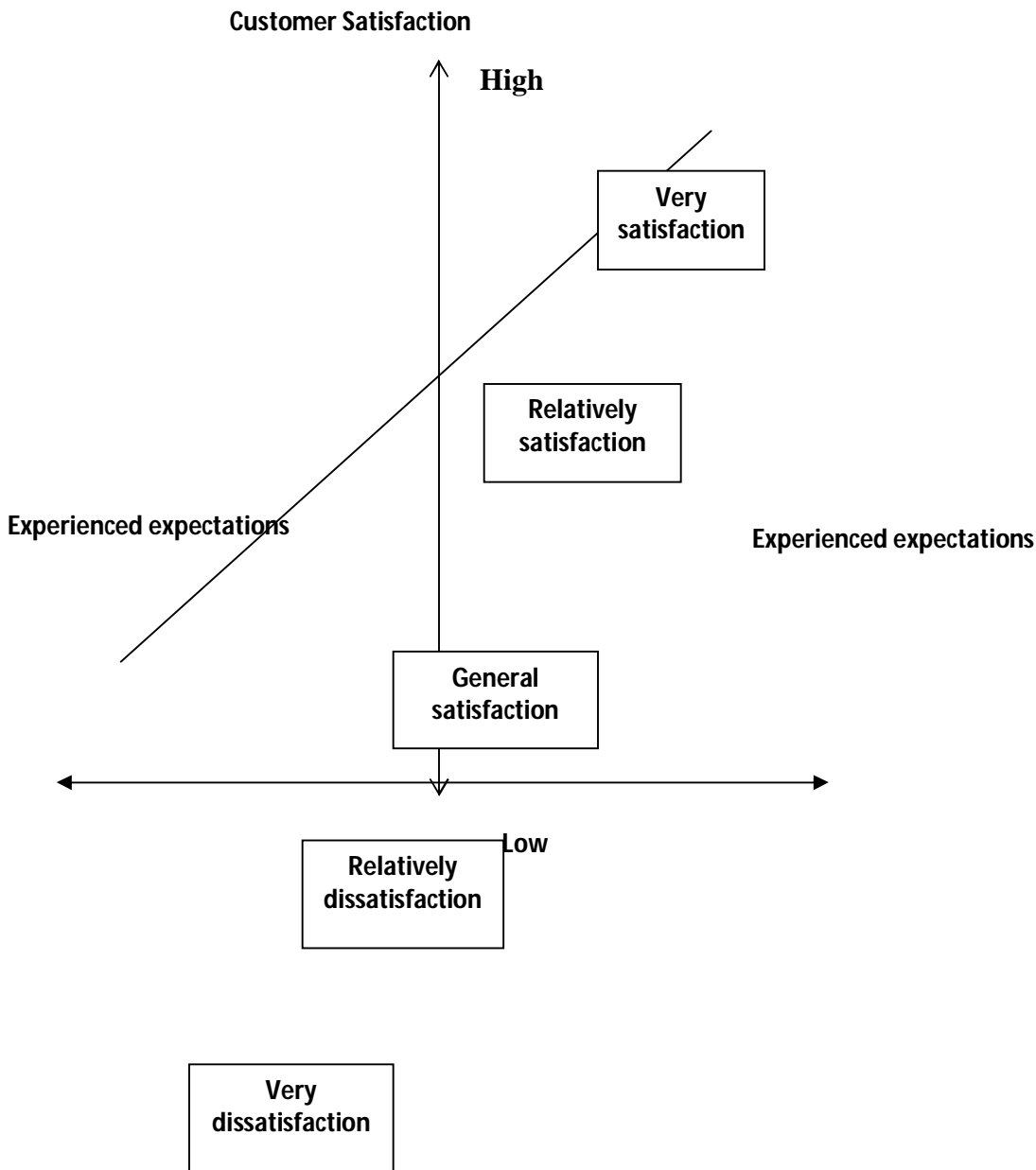
Figure 1

A very clear difference between the customer experience and customer expectations (positive or negative) is divided into five intervals (very satisfied, satisfied, in general, more dissatisfied, very dissatisfied), if the customer experience essentially flats with customer expectations, it belongs to the general level of customer satisfaction. The more customer experience is than the expectations, the higher customer satisfaction. On the contrary, compared with expectations, the worse customer experience brings lower customer satisfaction.

