

Thoughts on Customer Dissatisfaction Research

SUN Zhongqun

Business School, China University of Politics and Law, P.R.China, 102249
singersun325@hotmail.com

Abstract: Development of newly emerging marketing theories and practices of excellent enterprises in marketing management has proven that customer dissatisfaction is an effective mechanism. Listening carefully to, and properly handling customer dissatisfaction are practical methods to improve service quality and the relationship with customers. However, as the results of the study indicate, the measurement of customer satisfaction and the analysis of customer complaint have great limitations in acquiring the information on customer dissatisfaction. This paper delves into the necessity of introducing customer dissatisfaction research and several issues related to the implementation of customer dissatisfaction research according to the particularity of service marketing.

Keywords: customer dissatisfaction, marketing research, customer segmentation

1 Introduction

Every enterprise faces the dilemma of how to improve customer satisfaction and reduce customer dissatisfaction during customer-oriented times. An organization that is able to solve this problem will have resulting customer satisfaction that will bring about a positive reputation, lower transaction costs and higher customer loyalty.^[1] While customer dissatisfaction will result in unfavorable results such as negative reputation, no further patronage and compliant to the third party, and in addition, when customer dissatisfaction is quite high or customers are unsatisfied with important service attributes, the customer churn rate will increase abruptly.^[2] For this reason, the theoretical circle has been attaching great importance to research on customer satisfaction theory and service recovery theory. Many enterprises and institutes regard customer satisfaction evaluation and customer complaint management as important measures to identify service defects and improve the relationship with customers. However, pitifully, customer satisfaction evaluation is not sensitive enough in revealing customer expectations and potential dissatisfaction, and the information on customer dissatisfaction acquired through customers' complaint is also greatly limited. This paper will probe into the necessity of introducing customer dissatisfaction research and discuss customer segmentation, approaches of customer dissatisfaction research and data analysis related to dissatisfaction research in the hope of inspiring further research on this subject.

2 Why Introduce Customer Dissatisfaction Research

Customer satisfaction and customer satisfaction evaluation always lie at the core of marketing research and practice. Though defined in various ways, the mainstream model of customer satisfaction /dissatisfaction is the Expectancy Disconfirmation model.^[3] According to the model, satisfaction is a function of perceived performance and expectations. In the event the performance matches the expectations, the customer will most likely be satisfied. In the event the performance falls short of the expectations, the customer will most likely be dissatisfied. On the other hand, customer satisfaction evaluation is also regarded as an effective tool to find customer dissatisfaction and recognize service defects.

However, some relevant research has shown that customer satisfaction evaluation has a number of limitations in identifying unsatisfied customers and analyzing causes of customer dissatisfaction. First, the objects of customer satisfaction evaluation are mostly comparatively satisfied customers, while the

comparatively unsatisfied customers usually refuse to accept the survey or just throw the questionnaire away since they may not believe that the enterprise's research will bring them any benefits. In fact, unsatisfied customers are more inclined to be behavior oriented, and many customers turning to the competitors never show their dissatisfaction initiatively to suppliers.^[4] Secondly, the results of customer satisfaction evaluations usually form general comments on an "average level of satisfaction." As a result, much more important information on customer dissatisfaction tends to not be revealed.

Actually, different customer samples have different levels of expectations and perceptions of service and also vary greatly in their perceived service quality level. However, data interpretation in satisfaction research usually causes enterprises to ignore the end of satisfaction frequency distribution (those potential problems causing customer dissatisfaction and defection). Thirdly, customer satisfaction evaluation usually excludes an enterprise's employees. This is a grave mistake, as the employees, as "internal customers," have the best knowledge about customer dissatisfaction caused by the defects of the service submission system. The "service-profit chain" theory^[5] put forth by scholars such as Heskett not only explains the internal relation among internal service quality improvement, customer satisfaction and loyalty and the increase of enterprise earnings and profits, but also reveals that the employees are the most direct source for the defects of an enterprise's service quality and customer dissatisfaction response. Fourthly, customer satisfaction evaluation mainly focuses on whether the current demands have been met or not. As a result, the research fails to obtain in-depth knowledge about the customers' future demands. However, as society and the economy continue to develop, customer demands will keep changing as well and they will seek the suppliers that are able to meet their new demand. Fifthly, the means of collecting data and design of the questionnaire for customer satisfaction evaluation will affect the research objectivity. As relevant research has displayed, the results of interview-style questionnaires and the self-managed ones vary from each other by over 10%. Questions asked in a positive manner and those asked in a negative manner will have different influences on the satisfaction evaluation.^[6] Lastly, customer satisfaction evaluation may lead to the "Hawthorne Effect",^[7] (it means no matter what product or service is to be evaluated, the satisfaction evaluation itself will more or less raise the customer satisfaction level).

