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Gap Analysis – The Foundation of Customer Satisfaction Research

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Abstract: Customer satisfaction research can help companies become customer focused by revealing the gaps between customers' expectations and their perceptions of the companies' performance in meeting those expectations. Research experience has shown that "satisfaction" ratings do not always correlate highly with repurchase intent which, after all, is the primary purpose of any customer focus effort. Proven measurements with higher correlations with repurchase intent are quality perceptions, value for the money, whether the customer would recommend the company to a friend or associate and the likelihood of repurchasing. Quality customer-focused research uses many or all of these.

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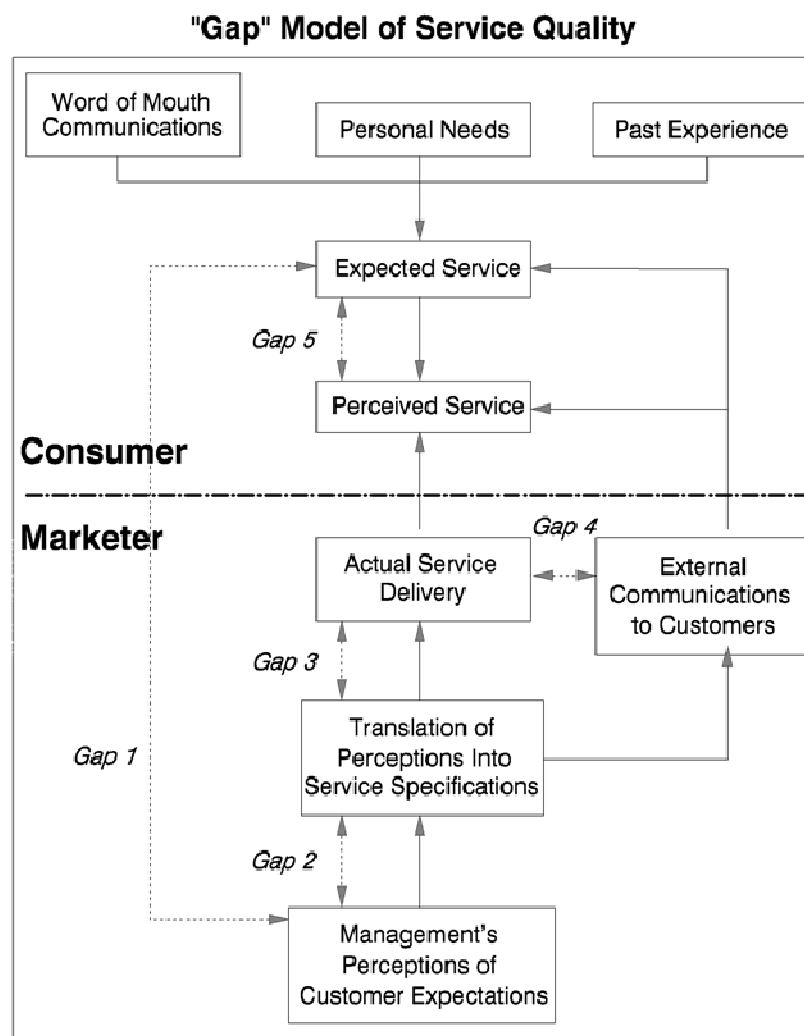


Gap Analysis - The Foundation of Customer Satisfaction Research

This paper is the second in a four-part series that outlines issues to consider when designing and implementing a customer satisfaction measurement and tracking program. Customer satisfaction research can help companies become customer focused by uncovering customers' expectations and their perceptions of the companies' performance in meeting those expectations. Expectations and perceived performance are impacted by environmental and behavioral factors, the most influential of which is the competition. Therefore, customer satisfaction research is most useful when it measures market positioning relative to major competitors.

"Gap" Analysis Overview

The foundation of any customer focus research process is to clarify the relationship between customers' expectations and their perceptions of the quality of the service they actually receive. The primary objective is to measure perceived service quality which is defined as the difference or *gap* between expectations and perceived performance. There are, however, several other gaps that a well-designed research program will address.



(Source: Marketing Science Institute)



According to research conducted by the Marketing Sciences Institute and the Gap Model above depicting the SERVQUAL Model developed by Parasuraman, Zeithaml and Berry in 1985, there are actually five important gaps to consider in modeling service quality and repurchasing behavior. These gaps are:

1. The gap between the supplier management's perceptions of customers' expectations and the customers' actual expectations,
2. The gap between management's perceptions of customers' expectations and the service specifications dictated by management based on those perceptions,
3. The gap between service specifications and the end product or actual delivery of the service,
4. The gap between the message a company communicates regarding the quality of its service (setting expectations) and the actual delivery of that service, and
5. The gap between a customer's expectations of a service and their perceptions of the quality/ performance of the actual service.