There are two ways for companies to improve customer satisfaction,: First, try to improve service levels, so as to enhance the customer experience; second, try to effectively manage customer expectations, reducing the desired level. Obviously, the first approach is currently widely used in the industry, and it has achieved great success. In the future, companies need to maintain continuous improvement.

2.1 The theoretical basis of customer expectations

In 1982, the Finnish scholar Gronroos defined service quality of the customer perception as the difference between customer expectations about service and perceived service performance, he thought that level of satisfaction about the service depends on comparison between the actual service and the original expectations; in 1984, Kano, Japanese quality management experts, proposed three types of customer expectations: basic expectations, expectations associated with price, expectations exceeding value. Basic expectations means that service organizations should offer at least is the features of quality of service for granted; the level of expectations associated with price is linked to customer spending, the more the customer spend, the higher their expectations; expectations exceeding value means customers want to get the extra harvest to meet additional requirements. If you do not provide services to meet such expectations, the customer will not be dissatisfied; but once such offers to meet customer expectations of service, the customer will often be extremely satisfied. Whether three different expectations are met or not, it will lead different customer satisfaction.

Those service expectations theory researches provide us with the idea of expectation management. In fact, it illustrates that the customer habits are trained by us in the service process. If we provide customers some guidance and facilitation, guide self-service as part of their contents, share part of the responsibility, most customers are acceptable and understandable. The following aspects can analyze customer satisfaction:

2.1.1 Customer satisfaction depends not only on the services quality the enterprise provide, but also on whether customers satisfy about the comparing results between customer perceptions of service performance and their own expectations.

2.1.2 The customer's expectations can be designed and managed, it is a dynamic, variable region, which is affected by many factors. If actual customer experience quality service falls within this region, it will accept the service satisfactory quality.

2.1.3 Customer expectations must be managed. Responsible companies cannot allow customers to come with great expectations, be away disappointedly. Striving for customer service, companies would be counterproductive, high expectations are virtually increases the cost of service enterprises, which is perceptibly movement.

2.2 Management approaches about customer expectations

2.2.1 Grasp the psychological expectations of customers

As a basis of the effective management of customer expectations, first of all, we cannot ignore the basic collection and analysis of customer information, including information collection and statistical information on the basic properties of clients, the level and volatility of consumption, personal preferences, service and satisfaction feedback information about analysis of customer needs and expectations provide a basis to assess the level of data or information support.

