

Are You
Satisfied?

The Evolution of
Customer
Satisfaction
Measurement





Agenda

- Welcome
- Brief History
- Common Methods
 - Likert Scaling
 - Driver Analysis
 - Net Promoter Score
 - Secure Customer Index
 - ASCI
 - Best Ever and Improvement Needed Scales
- Pros and Cons
- The Future of CSAT Measurement
- Wrapping it up

A history lesson...





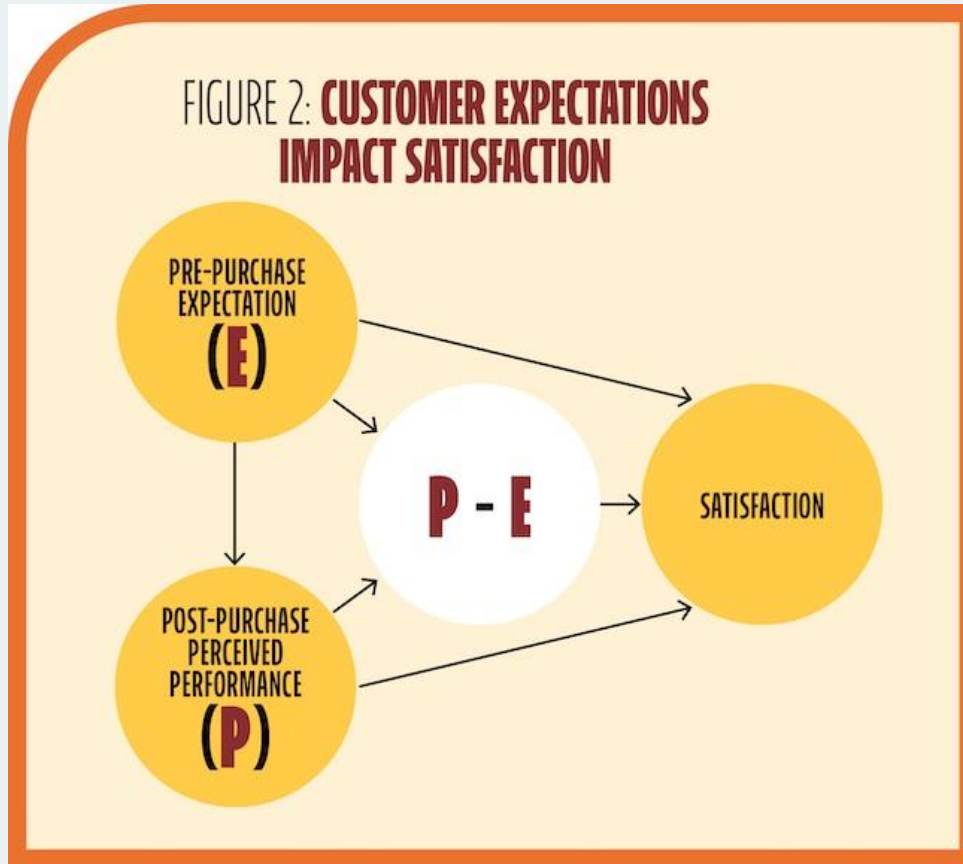
When did customer satisfaction measurement become a thing?

- In the early 1900s, businesses began collecting customer feedback through informal methods such as comment cards and direct interactions.
- During the 1960s we saw the rise of survey-based feedback.
- The 1980s into the 1990s saw the emergence of structured metrics and CRM systems. This is when customer satisfaction measurement as we know it began to gain ground.
- Initial reluctance to conduct satisfaction studies was born out of cost concerns, the fear of being told exactly how well or poorly they were doing, and the uncertainty of how to respond to the information.
- The early 2000s saw the rise of digital transformation and the use of real-time analytics. In 2008, Starbucks launched the "My Starbucks Idea" platform, allowing customers to submit and vote on ideas, fostering engagement and innovation.
- We are now in an age where AI, personalization, and predictive analytics are driving the show. Companies like Netflix and Amazon utilize AI algorithms to analyze user behavior and provide personalized recommendations, with the goal of enhancing customer satisfaction.