Besides direct valuation of customer satisfaction, customers' direct complaints about the enterprise is usually used to indirectly assess customer satisfaction. Early research contends that the reason for customer complaints is customer dissatisfaction, which comes from the discrepancy between customers' expected quality and the perceived quality. Enterprises may identify the unsatisfied customers according to the relativity between customer complaint and customer dissatisfaction, and try to understand customer dissatisfaction with the "free" complaint information in order to seek measures to eliminate or narrow the service gap.^[8]

However, it has been found in the following research that the relativity between customer dissatisfaction and customers' behavior of "expressing their dissatisfaction" to enterprises is not fairly strong. First, the evidence found by TARP (Technical Assistance Research Program Institute) through investigations have shown that, on average, an enterprise does not listen to the voices of 96% of their unsatisfied customers.^[9] Generally speaking, the proportion between the unsatisfied customers directly complaining to the enterprise and those complaining to others is 1:9 or 1:10.^[10] Secondly, though the unsatisfied customers are inclined to make negative comments on a product or service, in their mind they may hide the dissatisfaction and keep patronizing the disappointing supplier.^[11] Overall, the research contends that customer dissatisfaction is a state of disappointment that may result in a series of subsequent activities and complaining, but dissatisfaction itself doesn't have a decisive influence on complaining.

Influenced by many variables such as dissatisfaction degree, product importance, perceived cost of complaining, perceived possibility of successful complaint and willingness to complain, the customers' unexpressed dissatisfaction is much greater than that expressed to the enterprise. In fact, very few customers have the habit of "complaining" and most "potential complainants don't know what to do, or just think the complaint will do no good to them".^[12] This is especially evident in services that can be further attributed to the inherent intangibility and inseparability of service. First, due to "intangibility", customers generally tend to make subjective comments on the service supply process and results, so customers themselves may doubt the objectivity of their own comments. Secondly, many services are

somewhat technical or professional, so asymmetrical information will leave customers with a lack of relevant knowledge and experience that is needed to properly assess the service quality and make a complaint after they consume the service. Thirdly, due to “inseparability”, customers usually initiatively or passively join in the production process of service, so when the result is not so ideal, customers may tend to blame themselves instead of complaining to the supplier of the service.^[13] At the same time, the face-to-face contact between customers and the supplier of the service caused by inseparability also affects the direct complaining of the customers.

Generally speaking, in view of the limitation of customer satisfaction evaluation and customer complaint management in acquiring the information on customer dissatisfaction, it is necessary for enterprises to conduct specialized customer dissatisfaction research based on the identification of unsatisfied customers.

3 Customer Segmentation of Customer Dissatisfaction Research

The thesis contends that the primary issue for conducting customer dissatisfaction research is to identify and segment the unsatisfied customers at different levels. We are able to classify the unsatisfied customers as follows according to the object of dissatisfaction research.

3.1 Defected Customers

The so-called “defected customer” are those customers who used to patronize the enterprise, but now have turned to the competitors for their own reasons. In reality, some managers tend to believe that these customers who have turned to other enterprises will never be their own customers. As a result, some managers simply give up on them and even delete these customers’ information from their database. However, we think the investigation of the defected customers is quite important, because this approach is similar to the “exit interview” with employees and has the ability to deeply reveal the service defects causing customer dissatisfaction and the direct reasons for causing customer defection. The research subjects on defected customers mainly include: (1) to get to know the background and process of the customer terminating transaction with the enterprise and the reasons for their dissatisfaction to the enterprise, to confirm the problems commonly existing in service to establish an early warning system to stop future defection of customers; (2) to get to know the customers’ expectation for the competing enterprises that they turn to in order to add the new services according to customers’ expectation. This practice may not only prevent further defection of the current customers, but also attract new customers; (3) to investigate whether the customers are as satisfied as they had expected after they turned to other enterprises, and whether there is any discrepancy between expectations and reality in order to get to know which enterprise has taken away their customers, and where the charm of the products and services of the competing enterprise lies.

