Customer Satisfaction

Customer satisfaction indicates the fulfillment that customers derive from doing business with a firm. In other words, it's how happy the customers are with their transaction and overall experience with the company.

Customers derive satisfaction from a product or a service based on whether their need is met effortlessly, in a convenient way that makes them loyal to the firm. Hence, customer satisfaction is an important step to gain customer loyalty.

Organizations calculate the customer satisfaction score (CSAT), which is the average rating of a customer's responses, the net promoter score (NPS), which indicates the probability that a customer refers a brand to another person, and the customer effort score (CES), which indicates how easy it is for a customer to do business with a firm. The customer satisfaction metrics are then used to estimate consumer behavior.

Customer satisfaction is a part of customer's experience that exposes a supplier's behavior on customer's expectation. It also depends on how efficiently it is managed and how promptly services are provided. This satisfaction could be related to various business aspects like marketing, product manufacturing, engineering, quality of products and services, responses customer's problems and queries, completion of project, post delivery services, complaint management etc.

Customer satisfaction is the overall essence of the impression about the supplier by the customers. This impression which a customer makes regarding supplier is the sum total of all the process he goes through, right from communicating supplier before doing any marketing to post delivery options and services and managing queries or complaints post delivery. During this process the customer comes across working environment of various departments and the type of strategies involved in the organization. This helps the customer to make strong opinion about the supplier which finally results in satisfaction or dissatisfaction.

Customer satisfaction is the measure of how the needs and responses are collaborated and delivered to excel customer expectation. It can only be attained if the customer has an overall good relationship with the supplier. In today's competitive business marketplace, customer satisfaction is an important performance exponent and basic differentiator of business strategies. Hence, the more is customer satisfaction; more is the business and the bonding with customer.

Customer's perception on supplier helps the customer choose among the supplier on basis of money value and how well the delivered products suit all the requirements. The supplier's services never diminishes after the delivery as customer seeks high values post marketing services which could help them use and customize the delivered product more efficiently. If he is satisfied with the post marketing services then there are good chances for supplier to retain the customers to enhance repeated purchases and make good business profits.

It is necessarily required for an organization to interact and communicate with customers on a regular basis to increase customer satisfaction. In these interactions and communications it is required to learn and determine all individual customer needs and respond accordingly. Even if the products are identical in competing markets, satisfaction provides high retention rates. For example, shoppers and retailers are engaged with frequent shopping and credit cards to gain customer satisfaction, many high end retailers also provide membership cards and discount benefits on those cards so that the customer remain loyal to them.

Higher the satisfaction level, higher is the sentimental attachment of customers with the specific brand of product and also with the supplier. This helps in making a strong and healthy customer-supplier bonding. This bonding forces the customer to be tied up with that particular supplier and chances of defection very less. Hence customer satisfaction is very important panorama that every supplier should focus on to establish a renounced position in the global market and enhance business and profit.

Importance of Customer Satisfaction

1. **A Loyal Customer is a treasure you should keep and hide from the world**

According to the White House Office of Consumer Affairs, on average, loyal customers are worth up to 10 times as much as their first purchase. Some research says that it is 6-7 times more expensive to acquire a new customer than it is to keep a current one.

Banks or mobile providers know it best, so they don’t have any problem with going the extra mile for a customer who is not quite satisfied and often offer him something special. Not only it is more expensive but also much more difficult to keep existing and loyal clients (let alone keeping them fully satisfied and happy!) than to gain some new ones.

Take this rule into account while organizing your customer service processes and do your best to look after them.

2. **They can stop being your clients in a heartbeat**

Is not rocket science, nowadays clients easily switch their love brands. It is often caused by terrible customer service. Clients waiting for ages to get feedback or comment from a brand? Unacceptable! But it still happens. And gaining clients’ trust takes up to 12 positive experiences to make up for one unresolved negative experience.

“When customers share their story, they’re not just sharing pain points. They’re actually teaching you how to make your product, service, and business better. Your customer service organization should be designed to effectively communicate those issues.” :Kristin Smaby, “Being Human is Good Business”.

You can’t gain customers’ satisfaction forever, you need to look after them all the time. Try to talk to them, instead of to them. Ask questions, offer constant support, send personalized messages or offers, use dedicated customer satisfaction survey tool or any other technique that will help you communicate with your customers and collect insights.

Take care of each and every one of your clients’ needs and you’ll be rewarded with their gratitude and loyalty. It sounds like a good deal, doesn’t it? Brands often take their audience for granted, and they’ve never been so wrong one decision, or lack of it, can result in losing a lot of clients and their respect.

That’s why measuring clients’ satisfaction is so important.

3. **It’s (all) about the money, too**

It shouldn't be surprising, but customer satisfaction is also reflected in your revenue. Customers' opinion and feelings about the brand can affect, in both positive and negative way, the essential metrics such as the number mentions and repeated transactions, and also customer lifetime value or customer churn.

