

A view on cumulative satisfaction



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“ Whether in doing business or as an end user of a product or service we tend to realise the importance of value for money. Consumers look for products or services of good quality for the price that they are willing to pay. This pursuit of value is the basis of their perceived satisfaction. Customer satisfaction plays a vital role in deciding value. The overall purpose of this article is to identify the importance of customer satisfaction for organizations and most essentially when and why cumulative satisfaction is important for businesses today.”

It is vital to make sure that the customers are happy and to view customer satisfaction as a main key to organisational success. Quality of a product or service is a means to an end. Customer’s perception of a product’s quality is part of a customer’s assessment of value and satisfaction.

What is Customer Satisfaction?

In today’s competitive business environment, Organisations thrive to become the market leaders in their respective fields to gain profits. Customer satisfaction is seen as the key to any company’s competitive advantage and profitability. It is the overall customer attitude towards a product or a service provider, or the reaction to the difference between what the consumer expects and what they receive, in order to fulfil a need or desire.

Customer satisfaction is a highly personal assessment that is affected by customer expectations and is also based on the customer’s experience with a service or a product, idea, personnel. Imagine going to a reputable shopping venue in Sri Lanka such as Odel, where the atmosphere is excellent

for shopping. Renowned for quality products ranging from clothes to jewellery and also provides various facilities such as handy ATM's, telecommunication, cafe's where customers can sit and relax after shopping, the play area for children with adult supervision, and the efficient staff who are willing to help all their customers with a smile.

In such a place, the overall experience that a consumer gains is what creates value for customers. This value creation adds to the overall satisfaction of the customer.

The atmosphere at Odel and the quality products along with the services would affect the customer satisfaction.

Customer satisfaction and its effect on Organizational profitability

Businesses focus on Customer satisfaction mainly to increase their customer loyalty; this generates repeat purchases, thereby increasing their revenue, and importantly helps them to survive among the intense competition.

Exemplary organisations focus on how to give their customers a positive experience in order to gain their trust and loyalty because the purchasing behaviour of loyal customers creates higher organisational revenue and reduces the cost of doing business.

Satisfied customers will often refer the business to their family and friends which will create positive word of mouth, attract new customers and minimise the costs of advertising. When customers are highly satisfied they are less likely to switch to other service providers. For example a loyal customer of HSBC who is been given recognition for being a HSBC card

holder for a long period will be treated exceptionally by the bank, providing him with premium rates, special bonus packages, and therefore this satisfied customer will not want to switch to another bank.

Although attracting new customers is important it also can be costly, but serving current customers who are well satisfied with the business and its service can be rather cost efficient. Moreover, highly satisfied customers are less price-conscious because they are brand loyal and will pay a premium price for a product or service. Therefore having satisfied loyal customers will most certainly have a direct impact on profit. This is why successful businesses focus on customer satisfaction.

Change in the perception of customer satisfaction through time

There was a time when customers were less demanding and less vocal if they were less satisfied with a product or service. This is not that time. In the modern business context customers are becoming more demanding and less tolerant and with a combined increase in expectations, they are ever more concerned with their satisfaction and look for recognition and respect from these service providers.

Customers have more power and therefore demand much more than just the product or service. Today, customers are looking for that extra value added full package as opposed to just the product or service. It is the basis of their customer satisfaction. So when is customer satisfaction most important for businesses? The answer is now. It has never been more vital.

Cumulative satisfaction and its impact on business

Overall satisfaction is not based on a single experience, but rather a chain of positive experiences bringing about a cumulative sense of satisfaction. The perceived value at the pre-purchase stage is short lived, however it sometimes transforms into satisfaction in the post-purchase stage. This post-purchase satisfaction results in repurchases and leads to greater trust and customer loyalty which is a result of cumulative customer satisfaction.

A product has five key components such as goods, services, experiences, ideas, and people. Quality should be embedded in all of these components which ultimately creates value, when what is been received is evaluated against what is been offered leading to transactional satisfaction or results of one off exchanges. If a consumer is satisfied with a particular experience, that will eventually lead to cumulative satisfaction where the consumer engages in multiple experiences.

Cumulative satisfaction is a psychological state, which leads to a deep sense of trust towards the product or service. This trust will be embedded in the customers mind and therefore will not think twice about purchasing the product or service. For instance, when a customer goes into a groceries super market such as Cargills food city, they reach first for the reputed brands in which they lay their trust. For instance if a customer has been using Colgate toothpaste for the past five years and trusts the brand through experience, thereby he will undeniably select and purchase that particular brand among many other toothpaste brands. This unconscious loyalty stems from countless positive experiences associated with the particular brand. This is what most businesses are looking for.

Cumulative satisfaction; as the basis of customer relations

In an increasingly impersonal world, customers look for personalized service. Since customer satisfaction varies depending on the individual, it is essential that businesses tailor their services for the customer's subjective needs. This is where building customer relationships begin. Since cumulative customer satisfaction leads to loyalty and trust, it is plausible to state that customer relations stems from customer satisfaction. Giving a one-on-one service will enhance the customer experience providing greater cumulative satisfaction. Customers therefore will revisit the business and thus strengthen the relationship between the customer and business.

For instance consider salon, Ramani. It is a reputed and leading salon in Colombo. They pay attention to detail, while giving an additional touch to the whole salon experience by providing not only a tranquil environment but also a calming beverage. Most importantly, they give a tailored service to each customer. Therefore a relationship is built between the customer and their stylist. This is further strengthened through regular visits and revisits. It is clear that customer relations are rooted by cumulative satisfaction.

Due to years of experience and satisfaction, a relationship is built between the customer and her stylist.

Furthermore, it should be noted that any decision made to remain loyal to the product or service or move to a competitor is based on prior experience and is positively correlated with the duration of the relationship throughout which the customer has been satisfied. Therefore businesses should consider

the longer the relationship between the customer and service provider, the less probability of losing that customer to a rival business.

Ways that businesses can improve customer relations

In order to improve the cumulative satisfaction levels of customers, service providers should continue to aim at delivering good quality services and products in order to improve the total product value and to build profitable relationships based on cumulative satisfaction.

Keeping the consumer happy should be their main goal, to retain the customers loyal and satisfied, businesses should delight their customers and give due recognition to their loyalty, for instance profitable customers should be given special treatment such as special bonuses, loyalty cards, special discounts. Some service providers go to the extent of keeping track of their customers' birthdays and send cards for these special occasions, this is in order to maintain a healthy relationship with their customer base. The famous Ritz-Carlton hotel keeps a record of all their guests' favourite snack, chocolate, which is entered into a computerized tracking system so that when the guest returns to any of their worldwide hotels these items, will be offered to the guest to make them feel special.

Creating cumulative satisfaction does not always have to be done in a huge scale but making the customers feel special while providing value for their money is what should be done, giving customised products and service, having good and efficient employees to fulfil every customers needs, anticipate their needs before the competitors take action, asking customers about their needs, getting feedback in order to avoid any defects.. As small

and medium organisations, you should keep in mind how cumulative satisfaction can lead to Organisational success and profitability. It is of paramount importance to build and maintain relationships with your consumers that will eventually lead to customer loyalty and trust.