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CUSTOMER-DRIVEN RESEARCH - THE ENHANCED ~~THE ENHANCED~~ FOCUS GROUP TO ESTABLISH VALUE AND SERVICE ~~AND SERVICE~~ QUALITY

Lynne Bennington and James Cummane

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Abstract

This paper discusses a customer-driven research approach which overcomes many of the problems of existing market research techniques and integrates qualitative and quantitative techniques to provide insights into what creates value for customers. The approach described provides a variation on the Gap model and is illustrated in the context of business-to-business marketing. A by-product of the approach is that it acts as a very powerful impetus for service quality improvement.

Keywords

service quality customer business-to-business research value

CUSTOMER-DRIVEN RESEARCH - THE ENHANCED FOCUS GROUP TO ESTABLISH VALUE AND SERVICE QUALITY

INTRODUCTION

The link between service quality and business success has been established (Anderson, Fornell and Lehmann, 1994; Buzzell and Gale, 1987; Donaldson, 1995; Rust, Zahorik and Keiningham, 1995; Quinn and Humble, 1993). Just the same, many firms have found that quality programs can generate significant costs without observable gains (Anderson et al, 1994; Powell, 1995). The absence of gain has been attributed to the misuse of quality programs especially by powerful buyers who do not subscribe to a win-win philosophy (Gross, 1994), difficulties in implementation, and costs simply outweighing benefits (Nayyar, 1995). Contrary to the view held by Brown, Churchill and Peter (1993), not all customers want improved "quality" in products and services - as defined by the designers of products and services - because they do not perceive there to be value in the so-called improvements (see the office equipment example, cited by Turpin (1995), which showed that nearly 95 per cent of customers never used three key features which had been built into machines to make them more appealing, and Best and Wong's (1993) example of credit unions which have successfully traded higher interest rates against service). However, it is interesting to note that almost 70 per cent of customers who change providers do so not due to price, product quality or delivery, but because they perceive an attitude of indifference from one or more individuals in the provider's organisation (Howe, Gaeddert and Howe, 1993; Whitely, 1991). Knowing what constitutes service quality, in the eyes of customers, therefore, seems to be an essential element of business success.

WHAT IS SERVICE QUALITY?

Service quality means different things to different people. Studies have found between 24 and 99 activities constitute customer service activities (Nayyar, 1995) although a review by Donaldson (1995) of studies investigating the key dimensions of customer service revealed 17 dimensions. Some researchers argue that there is one underlying dimension and others, such as Parasuranam, Zeithaml and Berry, 1988), argue that there are five major dimensions. Knowing exactly how customers might be affected by different aspects of a service would also be useful. Therefore, some researchers have categorized service quality dimensions into:

- hygiene factors - those things expected by the customer and will cause dissatisfaction when not delivered;
- enhancing factors - those things which may lead to customer satisfaction but when not delivered do not necessarily cause dissatisfaction; and
- dual threshold factors - those things which when delivered above a certain level of adequacy lead to satisfaction but when delivered at a performance level perceived to be below that threshold cause dissatisfaction (Lewis, 1995).

Although the most popular definition of quality relates to meeting/exceeding expectations, there is neither an accepted or best definition of quality for every situation (Reeves and Bednar, 1994). Excellence, conformance to specifications, fitness for use and loss avoidance have all been severely criticised in the service quality literature (Albrecht, 1992b; Reeves and Bednar, 1994). Expectations are not necessarily consistent or predictable (Blanchard and Galloway, 1994), and they are subject to management communication or advertising so there has been some debate about the empirical versus diagnostic value of incorporating expectations in any measurement of quality. Value seems more stable but this does not mean that its attributes are not subject to different rank ordering due to the human bias of placing those factors which are less well attended to at a higher importance level (Dotchin and Oakland, 1993; Harari, 1993).

Albrecht (1992a) describes a basic "threshold" level of value which must be achieved before customers will use a service. Beyond this different levels of service can be achieved in much the same way that has been adopted by Parasuraman, Zeithaml, and Berry (1994) - in terms of their new levels of adequacy and superiority.