Source: <https://www.quirks.com/articles/customer-satisfaction-research-why-it-s-everywhere-and-nowhere>



Performance vs. Expectations



Source: <https://www.quirks.com/articles/how-curiosity-and-a-broad-range-of-knowledge-can-lead-to-more-effective-marketing-research>

- Authors Terry Grapentine and David Soorholtz remind us that satisfaction really is a dance between our pre-experience expectations (**E**) and our post-experience perceived performance (**P**).
- Positive differences between Performance and Expectations will increase a customer's satisfaction where the opposite is true for negative differences.

Methods in Use





Likert Scaling

An old favorite!





Likert Scaling

How satisfied are you with your current position?

Extremely
dissatisfied



Somewhat
dissatisfied



Neither
satisfied
nor
dissatisfied



Somewhat
satisfied



Extremely
satisfied



- This an example of a single item balanced (also known as bi-directional) five-point satisfaction measure.
- Use of the mid-point, or the neutral option, is recommended unless you need the respondent to provide a **thumbs up or down** response such as with concept testing.



Driver Analysis – Extending Likert Scaling

Example:

DV - I trust dairy products and the dairy industry.

Independent Variables	Shapley Value
I believe that dairy products are safe for me and my family to consume.	0.173
The dairy industry is looking out for me and my family's best interests.	0.126
Dairy products come from cows that are treated humanely.	0.101
Dairy products are free from additives such as hormones and antibiotics.	0.093
Dairy products are healthy and nutritious.	0.085
Dairy products are an important part of a balanced diet.	0.076
Dairy products are environmentally friendly.	0.075
Dairy products are important to the development of children.	0.074
Dairy products are a good source of calcium.	0.065
Dairy products are a good source of protein.	0.046
Dairy products are affordable for me and my family.	0.045
Dairy products are a good source of probiotics.	0.041
R-square = .51	

- A consumer's perception that dairy products are safe to consume is the most important driver for industry trust.
- Consumers are also concerned about how dairy's efforts align with their family's best interests.
- They also want to know that the cows are treated in a humane fashion.
- Focusing on these three key areas will increase trust, which is strongly associated with present and future dairy product consumption.