3.2 Surrendered Customers

In contrast with the “defection customer”, surrendered customers are those who are unsatisfied with the competing enterprises, hold expectation for the enterprise and plan to accept the service of the enterprise. For the surrendered customers, the focus of dissatisfaction research should be: (1) to find the reasons for the dissatisfaction of the surrendered customers and learn a lesson from it in order to prevent the same thing from happening to their enterprise; (2) to find which products or services that have not been supported by customers any longer, and how many customers may cross over to the enterprise according to the customer’s dissatisfaction and background; (3) to get to know the contents of the expectations of the surrendered customers for the enterprise, and to avoid discrepancy between customers’ expectation and reality with corresponding measures so as to improve the surrendered customers’ stability.

3.3 “Multi-loyal” Customers

According to research of scholars such as Ehrenberg, very few customers are “absolutely loyal” to only one brand in many daily consumables markets. Conversely, “multi-loyalty” or “loyalty distribution” is quite common. For example, the long-term inclinations of the customers who purchase brand A, B and

C are roughly: 70%, 20% and 10% respectively.^[14] The dissatisfaction research on “multi-loyal” customers should focus on two following aspects: (1) begin with purchasing frequency, i.e. to investigate whether the customers with different purchasing frequencies are differently unsatisfied with the enterprise during a certain period. This should be done in order to make sure what measure should be adopted to improve customer satisfaction and raise customers’ purchasing frequencies; (2) Begin with customer loyalty, i.e. to investigate the discrepancy between the dissatisfaction of the “absolutely loyal” customers who only maintain transaction relationships with the enterprise and that of those “multi-loyal” customers who also maintain transaction relationship with other competing enterprises. This should be done in order to determine the advantages and disadvantages of the enterprise compared with their competitors.

3.4 Competitors’ Customers

Competitors’ customers are the customers that need a certain product or service, have accepted the competitors’ product or service and have formed their own opinion or temporary standard on the quality of this product or service. The enterprise determines the advantages and disadvantages of the enterprise compared with the competitors based on the dissatisfaction research in order to supply the customers with better products or services to ensure that they will become future customers of the enterprise.

3.5 Internal Customers

Internal customers are the enterprise’s employees, especially the ones who connect the organization with external customers and play the “cross-border role”.^[15] They directly face the market, directly experience the purchasing mentality of the customers and context of their behaviors, and communicate with external customers on the behalf of the enterprise. As they usually border between the organization and customer, they have a better ability to perceive the conflict between the service supply system and the customers’ expectation. The enterprise may acquire many valuable clues into the factors causing customer dissatisfaction through summarizing and analyzing their opinions and suggestions. However, it is better that the research conducted in such a way is carried out by the external professions from other institutions in order to guarantee the authenticity and reliability of the interview results.

4 Approaches of Customer Dissatisfaction Research

The second issue of customer dissatisfaction research is to “listen to” customer dissatisfaction and locate the causes for customer dissatisfaction. Enterprises must creatively design and open various interactive channels during such a process, and take the initiative to reach out “antennas” to understand the innermost feelings of their customers. Good marketing researchers shy away from a heavy reliance on any one method and they recognize that using multiple sources leads to more reliable information.

4.1 SERVQUAL Scale

The SERVQUAL Scale is widely used for assessing the gap between the expected quality and the perceived quality of the customers.^[16] The unsatisfied customers are regarded as the main focus in the objects of research so as to utilize the SERVQUAL Scale to make customer dissatisfaction research. 22 service attributes of five service quality dimensions are assessed according to different types of unsatisfied customer groups. The SERVQUAL Scale survey has the ability to achieve three goals: (1) to determine the gap between the customer expectation level and perception level in different service attributes in order to locate the factors causing customer dissatisfaction; (2) to determine the average gap between the perception and the expectation of overall service quality, and compare it with the main competitors in order to gauge the overall gap; (3) to continually conduct the same research in order to look for a change in score values using a certain timeline as the benchmark.