2.2.2 Analyze customers' needs, assess customer expectations

Customer needs analysis is an important basis and mean of assessing customer expectations. According to Kano model which the Japanese management expert said, we will divide into the following three categories of customers' demands: basic demand, expected demand, and surprise demand.
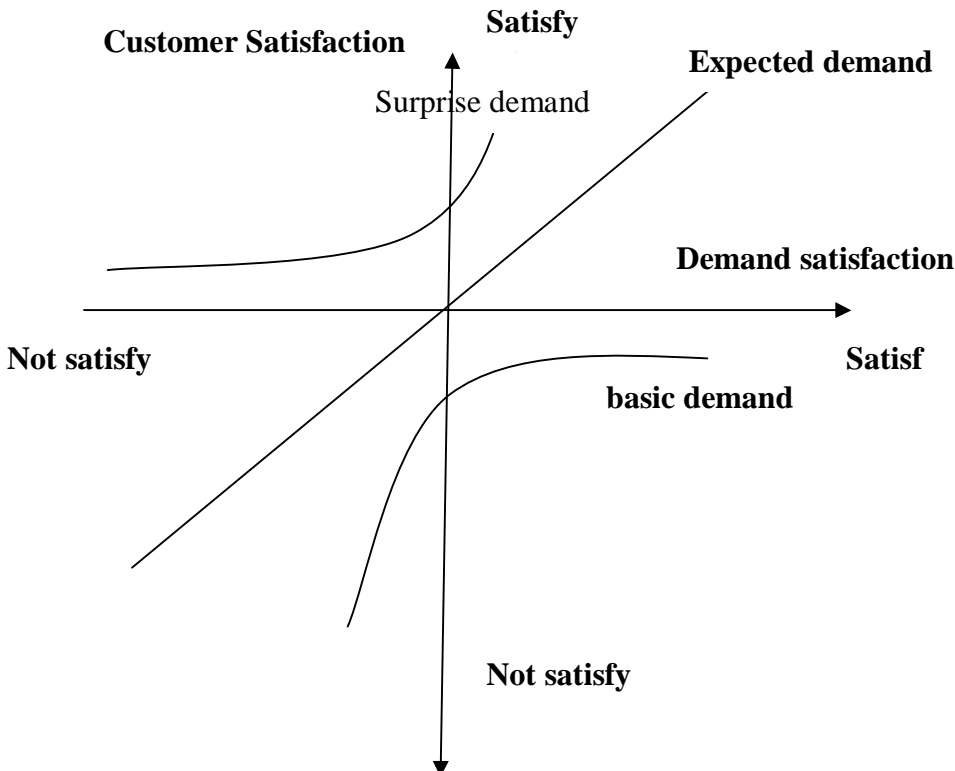
Figure 2: Indicate customer demand levels

Shown in Figure 2, the basic demands are considered service by customer which should be provided, low satisfaction is not very satisfied, the high level of satisfaction is not very satisfied yet; surprise demand is opposite, a low level of satisfaction or not meted are also not satisfied, it will be very satisfied with the high level of satisfaction; expected demand is in between demand satisfaction and customer satisfaction, which are linearly related.

3. Propose and evaluate Customer satisfaction

After understanding a series of customer methods about expectations management, we must return to our main research focus. How to improve customer satisfaction based on managing customer expectations.

Customer satisfaction is the attitude of the customer in the purchase of products or services, according to the gap between expectation and perception formed. Its meaning is mainly reflected in the following three aspects: First, customer satisfaction is a relative concept, which is matched between customer expectations and ultimate value of the degree; Second, expectations of customers is related to what their pay, the higher they pay, the higher they expect; Third, the higher the level of customer participate, the more effort, the higher customer satisfaction.

3.1 Customers' perception about demands expectations

Different demands expectations correspond to different customers' perception.

3.2 Basic elements of customer satisfaction

In normal circumstances, the basic elements of customer satisfaction can be summarized as following: First, mind satisfaction (MS), it is the extent of the customer's satisfaction for corporations' idea providing the product or service; Second, behavior satisfaction (BS),it that the degree of customer's satisfaction for behavioral mechanisms or the rules of conduct and behavior patterns which provides products or services to business; Third, visual satisfaction (VS), it means the customer requirements for a variety of corporate image in the visual and the hearing was feeling about satisfaction.

3.3 Psychological state customer satisfaction

Customer satisfaction depends mainly on experience comparing customer's perception about product or service and expectations of customer acceptance experience.

Such comparisons usually make customers feel three different psychological feelings. Corresponding conditions cause three different states of mind: First, the customer perception is lower than prior expectations, the customer is not satisfied with the experience, even to complaint, if the customer complains can not be taken positive measures to properly be resolved, it is possible to transfer the dissatisfaction to satisfaction until it becomes a loyal customer; second, customer's perception is closely equal to the customer prior expectations, customers feel satisfied; Third, customer perception is higher than prior expectations, customers become loyal clients from a satisfied customer.