Net Promoter Score

The One Question To Rule Them All





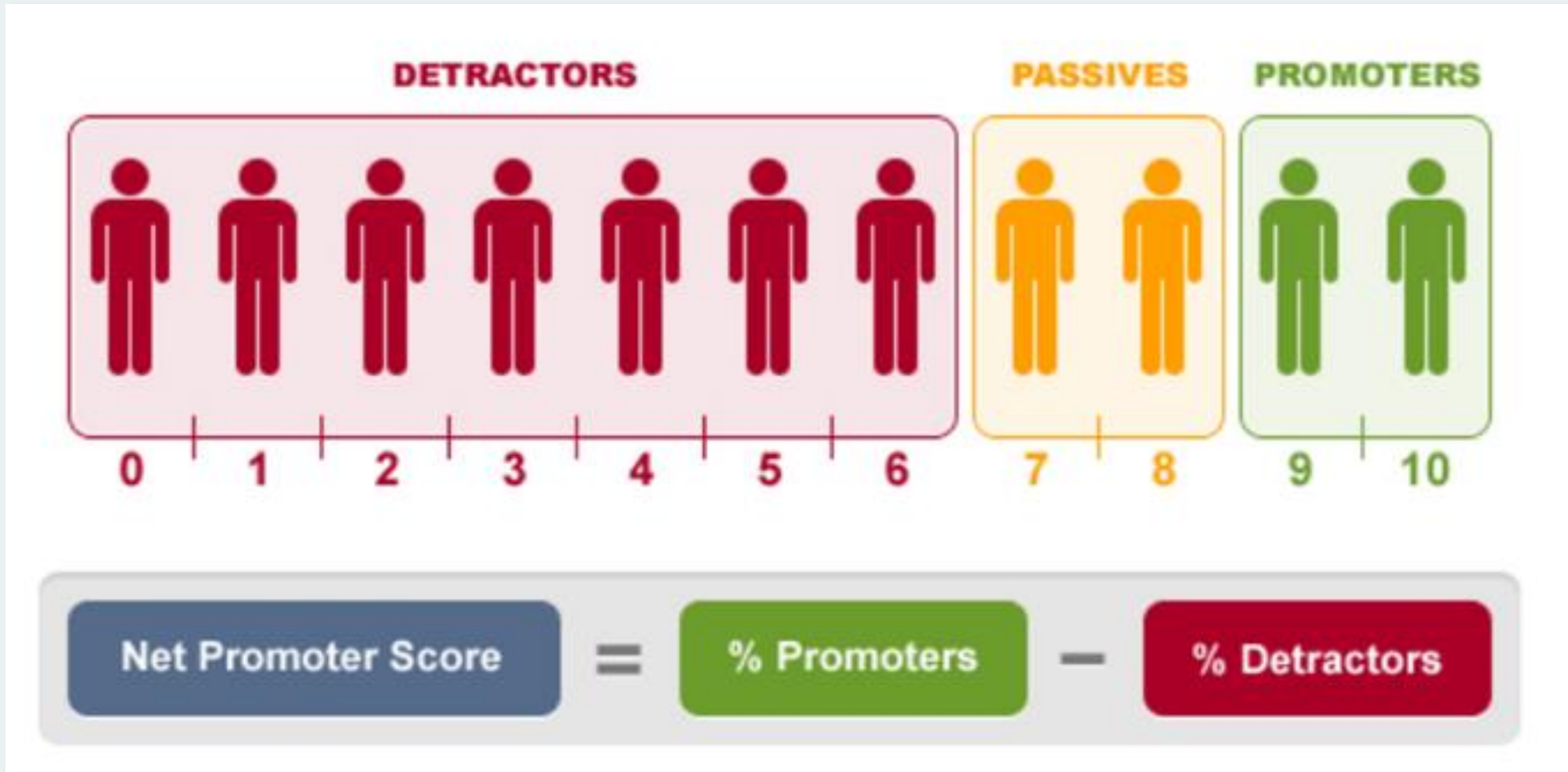
In The Beginning...

- In 2003, Fred Reichheld published his seminal work “The One Number You Need To Grow” in the Harvard Business Review.
- According to Wikipedia, Reichheld owns the NPS trademark in conjunction with Bain & Company and Satmetrix.
- Proponents argue that NPS correlates with revenue growth relative to competitors in a specific industry.
- At its core, NPS is a single question that asks respondents how likely they are to recommend a company, product, or service to a friend or colleague.

**NPS is used by
over two-thirds
of Fortune 1000
companies**



How Likely Are You To Recommend Acme?





Extending NPS – Burke's Secure Customer Index



- The percent of respondents who score 9 – 10 across **all three dimensions** are **Secure Customers**.
- Still allows the researcher to capture NPS but also provides overall satisfaction and the likelihood of continuing to do business with.
- Ideally suited for deeper analysis via profiling with demographic or attitudinal data.
- If scores can be appended back to a customer database, then it can be used to increase targeting efficiency.



How Does ASCI Work?

- For 30 years ASCI has been measuring customer satisfaction across industries including perceptions of the public sector.
- Over 350,000 consumers are surveyed annually.
- Data is released monthly.
- Originally developed at the University of Michigan
- The ASCI uses a multi-equation econometric model.
- Manifest variables are scored 1 – 10 and used to create a 0 – 100 index score.