Happy customers won't look at your competitors offers they will happily interact with your brand again, make a purchase and recommend the product further. If you meet all of their requirements and answer their needs while delivering the best quality of your services, they will be fully satisfied.

Not to mention your brand will increase sales revenue!

Measuring customer satisfaction should become your daily habit – not something you do from time to time and only if you're about to face crisis management. If you don't know how to do it right, you can take a look at our guide to measuring customer satisfaction to make things easier.

4. Customer satisfaction is a factor that helps you stand out of the competition

Kate Zabriskie once said that "Although your customers won't love you if you give bad service, your competitors will." and we couldn't agree more.

Your competitive rivals are just waiting for you to make a wrong move. What is more, they can often play the role of an instigator. Being prepared for their provocations is not enough if you don't know how to deal with the negative backlash.

However, if you provide your customers with amazing customer service, you will gain arguments to convince those uncertain of your services.

5. Great customer experience can take your brand places

The importance of customer satisfaction should never be neglected. You should consider it especially while planning your marketing and positioning campaigns. Satisfied customers are more likely to share your content across social media.

They will also more keenly interact with your posts, leaving some delightful and admirable comments. Later you can use it as the source for case studies and success stories. Being an example of a company that provides a ravishing customer satisfaction? Every brand should aim for it.

Final Thought

Providing great customer service will satisfy both you and your targets. They get proper service, you get a proper revenue and everyone is happy.

Remember when I said that we are obsessed with customer satisfaction? This free to start survey tool will help you to research your customers' satisfaction and get valuable insights that will immensely boost your business.

Customer Satisfaction Measurement

Customer satisfaction is difficult to measure due to several reasons. Counting on customer satisfaction owing to their feedback is not the case because most people prefer keeping quiet when satisfied.

Some people see no need of contacting the service provider while others seek to pass their complaints.

Requirements for customer satisfaction are not only unique but difficult to quantify. Setting standards and improving employee relationships with customers is central strategy of measuring customer satisfaction and ensuring that success is determined.

Ways of measuring customer satisfaction include:

Survey customers

Surveying customers is the only probable way of getting customer feedback unless they contact you.

Most people are busy and have no time to pass redress.

You can provide survey through several ways such as emails and use of phone calls.

To get credible feedback you need to allow customers to answer questions on weighted scale.

You can conduct repeated surveys, over time, to measure changing comments from customers.

Understand expectations

Understanding what customers expect from you will provide ground to satisfy their expectations by giving them enjoyable service.

Making an effort to discover what customers expect from you in terms of service and products is the way to satisfying their needs.

Find out where you are failing

On situations where you are not fulfilling customer requirements, it is credible to find out where you are failing.

Incidences where products are less than advertised should not arise.

Find out if employees are making promises that cannot be met.

Take strides and attend seminars that will equip you with better managerial skills.

Know the chain of communication so as to know where communication faults are and foster amendments.

Pinpoint specifics

Whether a customer is satisfied or not, you need to collect information to help you assess the situation.

Collect information about what customers purchased, what they liked and they did not like, their actual purchase expectation and their suggestions for improvement.

Assess the competition

Have the initiative to know why customers consider other brands above yours.

Through the survey, invite customers to come and compare and contrast your services and products and make judgment on what you are not offering.

Try to measure the emotional aspect

Customer experiences after buying a given product are attributed to quality.

Feedback from customers in relation to quality, reliability and extent satisfaction should be matched.

Comments customers make are a measure of their satisfaction.

Customers showing dissatisfaction prompts change of strategy.

Loyalty measurement

Customer loyalty is the likelihood of repurchasing products or services.

Customer satisfaction is a major predictor for repurchasing and it is influenced by explicit performance of the product, value and quality.

Loyalty is basically measured when a customer recommends to a friend, family member about given product.

Overall satisfaction, repurchasing and likelihood of recommending to a friend are indicators of customer satisfaction.

A series of attribute satisfaction measurement

This strategy takes into account the affective and cognitive pattern.

Affective behavior is intrigued to liking and disliking owing the benefits the product is attached with.

Customer satisfaction is influenced by perceived quality the product is attached with and it is regulated by expectations of the product or service.

Customer attitude towards a product are as a result of product information through advertisement and any experience with the product whether perceived or real.

Cognition is the judgment on whether the product is useful or not useful.

Judgment is always intended use of application and use of occasions for which the product is purchased.

Intentions to repurchase

Future hypothetical behavior that indicates repurchasing the product is a measure of satisfaction.

Satisfaction can influence other post purchasing trend through use of the word of mouth or social media platform.

Monitoring

Monitoring can be directed at phone, email and chat communications.

