

Customer Satisfaction

By Kenji Mizuguchi

Customer satisfaction is all the rage in Japanese management circles. But it is not new. Honda, Toyota, Nissan and the other major Japanese automakers have been making a major effort to provide greater customer satisfaction for the last three years now.

Last year, NTT, Hitachi, NEC, Matsushita and the other big names in consumer electronics established special departments devoted to enhancing customer satisfaction. Nor are they alone. Foods, clothing, sporting goods, restaurants, insurance and securities are just a few of the many fields in which the leaders have decided that quality defined as product reliability is not enough. Even so, the CS Office is probably the latest innovation in Japanese management.

The Japan Marketing Association, the Japan Management Association and other organizations have held seminars, symposiums and workshops on customer satisfaction that drew overflow crowds. J.D. Power III, generally recognized as the father of customer satisfaction, is eagerly sought after as a speaker.

Together, customer satisfaction and customer satisfactions indices was the single most-written-about subject in Japanese marketing journals in 1991. As such, it has become firmly established as the most important issue in marketing for the 1990s.

CS's significance

What does this emphasis on customer satisfaction mean for you as a manufacturer and a marketer? There are many ways of defining the CS strategy, but the following five factors appear to be central.

1. Customer satisfaction must be the primary management objective. The corollary of this, of course, is that quality, sales and profits are not the primary management objectives.

2. The CS strategy has to heavily emphasize customer interfaces. This implies a conscious effort both to expand and to

make active use of all of the interfaces—direct and indirect—between company and customer.

3. Customer satisfaction must be measured and assessed regularly. It is important to quantify customer satisfaction and to bring the full force of statistical methodology to bear on its enhancement.

4. A constant effort is needed to enhance customer satisfaction. What needs to be done should be evident from the customer interfaces and from your statistical analysis.

5. Customer satisfaction enhancement must be management-led. It is impossible for different sections working alone in isolation to achieve enhanced customer satisfaction. The whole company has to bring all of its powers to bear on this issue, and that can only be done with strong management leadership.

Because the concept is still relatively new, there are not that many examples yet of successful customer satisfaction strategies. Scandinavian Airlines is perhaps the most famous one to date—and one that has been cited in virtually every workshop and every textbook on the subject.

As Jan Carlzon tells it, the real competition takes place in the first 15 seconds. How do your people interact with customers? What impression do they make? Does your company come across

as helpful and considerate or as uninformed and aloof. These first 15 seconds are the moment of truth, and that is why he argues that thorough employee education is the first essential step to customer satisfaction.

The next regular on the teaching circuit is Disneyland. Then come the Japanese automakers (Honda, Toyota, Nissan and the rest), such Japanese consumer electronics firms as Sony and Matsushita, and finally the leading hotels and restaurants.

In all of this, there is a considerable emphasis on the importance of management ideals and having the company oriented toward customer satisfaction. And there is just as much emphasis on your employees—the people who actually interface with the customers. It is thus no exaggeration to argue, as many have, that CS is first and foremost ES (employee satisfaction). Only when you have satisfied employees can you have satisfied customers.

In July 1991, the Japan Management Association conducted a customer satisfaction survey in the Greater Tokyo area asking 2,000 adults how they ranked a large number of Japanese manufacturers and marketers. These results were then tabulated both for the individual companies and for industry averages. The top ranking went to Nissan, with Toyota com-

Japan's Top 10 Companies in Terms of Customer Satisfaction

(%)

Rank	Company	Customer satisfaction
1	Nissan	(52.9) 54.9
2	Toyota	(52.9) 50.9
3	Tokyo Disneyland	(26.9) 40.6
4	Mosburger	(22.4) 37.5
5	Tokyu	(20.6) 36.6
6	Keio Teito Electric Railway	(20.6) 35.9
7	Seibu Railway	(20.6) 35.6
8	Takashimaya	(27.8) 32.3
9	Kao	(29.7) 32.1
10	Isetan	(27.8) 31.0

Note: Figures in parentheses represent industry averages.
Source: Japan Management Association

ing in second. Significantly, both of these companies scored over 50%.