Manifest Variables:

Overall Satisfaction

Expectancy Disconfirmation

Comparison to an Ideal

Sources:

https://en.wikipedia.org/wiki/American_Customer_Satisfaction_Index

<https://theacsi.org/company/>

<https://www.verint.com/blog/acsi-american-customer-satisfaction-index-score-its-calculation/>



Key ASCI Questions

What is your overall satisfaction with [our product or service]?

Very dissatisfied	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	Very satisfied
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To what extent has [our product or service] met your expectations?

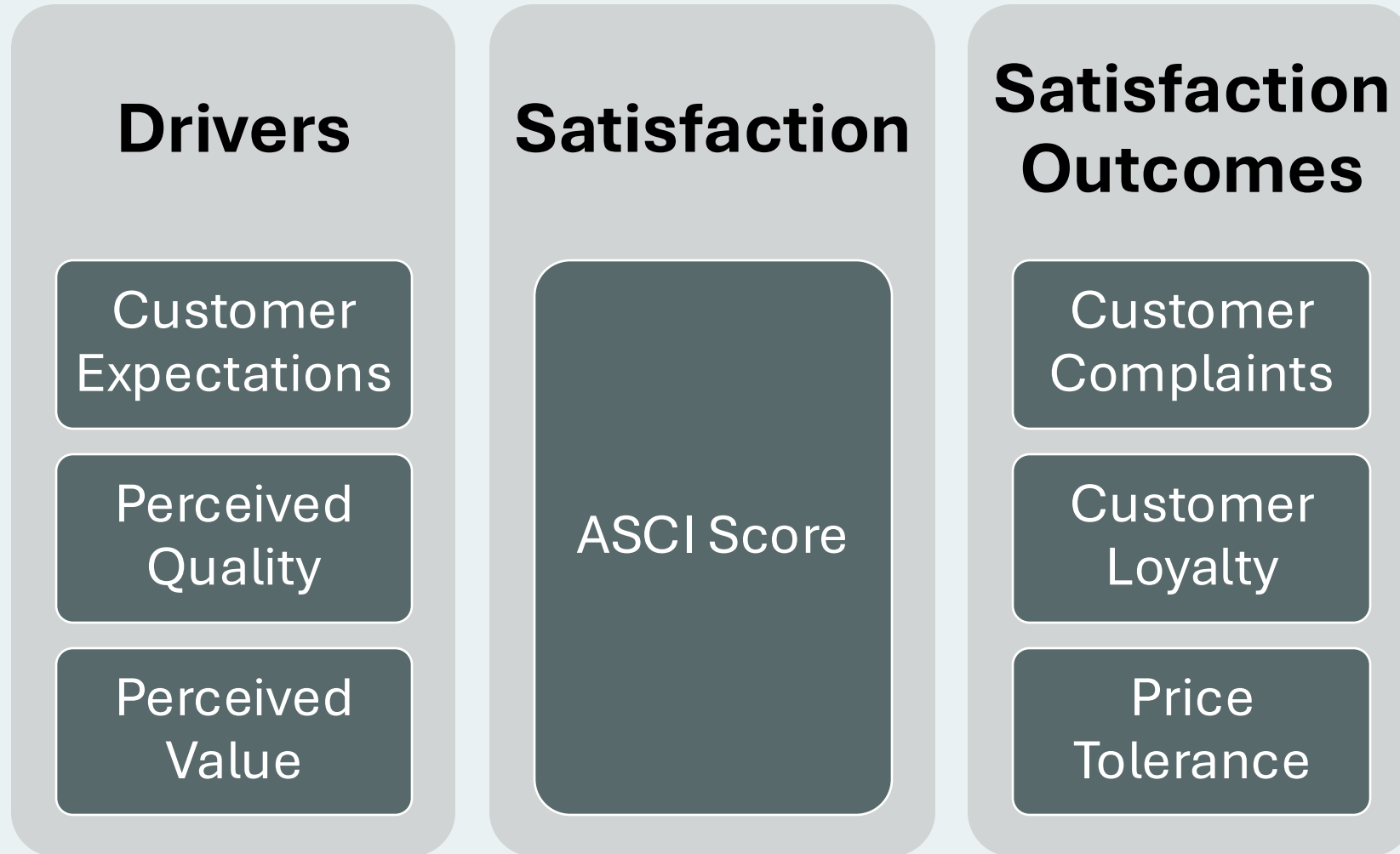
Falls short of expectations	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	Exceeds expectations
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How well did [our product or service] compare with your ideal [type of offering]?