4.2 Critical Incident Technique

“Critical Incident Technique” was first used by Flanagan in 1954 to investigate how the reason Air Force pilots would lose their direction. This technique was intended to give effective suggestions to

better train the pilots. Currently, the technique is viewed as suitable option to identify the general errors in service contact and the potential causes for customer dissatisfaction.^[17]

Critical Incident Technique allows customers (internal or external) to focus their attention on particular incidents through interviews or inquiries. They will give details on their unpleasant “stories”, “experiences” and “incident descriptions” during service contact. Researchers will then comprehensively analyze these incidents in order to find common points that have caused customer satisfaction or dissatisfaction. Attention shall be paid to two issues when using Critical Incident Technique for customer dissatisfaction research. The first issue is to try to follow a certain “template” when inquiring the interviewees if at all possible. The questionnaire shall be designed to be “half structuralized” so as to assure great consistency and accuracy in information collection and explanation. The other issue is to try to discuss as much “negative information” as possible in order to fully understand the customers’ potential dissatisfaction. For example, MOTOROLA has a system in place that holds a special conference every month to discuss the subject of “Technical Action Requests”, i.e. what people usually mention as “problems”. The special conference follows two basic rules: one rule is to only examine “problems” or “deficiencies” instead of discussing any “positive subjects”; the other is that the attending staffs are not allowed to retort, argue or make any excuses regarding customers’ suggestions or dissatisfactions.^[18]

4.3 Personal Experience of Top Managers

An enterprise’s top managers should not only utilize the second-hand information to get to know customers’ demands and expectations, but they should also try to come to the front line in person to directly establish interactive relationships with customers. This will allow them to learn about the problems of the enterprise’s service procedures that have resulted in customers’ inconvenience and troubles through their personal experience.

The managers will ask themselves, “How can the customers feel satisfied themselves when I am unsatisfied and feeling inconvenienced or perplexed?” Top managers of numerous top-notch enterprises have attached great importance to going down to the grass-roots units and directly listening to the voices of their internal employees. Sam Walton, founder of Wal-Mart, noted, “Our best ideas come from the attendants in charge of delivery and storage.” To keep contact with such a vast source of ideas, he spent countless hours in the stores helping assistants or praising them, and even made an appearance on the shipping dock to bring the shocked workers a box full of donuts. The thing people relish talking about is that he used to land his private aircraft near a cornfield in order to talk with a trucker of Wal-Mart. He ordered his pilot to pick him up at an airport 200 miles away so that he would be able to deliver goods together with the trucker and listen to his opinions about the company.^[19]

4.4 Focus-group Research

The conventional model of customer interviews is that the customer service department or front-line sales personnel of the enterprise contact the relevant customers and encourage them to give positive or negative feedback on the enterprises’ products or services. The drawback of this method is that: those customers that are ready for defection seldom speak out on their own dissatisfaction, because they already know they will no longer be a customer of the enterprise; while those loyal customers are unwilling to discuss their intentions and motives either.

During focus-group research focusing on customer dissatisfaction, there is more emphasis placed on the defection customers and the customers extremely unsatisfied with the enterprise. Those doing the interviewing will encourage those customers to give negative feedback on the enterprises’ products or services in order to find the underlying causes for customer defection. For example, Bank One Corporation used to initiatively conduct dissatisfaction research on defection customers of their enterprise and managed to invite two-thirds of the 300 defection customers to participate in focus-group research. Oscar Foster, the Vice-president for Quality Management, noted that the results of the interview proved to be quite surprising: the defection of these customers was mostly caused from the failure to receive due care. He said that people used to believe customer defection was caused by financial problems, such as increased interest rates. However, the interest rate has nothing to do with

customers' satisfaction degree and defection rate.^[20] The success of the focus-group research depends on the interviewer's abilities in three aspects: (1) the ability to establish a harmonious and trustful relationship with those being interviewed at the beginning of the interview; (2) the ability to make in-depth inquiries into the customers' potential dissatisfaction in a relaxing and friendly atmosphere; (3) the ability to return to the subject scope if deviation occurs.

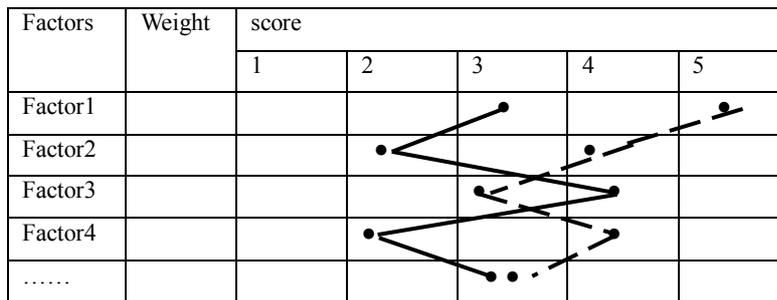
Additionally, sending secret shoppers, analyzing customers' complaints, establishing 800 toll-free lines and after-sale surveys are all effective ways to gather customers' potential dissatisfaction. The enterprise may find, analyze and interpret the defects in its own service submission system according to the customers' feedback and take necessary rectifying measures so long as it is careful and attentive in work.