Monitoring includes automated phone interactions designed by companies to help give real world glimpse.

Feedback cards

Dishing out cards will help gauge customer comments.

How Customer Satisfaction is Measured

Here's a look at the most used metrics when it comes to measuring customer satisfaction.

Customer Satisfaction Score

The customer satisfaction score, or CSAT, is a time-tested metric. It is a customer satisfaction survey that targets the customer with variations of a very basic question: "how would you rate your experience interacting with our sales/customer service/support department?"

The scale typically ranges from: very unsatisfactory / unsatisfactory / neutral / satisfactory / very satisfactory.

The more respondents give a positive answer, the higher your score. Simple.

The CSAT is versatile, since it can relate to any interaction of a client with your business. It's also immediate, because you will get precise feedback relative to a certain experience. The CSAT is most useful to track short-term changes in customer approval before and after a change or new initiative. If the score shifts notably, you will have an inkling of what did or didn't go over well.

However, the question won't cover a customer's overarching impression of your company. Likewise, its results tend to be biased, since mildly satisfied or dissatisfied customers will tend to disregard the question entirely. Lastly, it won't be a predictor of customer behavior, nor will it account for your company's potential for growth. Though the CSAT is an unavoidable metric, it is by no means a complete one.

Net Promoter Score

The Net Promoter Score was introduced to account for the lack of predictive power of the CSAT when in comes to customer loyalty. This question looks like this:

"On a scale of 1 to 10, how likely are you to recommend our product/service to a friend?"

Customer Effort Score

The Customer Effort Score takes a different approach to how to measure customer satisfaction than the previous two methods. It asks the customer: "how hard did you have to work to get a problem fixed/query answered/service rendered?

The scale usually goes from 1 (it was very easy and simple to handle my issue) to 5 (it was a monster headache). The lower your score, the better.

In a now-famous article, it was demonstrated that going above and beyond in terms of customer satisfaction didn't necessarily result in increased loyalty. Past a certain point, the energy expended to delight a customer is better utilized trying to spare the customer some effort. The CES is a good indicator of increasing customers' loyalty by saving them time and effort.

Direct Feedback and Customer Satisfaction

The most straightforward way of giving your customers the support they want is by asking them directly through a customer satisfaction survey. Surveys are a useful tool for collecting data pertaining to the customer satisfaction metrics listed above. The various types of surveys target different customer demographics, and will yield different results.

In-app customer surveys

These are presented to the customer while they are in the process of using your service. This means an immediate reaction and a potentially high response rate.

Nevertheless, in-app surveys must be seamlessly inserted to the interface, so as not to pester or detract from the user experience. Adding a subtle comment bar at the top of your interface means only having room for a pictogram-based rating, or one of two questions. Therefore, make them concise and to-the-point.

Post-service customer surveys

These types of surveys approach the customer immediately following a service interaction. They can occur via email, live chat, or over the phone. It's essential to not make gathering feedback the only object of the call or message, with no added value to the customer. Rather, ask for feedback right after solving an issue, or while presenting a new feature. Post-service surveys can be a little more long-winded than the previous example but beware of costing your customers too much additional time.

Customer Surveys via Email

If you're looking to ask broader questions about the entire customer experience, then email is the way to go. You can also target segmented customers to ask in-depth questions about their situation.

While these surveys have the lowest response rates, they allow customers who wish to do so to answer in greater detail and really give you constructive feedback. You can use this in-depth feedback to increase customer satisfaction across a wider spectrum.

Volunteered feedback

Asking for customer feedback in a survey is one thing, but it's also important to offer a way for customers to speak up of their own volition.

Dedicating a comment box or an email address to customer satisfaction is a great move. However, customers often won't bother to leave feedback because they don't think the company will care, or take it into account. You need to incentivize honest customer involvement, because it your business cannot afford to ignore it.

Explicitly promise speedy involvement, and deliver on it. Responding with a non-automated to submitted feedback is polite and constructive. The result is beneficial to all parties. Customers will get what they wanted, and you can use examples of successfully acting on customer feedback as a success story on your website.

Survey best practices

We've seen how surveys can provide valuable insight, and involve customers in a direct process. However, they can be a tricky matter to get right. Here are ways to pull of effective, non-invasive survey campaigns:

- Never presume that your customer's time is more valuable than yours.
- Keep your questions relevant to your overarching goal of customer loyalty.
- Craft precise questions. Keep them short unless the format of your survey allows for more open-ended questions.
- Ask clever questions. Don't insult the intelligence of the customer taking the survey. Besides, asking vague or irrelevant questions won't serve your own purposes.
- Remain unbiased. Don't use leading questions. It will make your business seem untrustworthy, and false the results of your examination.
- Keep your rating scales consistent and transparent. Don't mix stars and smiley faces, or switch between numbered scales and letter grades.