3.4 Assessment about customer satisfaction

A simple method commonly used to measure customer satisfaction is to calculate customer satisfaction rate. Customer satisfaction is a percentage share of satisfied customers in all certain number of customers, namely: $T = S / C * 100\%$. T is the customer satisfaction rate; C means target customers; S is the number of customers expressing satisfaction in the target customer groups. In practical applications, there are some flaws in the evaluation of customer satisfaction with the product or service when using customer satisfaction, , it can only deal with the overall problem of a single variable quantity and a simple phenomenon, while it can not fully reflect customer demand and expectations for the product or service, also it can not give a uniform standard when measuring product or service quality.
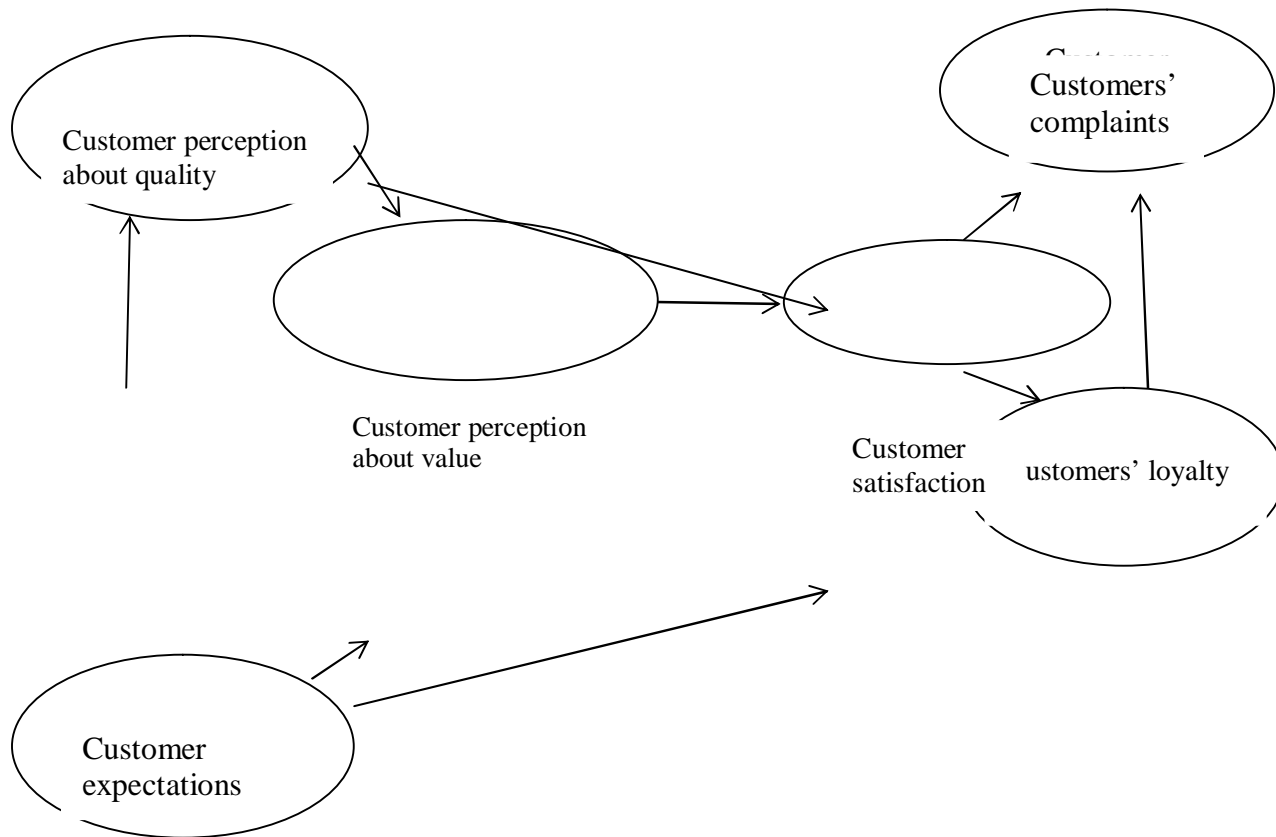
4. Customer Satisfaction Index Model

4.1 Customer Satisfaction Index (CSI)

In 1989, Dr. Fomell, Quality Research Center, University of Michigan Business School in USA summarized the results of theoretical studies, presented to compose a model of logical and economics with the customer expectations, perception after the purchase, the purchasing price and a number of factors, the model is fee-resistant Seoul logic model. It combines the mathematical methods of customer satisfaction and psychology with which customers purchase goods or services, it uses partial differential minimum quadratic to get index on the base of this model, it is Customer Satisfaction Index (CSI).