5 Data Analysis on Customer Dissatisfaction Research

An important link in dissatisfaction research is to transform research data into a mode that may easily be interpreted and understood by management. We may consider adopting the following ways to process the dissatisfaction research data according to the particularity of dissatisfaction research.

5.1 Descriptive Graph for Performance Gap

Using the descriptive graph for performance gap displays a simple way to track the service performance gap. The graph not only shows customers' expectations for the relevant service dimensions or attributes, but also reveals customers' awareness about the enterprises' performance. The corresponding gap between the two shows that of service qualities. At the same time, gap description may also be used to compare the gap between the service performances of the enterprise and its competitors.



Graphic example: Customers' expectation for service quality factors
Customers' perception of service quality factors

Figure1 Descriptive Graph for Performance Gap

5.2 Weighted Pareto Diagram

The Pareto Diagram is a specialized form of a bar chart that classifies and sorts out the collected data and arranges them in order by the occurrence frequencies (or proportion) of the classified items together with a curve of cumulative percent. Pareto Diagrams are allows changes of the cumulative value of the classified items to be viewed easily. To analyze customer dissatisfaction with the Pareto Diagram, we shall consider the customers' opinion on the importance of the classified items of service quality factors and use the weighted frequency Pareto Diagram in order to decide the order of priority for service improvement actions.

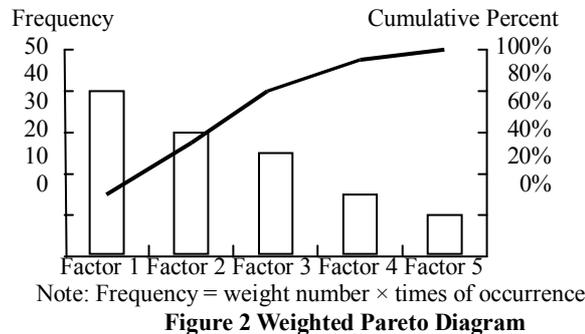


Figure 2 Weighted Pareto Diagram

5.3 Importance/Performance Matrix

The vertical axis of the Importance/Performance Matrix to show the importance of service attributes and the horizontal axis to show customers' perceived performance of the service quality factors according to customers' scores on the importance and performance of various service quality factors. The factors are then placed into four quadrants according to the scores given by the customers regarding the importance and performance of various service quality factors, and enterprises may process these factors separately according to the classification results. The matrix may not only be used to compare the gap between importance and perceived performance, but also can be used to compare the gap seen with the competitors' performance. Through comparison and analysis, we are able to acquire the basic logic for improving customer satisfaction. High importance/low performance is the first aspect to be improved. The reason being is that it has a strong influence on the improvement of customer satisfaction and is also the aspect where the enterprise's actual performance is comparatively poor, i.e. disadvantage of the enterprise compared with the competitors. The next aspect that needs attention is high importance /strong performance. This is the aspect where the enterprise's competitive advantage lies and the performance level should be maintained therein. As for low importance/weak performance area, it is unnecessary to waste valuable resources in this area. The connotation of low importance/strong performance aspect is that the enterprise invests a quantity of resources on an aspect that is not so important to customers and has caused unnecessary waste. Therefore, it is necessary to reduce investment accordingly.

Importance	High	1. High importance/Low performance Attributes to be improved	2. High importance/Strong performance Attributes to be maintained
	Low	3. Low importance/ weak performance Attributes to be maintained	4. Low importance /High performance Attributes to be weakened
		Low	High

Figure 3 Importance/Performance Matrix

6 Conclusion

The research investigated in this paper proves that, in view of limitations of customer satisfaction evaluation and customer complaint analysis while acquiring information on customer dissatisfaction, it

is necessary for enterprises to engage in specialized customer dissatisfaction research. It is imperative for enterprises to focus on tackling three closely-related key points: comprehensively identify and segment unsatisfied customers; comprehensively make a combined use of approaches of customer dissatisfaction research; effectively analyze and describe the data of customer dissatisfaction research so as to supply clear information to the relevant managers for decision making. The goal of this paper is that the findings of the research may act as a supplement to theoretical research related to market research and provide some enlightening suggestions for domestic and abroad service enterprises wanting to improve service quality and resource allocation efficiency based on customer dissatisfaction research. Future research should recognize the role of customer dissatisfaction in the “attitude-behavior” relation from a psychological point of view, and examine it in empirical analysis.

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