Indirect Feedback and Customer Satisfaction

We've covered ways to reach out and gauge your customers' happiness directly. However, there are also ways to do so without directly involving your customers. Taxing customers' attention and good will to gather feedback is necessary, but it's handy to know about alternative, less intrusive tactics.

Analytics

You can use your website traffic and content to measure customer satisfaction. Not only will the publication of content drive your activity, but you can use it to gain insight into your customers' habits. Keep track of shares of your content, of the time spent on your website (especially pages like your roadmap, which will tell you about the interest in your upcoming features), and the bounce rate of your newsletters.

Collecting all this data will be moot if you don't know what to do with it. Make sure to always align the concrete data with the vision you have for your customer service.

Cover every channel

There are multiple channels to take into account when measuring customer satisfaction. Every means the customer has of getting in touch with your company is an opportunity to gather feedback.

We've seen you can conduct surveys over email, on your website, over the phone, etc. But diversifying the channels on which you measure customer satisfaction is a no-brainer. For example, given the growing importance of mobile phones in the field of customer support, it's important not to neglect that channel.

Social media is also a valuable channel to monitor customer happiness. Its immediacy and personable touch can allow your business to interact with your customers in an informal and proximate way. Customers can contact your business easily and spontaneously, and you can provide equally expeditious support. Keeping track of the fluctuation in followers, shares, and likes on every platform you use will give you a good idea of customers' loyalty and overall satisfaction.

Customer Satisfaction Models

Types of Customer Satisfaction Models

For businesses, it's always important to know what makes their customers happy and then plan strategies to meet their expectations. The good thing, the industry has various models to gauge customer satisfaction.

The four types of customer satisfaction models are:

- The Disconfirmation of Expectation Model
- The Performance Model
- The Rational Expectations Model
- The Expectations Artefact Model

The customer satisfaction model is a set of causal equations that look to measure how happy customers are with a company's products, services, or overall performance. The model is a helpful tool for companies to determine the ways to change, improve or upgrade their products and services with the view to make customers happy.

A model of customer satisfaction takes into account various factors such as perceived quality, perceived value, and customer expectations in ascertaining customer satisfaction. For a business, it's one of the best tools to measure customer satisfaction level with their brand and take steps to improve that.

The Kano Model of Customer Satisfaction

The Kano Model was first conceptualized and created by Professor Noriaki Kano in 1984. It was developed as a part of the research into various factors of products or services that satisfy customers.

The Kano Model is a framework to identify the most important features in a product and their expected role in boosting the level of satisfaction for users. It also shows the relation between customer satisfaction level and the different attributes of a product or service

The focus of the Kano model is to help teams view products from the user's point of view.

By using the Kano Model, it's possible to create products that not only meet customers' needs but also ensure lasting value over time.

Working:

The Kano Customer Satisfaction Model brings a rational, structured approach to product development. It also offers a great insight into the product attributes that are supposed to be important to customers.

Teams that employ this model pull together a list of potential new product features or attributes with the capability to enhance customer experience. Those attributes are then weighed according to two key criteria:

- The resources and investment needed to implement them.
- Their potential to make customers happy.

The product attributes are split into four categories:

Threshold Attributes: Customers expect these attributes and therefore they are the "musts" of a product or service.

Performance Attributes: These are features that deliver a proportionate increase in customer satisfaction and customer is always willing to pay for a product for its performance attributes.

Excitement Attributes: These attributes are generally unexpected by the customers and their presence naturally delights them and ensure high satisfaction.

Indifferent Attributes: They have little or no importance to the customer and neither do they impact the decision-making.

The disconfirmation of expectations model

The Disconfirmation Model demonstrates how customer satisfaction is affected by the combination of the performance of the good/service and the customer's level of expectation. It posits that in cases where the performance that a customer perceives is deemed to be greater than the expectations held, satisfaction will increase. This is defined as positive disconfirmation. Similarly a perceived performance which is lower than the customer's level of expectation, will result in a decrease in satisfaction; this is negative disconfirmation (Anderson et al. 1994, Oliver, 1993). Satisfaction is therefore a function of the difference between performance and expectations; ie, performance - expectations = satisfaction. The Disconfirmation Model indicates a negative relationship between expectations and satisfaction; it predicts that as expectations increase, satisfaction will decrease. These expectations held are recognised as a standard against which performance information is evaluated. Limitations of the Disconfirmation Model are illustrated by Cronin and Taylor (1992), who argue that "little if any theoretical or empirical evidence supports the relevance of the expectations - performance gap as the basis for measuring service". Jayanti and