4.2 American Customer Satisfaction Index Model

American Customer Satisfaction Index (ACSI), Dr. Fomell, the National Quality Research Center, the University of Michigan Business School, and some American people created it on the basis of the Swedish Customer Satisfaction Barometer index model, it was used in 1994 at the first time, currently, ACSI has become the most widely affected model used in New Zealand, Austria and China Taiwan region, etc., it is the basis of model in Norway and the EU.

Figure 3: American Customer Satisfaction Index Model

The model considers that the customer satisfaction is determined by customer expectations for quality of service, the quality perception and perception of value; If customers are not satisfied with the quality of service, it will produce complaint; customer loyalty depends on customer satisfaction and treatment afterwards when complained.

4.3 Construction of evaluation Index System about Customer Satisfaction Index

4.3.1 Principle of constructing system

4.3.1.1 Customers determine the principles

Accurately grasping customers' needs, selecting the most critical evaluation index customer considers, it needs the customer to determine the evaluation index system, which is a basic requirement to set evaluation index system.

4.3.1.2 Measurable principles

The result is a quantitative number about evaluation of the value, so setting evaluation index must be able to conduct statistical calculation and analysis.

4.3.1.3 Controllable principles

Evaluation will generate new customer expectations, which prompts companies to take corrective action; if the company can not take action in a particular area to improve it, it should be suspended for evaluation indicators in this aspect.

4.3.1.4 Comparable principles

Setting evaluation index needs to fully consider the characteristics of competitors.

4.3.2 Steps of Construction about evaluating Index System

Collect basic information. Investigate the secondary data.

Assume the index system.

Collect basic data. Obtain quantitative data by the actual evaluation.

Build the index system. Identify the potential data structure through exploring factor analysis and test hypotheses through confirmatory factor index system.

Establish the index system. Establish it by the results of the factor analysis and qualitative reasoning.

4.3.3. Construct framework of evaluation about ACSIM

Each level of customer satisfaction evaluation index is started by the previous evaluation index, while the previous level of evaluation index is reflected by the next results of the evaluation indicators. The evaluation index system frame: first is primary indicators (first level), which is the Customer satisfaction Index; second is secondary indicators (second level), which includes six elements, customer expectations in customer satisfaction model, customer perception about product or service quality, the customer's perception of value, customer satisfaction, customer complaints and customer loyalty; third is three-level indicators (third level), according to the characteristics of product, service, business or industry, it expands the six elements in secondary indicators to specific evaluation indicators; fourth is four-level indicators (fourth level), it expands specific evaluation index in three-level indicators to a series of questions on the questionnaire about customers, customer-oriented indicators directly.

5. Conclusion

5.1 At the beginning, an enterprise should introduce CRM marketing strategy to meet the actual needs of customers, which should firmly establish "customer-centric" development strategy, so that enterprises can get continuous development in the pursuit of customer satisfaction.

5.2 While improving customer satisfaction, customer expectations should be noticed and be conducted; the enterprises also should manage customer expectations and make customer satisfaction from the source.

5.3 customer satisfactions are dynamic and relative. Only the idea "customer-centric" can help companies improve customer satisfaction and keep customer truly; conversely, if its competitor improves customer satisfaction, then it own may loss corporate customers.

5.4 creating satisfied customers is to compete. The nature of competition in the market is "compete for customers", no customers would be no market, and competition among enterprises is actually the competition among customers, particularly in competition among high quality customers.

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