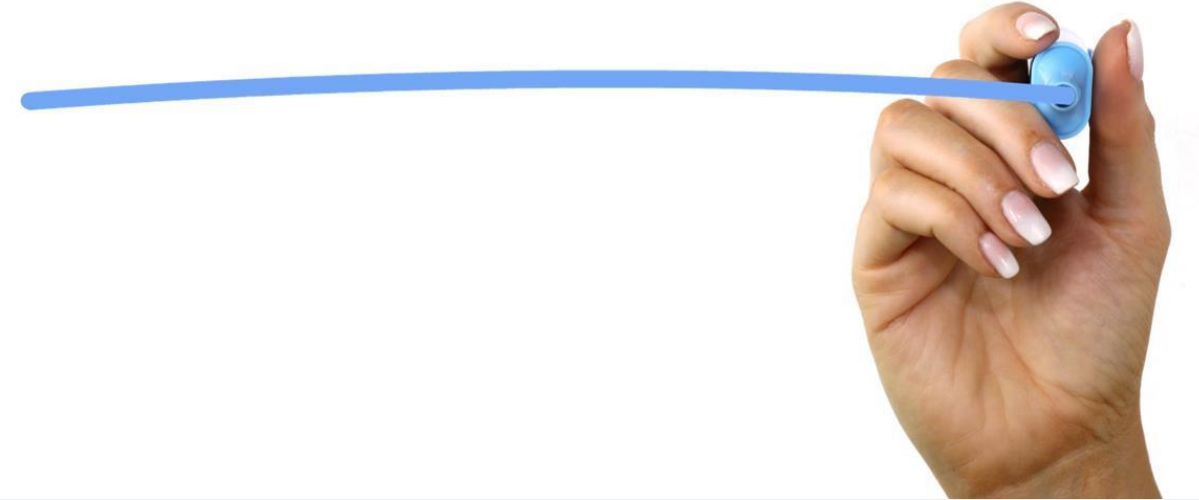
Not very close to ideal	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	Very close to ideal
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The ASCI Model



CUSTOMER SATISFACTION



A new way of thinking

Best Ever and Improvement Needed Scales





Improving CSAT Measurement

- According to a 1992 article by Peterson and Wilson, customer satisfaction measures lean toward a strong positive bias with a negative skew.
- It is probable that the measures we have relied on overstate customer satisfaction with too many top box responses.
- Michael Garver, in his 2024 Quirk's article, highlights the variation seen in NPS where some Promoters felt the product or service, they purchased was only good or average.
- On the other hand, he came across Passives that would certainly recommend the product or service.
- And yet there were still others that would not recommend a product or service no matter how satisfied they were.

Sources:

<https://www.quirks.com/articles/data-use-introducing-two-new-scales-for-more-comprehensive-cx-measurement>

Peterson, R., and Wilson, R. (1992). "Measuring customer satisfaction: Fact and artifact." Journal of the Academy of Marketing Science, Vol. 20:1, 61-71.



A Tale of Two Scales

- Garver's Best Ever scale uses a nine-point historical best/worst ever comparison in addition to a comparison to the average product or service.