Jackson (1991) warn that the satisfaction processes with services may be different from those of goods and so the Disconfirmation Model may not be appropriate for the evaluation of a service. Spreng and Mackey (1996) state that “few things are as fundamental to the marketing concept as the notion of satisfying the needs and desires of the customer”. This fundamental idea is not sufficiently taken into account by the disconfirmation paradigm, nor does it utilise it as a determinant of satisfaction. The Model actually suggests that those involved in managing customer expectations should try to lower expectations. It posits that this will allow them to offer a better than expected service, which will then result in increased satisfaction (Davidrow and Uttal, 1989). There is concern that the Model focuses on the negative aspects of expectations, rather than on the positive as the performance paradigm does. A firm which manages customer expectations in this way could also inadvertently lower performance levels. The end result would then be lower levels of customer satisfaction. Several authors have proposed models of customer satisfaction assessment, to address these limitations. Walker (1995) proposes that the model should incorporate three stages of service evaluation; namely Pre-consumption, Consumption, Post Consumption. This addresses the difficulty of the Disconfirmation Model conceptualising satisfaction at a point in time after consumption. By incorporating these factors the model no longer recognises the evaluation process as a simple post-usage judgement. These three separate stages of disconfirmation give a better understanding of the satisfaction process, and the management of satisfaction. However despite the recognised inadequacies of the Disconfirmation Model, it remains popular within the literature and its principal form has provided the basis for other paradigms including the ServQual model; this paradigm is used to measure service quality, not customer satisfaction.

The performance model

The Performance Model conceptualises the theory that a customer’s perception of a product or service performance, and their expectations of that performance have a positive effect on customer satisfaction (Spreng and Mackey, 1996). Performance is defined as the level of quality of the product, or service, as perceived by the customer, relative to the price paid. This perceived performance is described as value i.e. benefits received for costs incurred. The greater the ability of the product, or service, relative to the cost, the more satisfied the customer will be (Parasuraman et al., 1988), in keeping with the ideal of a value-precept disparity. Theoretical and empirical support for the inclusion of the direct effect of perceived performance on satisfaction is provided by Tse and Wilton (1988). They even suggest that perceived performance may have a stronger effect on customer satisfaction than expectations. Important information customer expectations are re-evaluated as a result of more recent performance information. The assessment of satisfaction is then closely related to expectations. The Performance Model shows expectations having a direct and positive effect on satisfaction as a result of the part they play as an anchor in the satisfaction evaluation process. The stronger a customer’s expectation, relative to performance information, the greater the impact of expectations as an anchor on satisfaction. Should performance information be the stronger construct, the greater the relative positive effect will be on customer satisfaction. The Performance Model also demonstrates a positive effect of expectations on perceived performance, that is the ability of customer expectations to predict performance. This is felt to be greatest when customers have a lot of experience with a performer who is either predictable or has low variance. The extent of the effect will vary from products to services. Construction Project Management is a complex and heterogeneous service, with which customers often have a lack of experience. As a direct result the expectations held by the client of the construction project team will not be as strongly related to performance as with other services. For this reason this type of model is not appropriate for application to the construction client - project manager type of relationship.

The rational expectations model

The Rational Expectations theory proposes that the mean expectations of agents in a market will be equal to the output of that market. Applying this hypothesis to the construction client - project manager relationship it can be seen that the expectations of the construction client would then be equivalent to the project manager's actual performance when providing his service (Johnson et al., 1996). The client of the construction project team will often have expectations which are inaccurate, weak or non-existent. However it is argued that the expectations of the market as a whole can be greater than the sum of each individual client's expectations. The total expectations of the market are believed to be more rational and accurate. The Rational Expectations theory then leads to the conclusion that perceived performance and expectations are no longer needed, that in fact they equal each other (i.e. performance = expectations), and have a single positive effect on satisfaction. The first identifiable shortfall of this model can also be seen in the previous two paradigms. They all assume the customers will have well informed expectations of performance. In doing so each model fails as a suitable description of customer satisfaction in terms of the more complex, heterogeneous and infrequently purchased services such as construction project management. Therefore the Rational Expectations Model, as with the previous models, cannot be applied as an appropriate model for the measurement of customer satisfaction in the construction client - project manager type of relationship. Construction project management has been equated with the description of an infrequently purchased service which is characterised by its inexperienced clients who may have weak, inaccurate or non-existent expectations (Masterman, 1991). This unique situation has led to the development of a model appropriate to such circumstances. Fornell (1992) and Johnson et al (1996) put forward such a model, which describes customer satisfaction in terms of perceived performance and argue that performance expectations are an artefact of performance and have no effect on satisfaction. This model is called the Expectations-Artefact Model – and assumes that the customer has well informed expectations of the service/product.