Third was Tokyo Disneyland. Then in fourth place came the Mosburger fast-food chain. The Mosburger chain does not have big stores, but it has put considerable energy into employee training throughout the franchise. Fifth, sixth and seventh places went to three of the private railway lines in Tokyo. Eighth and tenth were department stores—Takashimaya and Isetan, respectively—sandwiching ninth-place toiletry company Kao. It is an impressive list.

Taking exception

Yet such is not to imply that everyone has jumped on the customer satisfaction bandwagon. There are a number of business leaders who have been outspokenly skeptical of what they see as the latest fad.

For one thing, these people argue, marketing is inherently a process of seeking to enhance customer satisfaction, and this is not something that should suddenly be highlighted as though it were a new idea. It is what we have been doing—or should have been doing—all along.

In rewriting my *Practical Marketing Strategy* recently for an entirely new edition, I defined marketing as what the company does to influence consumer preferences and purchasing. The history of marketing over the last 70 years has been a history of the pursuit of customer satisfaction, and it is only natural that some people should wonder about the sudden highlighting of this basic element.

There is another reason why many executives are dissatisfied with the new emphasis on customer satisfaction. Even though the company forms a CS Task Force with the president of the company at its head, and even though the CS Task Force makes all the right moves, it is very difficult to achieve any discernible improvement in customer satisfaction right away.

This second reservation is worth examining. Until recently, customers were glad to get whatever was available. More recently, customers have started wanting more than is available in the standardized, mass-produced items. This is most



A Nissan showroom in Ogikubo in the western part of Tokyo. The carmaker ranked first in a survey on customer satisfaction last summer.

clearly evident in clothing, but it is true of virtually every field in today's modern industrial economy.

People do not want just a kitchen sink. They want a kitchen with all the amenities that is easy to use. They do not just want this specific cosmetic, they want to be beautiful. They want not a word processor but a workstation. They do not want those jogging shoes, they want friends and want to be part of a congenial group. Stores do not want cash registers, they want checkout systems with analytical functions.

The list goes on and on, but the point is that people want integrated product categories that transcend specific products, and they want value-added service to boot. All too often the companies that are having the most trouble enhancing customer satisfaction are the ones that are ignoring this emphasis on the broader product categories and the lifestyles that people seek to acquire when they buy this or that product.

It is thus essential that the company look at both the product position and the market channels. Scandinavian Airlines and Disney, both of which are cited as world leaders in customer satisfaction, are in businesses where they are delivering a fully integrated, final product or service to the customer. And as such, they are in the enviable position of not having to worry about what happens after the product leaves the factory or before it gets to the retail outlet.

Most manufacturers are not so fortunate. For most, the first imperative is that

of reassessing and reforming the product position and the market channels. And this reassessment and reform must inevitably entail major changes in the customer interface.

Even as rice marketers strive for greater brand awareness, more and more consumers are buying ready-cooked meals and eating whatever rice comes out of the factory kitchens. They do not buy bread and make a sandwich to eat, but buy a sandwich and get their daily bread that way. These are people who do not buy individual cosmetics but go to a total beauty salon and get the cosmetics as part of the total beauty treatment. In effect, they do not think of the parts as separate components but buy the finished product and think of the parts (if at all) only as parts.

In such cases, it is virtually impossible for the bakery or the cosmetics company alone to raise the customer satisfaction index for just its product. Customer satisfaction lies in the whole of the finished product, including all of the accompanying services.

Customer satisfaction is clearly the main issue for Japanese companies today. Having already achieved reasonably good product quality, they need to go beyond the tangible product itself and improve the quality of the customer interface. They need to enhance customer satisfaction. And as most executives realize, this is not something that the CS Task Force can do alone.

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