Best Ever Scale

Overall, how does _____ compare to other _____?								
The worst ever	One of the worst ever	Well below average	Below average	Average	Above average	Well above average	One of the best ever	The best ever

Stated Improvement Scale

Attribute 1 to Attribute N				
1	2	3	4	5
No Improvement Needed		Minor Improvement Needed		Major Improvement Needed

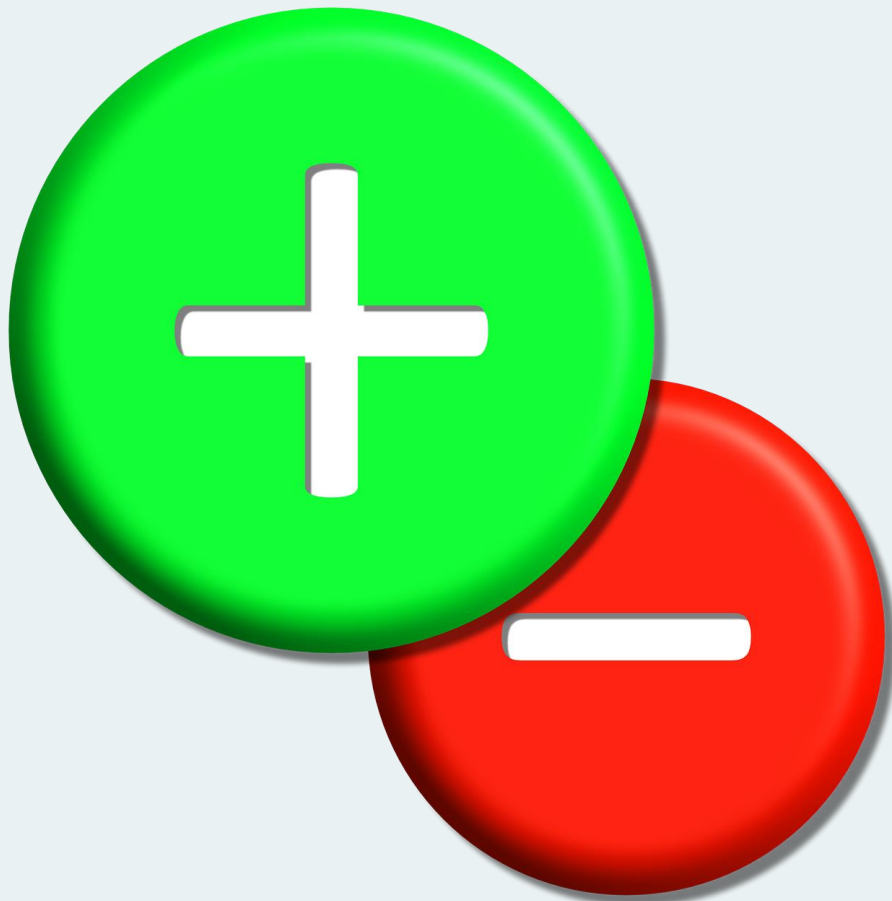
- The Stated Improvement scale is an expansion on Waddell's initial 3-point scale.
- Stated Improvement scales are reverse ordered (best outcome first) which is different than other frequently used scales.
- Garver's research showed that this switch rarely caused respondent error.



Key Metrics For CSAT Scales

- Three metrics by which to judge a customer satisfaction scale:
 - a. Lower satisfaction mean scores
 - b. Fewer top-box responses
 - c. More normal distribution (less negatively skewed)
- Garver compared NPS, ASCI, Best Ever and Stated Improvement on these metrics.
- The Stated Improvement and Best Ever Scales performed better than NPS or ASCI across the key metrics.