While external customer focus research primarily addresses Gap 5, it can easily include an analysis of Gap 4. The messages that companies communicate to their customers through advertising, direct marketing, sales literature and promotional materials, trade shows, etc. all help to set customer's expectations. In many cases, these messages oversell a company's value or quality and raise expectations higher than can actually be delivered. A well- balanced research plan will address this issue if it is felt by management or expressed by customers that there is a gap between what a company says it is selling and what it is actually delivering.

The gap between management's perceptions of what they think customers want or expect and the customers' actual expectations can be fatal, yet it is a very common practice in most service companies. The major consideration here is that any research and tracking must be based on expectations *as expressed by the customer*.

Gaps 1 and 2 relate to internal service measurements. If external research is conducted properly, management will have a fairly accurate understanding of customers' expectations and will develop service specifications accordingly. When there is no external research or when management ignores or misapplies this information, Gap 2 in the SERVQUAL model above becomes critical. Internal research should assess this issue.

Employee research can provide extremely useful information for helping a company to become more customer focused. Research with customer contact employees can help identify the extent and reason for Gap 3 concerning the difference in service specifications and the actual delivered service. Customer contact employees can readily identify the obstacles they encounter that prevent them from delivering quality service. Often, management erroneously assumes they have identified or have a handle on these obstacles and research with customer contact employees may provide them with several surprises.

Employee research also can provide another equally important insight for management. Designed in parallel with external research, management can determine the difference in what employees



think is important to customers and how they think customers rate their performance in delivering on these expectations and what customers actually think. There are often startling differences in ratings, with employees usually being harder on their company than the customers themselves. The differences between employee and customer ratings can pinpoint areas for improved customer contact training and customer support systems.

How Do Customers Evaluate a Company?

What factors affect a respondent's overall opinion of a company? Research shows the process works like a reverse funnel or pyramid. As the chart below illustrates, one dominant driver of overall satisfaction is the company's general image. This image can be affected by factors outside the customer's direct experience with that company by what the customer hears in the media or by word of mouth. Everything remaining constant, a company's image can be significantly affected by competition. Image, like performance expectations, is very dynamic and relative to market place activity and is often impacted by factors beyond the immediate control of a company. A customer's actual experience is filtered, either positively or negatively, by pre-existing and non-related general image factors.



How do customers evaluate their actual experience with a company? The manner by which companies present themselves to their customers can be divided into specific macro- and associated micro-level service dimensions – that is, the interaction points between the company and its customers. Major or macro service dimensions include such transaction points as the salesperson, customer service, claims/repairs, customer training and even billing. These are all dimensions of human interaction with the company and performance perceptions which reflect the quality of the transaction delivery or presentation. Using the salesperson macro service dimension as an example, associated micro level service dimensions would include such items as technical knowledge,



In summary, the whole pyramid model shows that customers evaluate a company primarily by recent experience, actual problems or "moments of truth." This experience set in turn is evaluated by examining major and minor service dimensions or attributes. Customers develop their own scheme of weighing service dimensions and formulate a weighted average total score that is more intuitive than cognitive. This score is then filtered through general preconceived company images, resulting in an overall satisfaction opinion.

Examples of Macro Level Service Dimensions and Their Associated Micro Level Attributes

Salesperson	Claims/Repair	Customer Training	Billing
Courtesy	Accessibility of the claims adjuster	Flexible scheduling	Legibility
Communicate at the appropriate level	Responsiveness of the adjuster	Initial training at customer's location	Accuracy
Professional appearance	Adjuster's knowledge	Speaking skills of trainer	Itemization
Responsiveness	Adjuster's listening skills	Trainer's expertise	Timing
Accessibility, available when needed	Professional appearance of field technician	Length of training session	Courtesy of service rep
Knowledge of customer's business	Competency of the field technician	Professionalism of the trainer	Concern of service rep
Listening skills	Repair done correctly the first time	After training accessibility for questions	
Follow-up courtesy calls	Supervisor follow-up call	Quality of training materials/manuals	
Being a single point of contact for needs			

How do you measure the overall opinion of the company as it relates to repurchase intent, which, after all, is the primary purpose of any customer focus effort? Research experience has shown that "satisfaction" ratings do not always correlate highly with repurchase intent. Proven measurements with higher correlations with repurchase intent are quality perceptions, value for the money, whether the customer would recommend the company to a friend or associate and the likelihood of repurchasing. Which factor is most important depends on the specific product or service being studied. Therefore, good customer-focused research uses many or all of these.

For more information about analyzing customer satisfaction survey data, please contact us at <http://www.polarismr.com/contact.html> or call us at 678-323-3261.



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