The expectations-artefact model

Johnson et al. (1996) argue that expectations should not have either a positive or a negative effect on satisfaction, in a unique service like construction project management. This is because in this context expectations do not act as an anchor, as in the Performance Model, or as a standard of comparison, as with the Disconfirmation Model, in the evaluation of satisfaction. Performance will give rise to the expectations reported by customers. The Expectations-Artefact Model shows the direct positive effect of perceived performance on satisfaction, and a positive relationship between performance and expectations. Expectations are not linked to satisfaction; this illustrates the fact that this construct does not have an effect upon satisfaction. The implications of this Model are simply that to focus on the expectations construct, as encouraged by the Disconfirmation Model, would be counterproductive to the improvement of customer satisfaction. The argument that expectations are only a by product of the service production process, and have no effect on customer service, would make any efforts to meet or exceed customer expectations pointless. Instead this Model posits that to improve customer service, service personnel should focus on the improvement of performance.

ISO 9000, QS 9000

ISO 9000

The ISO 9000 family of quality management systems (QMS) is a set of standards that helps organizations ensure they meet customer and other stakeholder needs within statutory and regulatory requirements related to a product or service. ISO 9000 deals with the fundamentals of QMS, including the seven quality management principles that underlie the family of standards. ISO 9001 deals with the requirements that organizations wishing to meet the standard must fulfil.

Third-party certification bodies provide independent confirmation that organizations meet the requirements of ISO 9001. Over one million organizations worldwide are independently certified, making ISO 9001 one of the most widely used management tools in the world today. However, the ISO certification process has been criticized as being wasteful and not being useful for all organizations.

ISO 9000 was first published in 1987 by ISO (International Organization for Standardization). It was based on the BS 5750 series of standards from BSI that were proposed to ISO in 1979. However, its history can be traced back some twenty years before that, to the publication of government procurement standards, such as the United States Department of Defense MIL-Q-9858 standard in 1959, and the UK's Def Stan 05-21 and 05–24. Large organizations that supplied government procurement agencies often had to comply with a variety of quality assurance requirements for each contract awarded, which led the defense industry to adopt mutual recognition of NATO AQAP, MIL-Q, and Def Stan standards. Eventually, industries adopted ISO 9000 instead of forcing contractors to adopt multiple and often similar requirements.

The ISO 9000 series are based on **seven** quality management principles (QMP)

The seven quality management principles are:

QMP 1 – Customer focus

QMP 2 – Leadership

QMP 3 – Engagement of people

QMP 4 – Process approach

QMP 5 – Improvement

QMP 6 – Evidence-based decision making

QMP 7 – Relationship management

Principle 1: Customer focus

Organizations depend on their customers and therefore should understand current and future customer needs, should meet customer requirements and strive to exceed customer expectations.

- Understand the needs of existing and future customers
- Align organizational objectives with customer needs and expectations
- Meet customer requirements
- Measure customer satisfaction
- Manage customer relationships
- Aim to exceed customer expectations

Principle 2: Leadership

Leaders establish unity of purpose and direction of the organization. They should create and maintain the internal environment in which people can become fully involved in achieving the organization’s objectives.

- Establish a vision and direction for the organization
- Set challenging goals
- Model organizational values
- Establish trust
- Equip and empower employees
- Recognize employee contributions

Principle 3: Engagement of people

People at all levels are the essence of an organization and their full involvement enables their abilities to be used for the organization’s benefit.

- Ensure that people’s abilities are used and valued
- Make people accountable
- Enable participation in continual improvement
- Evaluate individual performance
- Enable learning and knowledge sharing
- Enable open discussion of problems and constraints

Principle 4: Process approach

A desired result is achieved more efficiently when activities and related resources are managed as a process.

- Manage activities as processes
- Measure the capability of activities
- Identify linkages between activities
- Prioritize improvement opportunities
- Deploy resources effectively

Principle 5: Improvement

Improvement of the organization’s overall performance should be a permanent objective of the organization.

- Improve organizational performance and capabilities
- Align improvement activities
- Empower people to make improvements
- Measure improvement consistently
- Celebrate improvements

Principle 6: Evidence-based decision making

Effective decisions are based on the analysis of data and information.

- Ensure the accessibility of accurate and reliable data
- Use appropriate methods to analyze data
- Make decisions based on analysis
- Balance data analysis with practical experience

Principle 7: Relationship management

An organization and its external providers (suppliers, contractors, service providers) are interdependent and a mutually beneficial relationship enhances the ability of both to create value.

- Identify and select suppliers to manage costs, optimize resources, and create value
- Establish relationships considering both the short and long term
- Share expertise, resources, information, and plans with partners
- Collaborate on improvement and development activities
- Recognize supplier successes

QS 9000

QS9000 was a quality standard developed by a joint effort of the "Big Three" American automakers, General Motors, Chrysler and Ford. It was introduced to the industry in 1994. It has been adopted by several heavy truck manufacturers in the U.S. as well. Essentially all suppliers to the US automakers needed to implement a standard QS9000 system, before its termination.