Scale	Mean	Adjusted Mean by # of Scale Points	Skewness	% Top-Box
Net Promoter (NPS)	9.33	0.848	-1.571	35.2%
ASCI Satisfaction	8.16	0.816	-0.336	22.9%
ASCI Expectations	7.06	0.706	-0.539	5.7%
ASCI Ideal	6.86	0.686	-0.671	7.6%
Best Ever Scale	6.39	0.710	0.167	1.0%
Stated Improvement	3.10	0.620	-0.09	3.8%



Pros and Cons



Pros and Cons

Likert Scaling

Pros

- Long history of use in marketing research and the social sciences
- Easy to program and well understood by respondents
- Ideally suited for developing multi-item scales

Cons

- If using a grid format, then attention must be paid to the number of items being tested to prevent respondent fatigue
- Prone to straight-lining
- Respondents not using all points of the scale – greater concern for multi-cultural research



Pros and Cons

Net Promoter Score (NPS)

Pros

- Facilitates an easy comparison against competitors and across industries.
- CEOs can easily explain it to stakeholders.

Cons

- Doesn't give you any indication of what needs to be improved to grow the promoter percentage.
- Has a strong positive bias with a negative skew potentially overstating satisfaction.



Pros and Cons

ASCI

Pros

- Well designed model that provides tracking of key competitors across industries
- Significant diagnostic capability
- Correlated with key macroeconomic indicators (GDP and Personal Consumption Expenditure) and with higher stock performance
- Consumers can use ASCI to make purchase decisions

Cons

- Potential cost and it is subscription-based
- Although the three primary questions are easy to implement, the behind-the-scenes complexity and proprietary nature of the model prevents easy replication



Pros and Cons

Best Ever and Improvement Needed Scales

Pros

- Mitigates negative skewness and reduces top-box percentage. Dampens over-inflated satisfaction scores.
- Easy to understand output.
- Gives customers an avenue to express their thoughts on meaningful areas for improvement.
- Can be combined with other measures such as NPS or ASCI (placing the new questions after existing CSAT questions will help to minimize order effect bias).

Cons

- Resources will be needed to add new questions to existing survey.
- It will take time to socialize the new measures and to build up enough data for KPIs to be developed.



Looking Forward

CSAT - Ten Year Horizon



AI-Driven Predictive Analytics

- Predictive dissatisfaction and remedies
- Detecting nuanced emotions in sentiment analysis.



Biometric and Emotion Analysis

- Facial recognition, voice tone analysis, and physiological tracking
- Real-time emotional feedback



Decentralized Feedback Systems

- Blockchain will enhance the credibility of online reviews, reducing fake feedback.
- Secure, tamper-proof review systems

Adopting New Innovations

Critically Evaluate Efficacy Claims

- Be skeptical of innovation hype
- Demand transparency in methodology

Balance Innovation with Ethics

- Ensure transparency in how customer data is collected, stored, and used.
- Advocate for fair and unbiased AI

A/B Test New Innovations Against Proven Metrics

- Benchmark new innovations against the customer metrics you trust.
- Use controlled testing

