

# **Chapter- 2**

## **Literature Review**

## **2.1: Review of literature:**

As organizations become increasingly customer focused and driven by demand, the need to gain customer loyalty and retain their loyalty is critical. Customer satisfaction is the most effective way to achieve customer loyalty. Customer satisfaction and customer loyalty share many similar traits. Customer value is the customer's perception of the ratio of benefits to what he or she gives to obtain those benefits. The customer Value Triad is a framework used to understand what it is that customers want. The framework consists of three parts: perceived product quality, value-based pricing, and perceived service quality.

Customers are satisfied, when value meets or exceeds expectations. If their expectations of value are not met, there is no chance of satisfying them. Figuring out what the customers want, however, is a difficult and complex process. To be able to create and deliver customer value is important to understand its components. On the most basic level, value from a customer's perspective is the ratio of benefits to the risks being taken while buying the product.

## **2.2: An Insight:**

According to Harold E Edmondson "Customer Satisfaction" seems to appear in print more frequently than any other catch phrase used to describe a new found magic for industrial success. Before we proceed in to the study of the dynamics of Customer Satisfaction it is important to know about, who a customer is and what satisfaction really means.

Customer satisfaction is a concept that more and more companies are putting at the heart of their strategy, but for this to be successful they're needs to be clarity about, what customer satisfaction means and what needs to happen to drive improvement. Without this, there is a risk that customer satisfaction becomes little more than a good intention, with confused objectives failing to address the real issues for customers, one helpful way to look at the problem is to rephrase the objectives: set the sights on helping the customers meet their goals

Customer satisfaction can be defined in many different ways. Finding the right way for a company depends on understanding your customer and on having a clear vision of the role that customer satisfaction is to play in the strategy. For example, a focus on customer satisfaction can work alongside existing segmentations to support revenue generation from high value customers or it can be a company-wide objective rooted in the brand values. For the former, it may be sufficient to focus on improving customer service, but for the latter a broader definition of customer satisfaction is necessary, closer akin to corporate reputation. Whatever the strategy for customer satisfaction, it must at least include getting the basics right. Failing to achieve this can destroy the reputation as well as losing valuable customers. Every customer, regardless of their economic worth to the business, has the power to influence – positively or negatively – a company's reputation. Once the objectives for the customer satisfaction strategy are defined there are a number of steps, we can take to make sure the focus on customer satisfaction is effective.

## **2.3: Building a company around Customer Satisfaction:**

With the increase in customer's demands and competition it has become a lot more important to base the entire company on customer service. When doing this one must first realize that every

member of an organization plays an active role in customer service. This includes both external customers and internal customers within a company.

Customer focused organizations focus both on customer satisfaction and profit. Achieving customer satisfaction generates the profit. In these organizations top management has frequent contacts with external customers. The top management uses consultative, participative, and supportive management styles to get through to the customer. The staff focuses all of its attention on satisfying the customer's needs. However, the management's job is to provide the staff with support necessary to achieve these goals. The other department and staff in the organization that do not have direct contact with the external customers deal exclusively with internal customer satisfaction.

#### **2.4: The Influence of the salesperson in Customer Satisfaction:**

In an article titled, "The influence of salesperson selling behaviour on customer satisfaction with products," Brent G. Goff and James S. Boles examine the effects of non-product related construct on customer satisfaction with major retail purchases such as automobiles. The article states that salesperson's selling orientation- customer orientation (SOCO) will affect not only consumer satisfaction with the salesperson and dealer, but also indirectly, satisfaction with the product or manufacturer.

In the perspectives of both the retailer and the manufacturer, customer satisfaction represents an important issue because it relates to several desirable outcomes. Customer satisfaction leads to future purchases, and repeated purchases of the same product from the same source. In other words, it helps a firm retain its present customers and build loyalty. By helping a buyer obtain product information and providing guidelines about what should be expected during the buying process and use of a product, a salesperson may influence customer expectations concerning the product. Thereby this may reduce the likelihood of dissatisfaction (Grewal and Sharma, 1991). A successful salesperson tailors to the needs of each individual customer. By being customer-oriented, a salesperson is likely to identify with needs of the customer, enabling the salesperson to match his or her presentation to those requirements of the customer.

#### **2.5: Internal marketing - how it affects Customer Satisfaction:**

Successful companies make every effort to ensure satisfaction to their customer by focusing all organizational efforts of the company on providing superior customer service. By doing this these companies hope to retain their existing customers and attract new ones. Only angle of customer satisfaction commonly overlooked is the internal aspect. The internal customer or employee plays a vital role in achieving customer satisfaction and loyalty. Some firm's do not understand that the treatment of internal customers becomes the external customers' perception of the company. A firm's employees or other departments within the organization make up its internal customers. Their job performance affects the firm's ability to deliver superior product and customer service (Boone and Kurtz, 1999). When a firm's employees are happy at work, their overall attitude and performance towards the customer enhances tremendously. Internal marketing helps members or employees of an organization understand and fulfil their roles in implementing its marketing strategy. Internal marketing not only keeps employees happy; it also shows them how their actions affect the firm's ability to achieve customer satisfaction.