The standard is divided into three sections with the first section being ISO 9001 plus some automotive requirements.

The second section is titled "Additional Requirements" and contains system requirements that have been adopted by all three automakers; General Motors, Chrysler and Ford.

The third section is titled the "Customer Specific Section" which contains system requirements that are unique to each automotive or truck manufacturer.

On December 14, 2006, all QS9000 certifications were terminated. With QS9000, the middle certification between ISO 9001 and ISO/TS 16949, no longer valid, businesses had a choice between either ISO9001 or TS16949. QS9000 is considered superseded by ISO/TS 16949, now a standard published by IATF, thus renamed IATF 16949:2016 (current version).

QS-9000 resources

Every QS-9000-registered company needs to have and follow six supplementary manuals in addition to the basic Quality System Requirement QS-9000:

- Failure Mode & Effect Analysis (FMEA)
- Statistical Process Control (SPC)

- Measurement System Analysis (MSA)
- Advance Product Quality Planning (APQP)
- The Production Part Approval Process (PPAP)
- Quality System Assessment (QSA); a checklist for evaluating supplier sites.

ISO 14000

ISO 14000 is a set of rules and standards created to help companies reduce industrial waste and environmental damage. It’s a framework for better environmental impact management, but it’s not required. Companies can get ISO 14000 certified, but it’s an optional certification. The ISO 14000 series of standards was introduced in 1996 by the International Organization for Standardization (ISO) and most recently revised in 2015 (ISO is not an acronym; it derives from the ancient Greek word ísos, meaning equal or equivalent.)

ISO 14000 is part of a series of standards that address certain aspects of environmental regulations. It’s meant to be a step-by-step format for setting and then achieving environmentally friendly objectives for business practices or products. The purpose is to help companies manage processes while minimizing environmental effects, whereas the ISO 9000 standards from 1987 were focused on the best management practices for quality assurance. The two can be implemented concurrently.

ISO 14000 includes several standards that cover aspects of the managing practice’s inside facilities, the immediate environment around the facilities, and the life cycle of the actual product. This includes understanding the impact of the raw materials used within the product, as well as the impact of product disposal.

The most notable standard is ISO 14001, which lays out the guidelines for putting an environmental management system (EMS) in place. Then there’s ISO 14004, which offers additional insight and specialized standards for implementing an EMS.

Here are the key standards included in ISO 14000:

- ISO 14001: Specification of Environmental Management Systems

- ISO 14004: Guideline Standard
- ISO 14010: ISO 14015: Environmental Auditing and Related Activities
- ISO 14020: ISO 14024: Environmental Labeling
- ISO 14031 and ISO 14032: Environmental Performance Evaluation
- ISO 14040: ISO 14043: Life Cycle Assessment
- ISO 14050: Terms and Definitions

Customer Loyalty Concept, Principles, Significance and Dimensions

Customer loyalty describes an ongoing emotional relationship between you and your customer, manifesting itself by how willing a customer is to engage with and repeatedly purchase from you versus your competitors. Loyalty is the byproduct of a customer's positive experience with you and works to create trust.

Loyal customers

- Purchase repeatedly
- Use what they purchase
- Interact with you through a variety of different channels
- Are your biggest proponents, sending others to you and providing proactive (and reactive) positive feedback

Types:

People are loyal for various reasons, but it's relatively easy to group them into six distinct loyalty categories.

Happy Customer

These customers like your products or services, have never complained, and probably have purchased from you numerous times. But your competitors can easily steal them: all it takes is a better deal, a discount, or the formation of a new relationship.

Price-loyal

These customers are with you only because of low prices. If they can save money elsewhere, they'll leave. If you offer the best price again, they'll return. It's pretty easy to keep this type of customer, but at a tremendous cost.

Loyalty program-loyal

These customers are not loyal to your company or what you sell. They are loyal only to your loyalty program, and in many cases, only because your loyalty reward offers the best deal.

Convenience-loyal

This person is loyal only because your brand is easy to communicate with, easy to find, and easy to purchase from. A convenience-loyal customer isn't swayed by price: Convenience is what keeps them with you.

Loyal to freebies

These customers are not drawn to your brand because of what you sell but because of other things you offer. Free Wi-Fi or infant changing tables or free inspections are some examples. Customers who are loyal to your freebies may buy from you only sporadically and don't contribute heavily to your revenue stream.

Truly loyal

These are your customer advocates. They repeatedly purchase from you, talk about their great experiences with your company, and send their friends and family to you.

Principles

- **Always deliver excellence**. You are not expected to be perfect, but your effort should always be excellent. When customers can depend on that, you will be rewarded with their loyalty.
- **Give to receive**. Whether you are a restaurant that gives free breadsticks with every order or care service station that vacuums out carefully before you return the vehicle, go above the norm. When you give a little more, you receive a lot back in return.