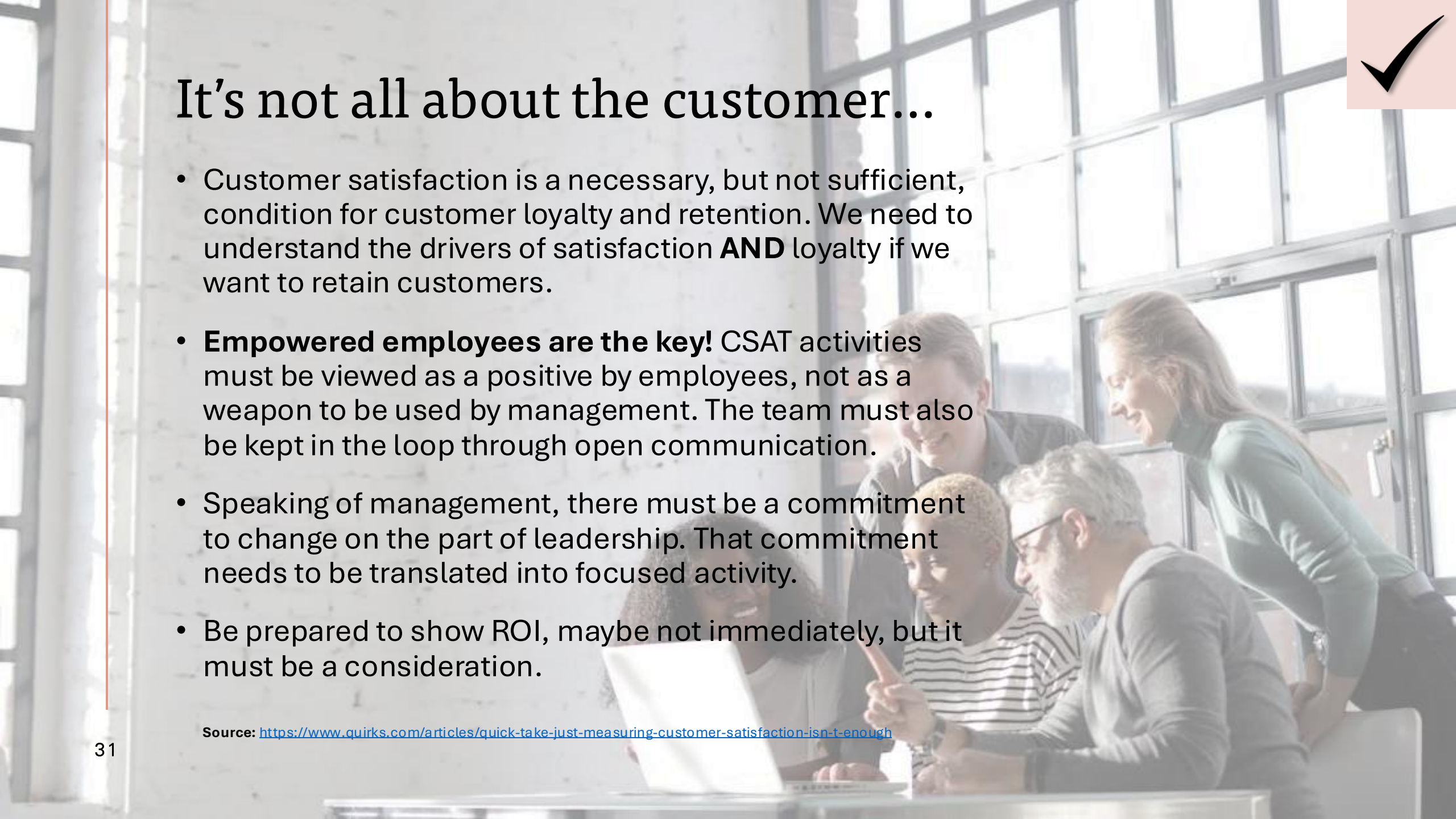


Wrapping it up

It's not all about the customer...

- Customer satisfaction is a necessary, but not sufficient, condition for customer loyalty and retention. We need to understand the drivers of satisfaction **AND** loyalty if we want to retain customers.
- **Empowered employees are the key!** CSAT activities must be viewed as a positive by employees, not as a weapon to be used by management. The team must also be kept in the loop through open communication.
- Speaking of management, there must be a commitment to change on the part of leadership. That commitment needs to be translated into focused activity.
- Be prepared to show ROI, maybe not immediately, but it must be a consideration.

Source: <https://www.quirks.com/articles/quick-take-just-measuring-customer-satisfaction-isn-t-enough>





Final tips & takeaways

- **Stay Relevant:** Use qualitative data or prior research to identify the attributes customers deem most important. Don't ask respondents to rate attributes that are not relevant to their purchase experience.
- **Don't Lose Sight of the Past:** If you are using NPS, ASCI, or another method and have historical data there is value in that data, even if you are considering adding a new measure.
- **Staying Present:** Both the NPS and ASCI measures facilitate competitor comparisons and benchmarks. This has value.
- **Close the Loop:** It is critical to let your customers know that you hear them and will be taking appropriate action based on their feedback.

Thank
you

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