- **Know your customer**. It is so rare these days to be on a first-name basis with your dry cleaner, mail delivery person, or the teller at the bank. Take a minute to acknowledge people by knowing their names. That moment of relationship building will create a foundation for mutual loyalty.
- **Be accessible**. Customers have far more faith in companies where they can actually reach a live body than companies that only have email and recorded messages. Make yourself accessible.
- **Reward loyalty**. For customers and vendors that have been with you since the beginning, be sure to grandfather them in whenever possible when you make shifts to your business model.
- **Respond to customer feedback**. If customers are willing to share their needs and wants, listen and respond. It's a great way to show them you care.
- **Lead with service**. The customer should want to come back because of the service they receive, not because of convenience or price. In fact, many people are willing to pay more for a better customer experience.
- **Know your business**. Customers want to have confidence that you are an expert in what you are providing. So, make sure that you are.
- **Appreciate your employees and vendors**. Your employees and your vendors are the lifeblood of your business. You are dependent upon both to keep your business running smoothly and for representing your company. Make sure both feel acknowledged and supported.
- **Maintain your principles**. While loyalty requires some sacrifice and compromise, it should not come at the expense of your integrity. Be true to yourself and the mission of your company and you will engender loyalty.

Significance

1. **Loyal Customers Keeps Marketing Costs Down**

Repeat business is cheaper than new business. In fact, acquiring a new customer is as much as 25 times more expensive than keeping an existing one. Long-time customers don't require the extensive marketing efforts that potential customers do. Yes, an advertised deal or coupon might bring a loyal customer into the store, but they were already on the way there to begin with. You can depend on loyal customers to choose your business over others, so carefully craft campaigns to acknowledge their commitment – don't oversell the loyal base.

2. **Loyal Customers Serve As Brand Advocates**

Businesses can depend on their loyal customers to represent their brand. Loyal customers are knowledgeable about your product, experienced with the service you provide, and can be eager to talk about it. They serve as an unbiased source of information, no strings attached, which is even more convincing than your company's marketing efforts. Brand advocates will bring you business, at no cost, simply through their recommendations. These leads aren't just free, they are valuable: leads gained from advocates are 7 times more likely to convert than other leads.

3. **Loyal Customers Leave Fantastic Reviews**

Nothing is more meaningful than an online review containing the phrase, "I've been a customer for over a decade." This speaks volumes about the kind of service your business has been providing consistently year after year. It demonstrates that your business values its customers and delivers a product worth going back to. This type of testimonial is the kind that wins over the 86% of consumers who read reviews. An easy way to double down on this value and further demonstrate how much you invest in your customers is by responding to these reviews in a meaningful way.

4. **Loyal Customers Are More Likely To Buy Additional Products**

Loyal customers come to your store regularly and fully trust the service you provide. With this trust already earned, it makes sense that they would try your other products. For example, customers who have had consistently great experiences with your sales team are more likely to give your service or parts department a chance. The proof is in the profit: existing customers spend an average of 67% more than first time customers. In fact, repeat customers make up only 8% of all customers but account for 40% of a company's revenue. Loyal customers spend more money per visit than new customers, bringing us to number five.

5. **More Loyal Customers Mean Higher Profits**

The ultimate reason why loyal customers are vital to small businesses: they lead to more profits. Spending more money per visit to your store adds up over time, so much so that increasing customer retention by just 5% will increase profit by 25%. The effort it takes to create loyal customers has a great return value, and this value means sustainability. Repeat customers provide the sturdy foundation your business needs to not only survive but flourish.

Assess your business plan and make sure you aren't getting distracted by the allure of new customers. Remember to allocate enough time and money into building and retaining loyal customers. With the right balance, you can maintain a base of lifetime customers, save money, and grow your business.

Dimensions

Attitudinal Loyalty: Can be described as customer's attitude loyal or disloyal type behavior towards the product of interest. This type of attitude is constantly inclined towards continuous evaluation of competitor's brands and the willingness to buy a product. However, this cannot be measured for obvious reasons, as we are unable to quantify the internal attitude of the customer when he/she buys our product or service.

Behavioral Loyalty: On the other hand has been more useful to determine the actual mechanics and techniques of managing the relationship.

In addition and more recently, loyalty has also been identified as Situational.

Situational Loyalty: Has been defined as a dimension, that is measured on the basis of continuous and variety of purchases based on consumption situations. Word of mouth, intention of purchase etc could be used as examples here.

Cognitive Loyalty: Is also a dimension, where a customer actually understands the entire process, consults with peer groups, compares products and services on offer and makes a decision.

Emotional Loyalty: Another important dimension of loyalty, it is a result of customer's feelings, interpersonal relationship with the employees of the company, expectations. These are developed through some sort of comfort which eventually builds trust and may also result in a long term friendship.