To understand what will make a difference to business success, it is now generally agreed that value creation (as perceived by the customer[1]) is what should be understood, measured and improved (Albrecht, 1992a; Bolton and Drew, 1991; Gross, 1994; Naumann, 1995) and that organisations need to be customer focussed in all of their activities (Whitely, 1991; Albrecht, 1992a, 1994). Value has been described as "the benefits received for the burdens endured - such as price, an inconvenient location, unfriendly employees, or an unattractive service facility", and quality service, a key component of value, as that which helps a company to "maximise benefits and minimise non-price burdens for customers" (Berry, Parasuraman, Zeithaml and Adsit, 1994, p.32). Consistent with this viewpoint, the services marketing literature tends to focus on promoting benefits rather than attributes (Wright, 1995, p.40).

Given that definitions of quality, value and benefits differ across individual customers (Albrecht, 1992), and are subject to change as expectations increase (Ballantyne, Christopher and Payne, 1995; Foster and Whittle, 1992; Harari, 1993; Lewis, 1994; Quinn and Humble, 1993; Turpin, 1995), improved methods are necessary to enable organisations to establish and to remain abreast of what their customers value, what level of importance they attach to each value, and to measure customers' perceptions of their performance (Parasuraman, Zeithaml, and Berry, 1988, 1994; Ennew, Reed and Binks, 1993; Cronin and Taylor, 1994; Teas, 1994; Vandermerwe, 1994).

Measures also need to provide direction for quality programs (Flanagan and Fredericks, 1993) and to guide management's decisions in their efforts to achieve the maximum impact with limited resources (Rust et al, 1995). This is important because there is much evidence to indicate that quality programs are often inwardly focussed (Howe et al, 1993) and that most internal activities either have little or no relevance to the customer (Harari, 1993) or fail to consider what impact that they will have on the customer.

The challenge in the area of business to business marketing is not only to have the providers of the service understand the existing needs of their major business customers but also their changing needs. Therefore, a starting point for quality programs has been to understand existing customers' needs as they have been found to purchase more than new customers, and the efficiencies in dealing with them are greater and selling costs have been found to be as little as 20 percent of that for new customers (Rust et al, 1995). Being able to understand what the business customer perceives to be the ideal service, seeing your service from the business customers' perspective, being able to plan for changes in that service to meet the customers' changing circumstances and to continually improve that service are seen as the means to survival and to improving the bottom line.

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[1] In this paper, the term customer is used to mean any influencer, decision maker or actual buyer of a product or service; in other words, it might be an individual consumer, a client, another business or representative of another business.

SERVQUAL

SERVQUAL, based on the service quality "gap model" and developed by Parasuraman et al[2] (1988), is the most widely used and tested service quality survey instrument (Hemmasi, Strong and Taylor, 1994). The gap model defines service quality as a function of the gap between customers' expectations of a service and their perceptions of the actual service delivery by an organisation. PZB (1988) suggested that this gap is influenced by a number of other gaps such as the difference between:

- managers' perceptions of consumers' expectations and consumers actual expectations;
- managers' perceptions of consumers' expectations and service quality specifications;
- service quality specifications and actual service delivery; and
- actual service delivery and external communications about the service.

Initially PZB found five major service quality dimensions: tangibles, reliability, responsiveness, assurance and empathy. Amendments to the scale have occurred over time; the definition of expectation has changed, and importance has been included against each dimension (Zeithaml, Parasuraman and Berry, 1990). Expectations are now seen as having a range or zone of tolerance from adequacy to superiority (Parasuraman et al, 1994).

Many criticisms of the scale have appeared over recent years: Blanchard and Galloway (1994) argued that it confuses outcome, process and expectation; Chen, Gupta and Rom (1994) stated that it neglects the price factor, and suffers from multicollinearity due to the averaging of measured gaps; Dotchin and Oakland (1994) criticised the sample SERVQUAL was based on; Carmen (1990) argued that it is not generic and needs to be customised to the service in question; Gagliano and Hathcote (1994) found that it produced only four factors in their sample; Brown, Churchill and Peter (1993) reported psychometric problems with the use of the difference scores and suggested that the five dimensions may in fact represent a unidimensional construct which was also suggested by Babakus and Boller (1992); and a number of researchers (eg, Bolton and Drew, 1991; Cronin and Taylor 1992; and Lam, 1995) found that the perceptions component outperformed SERVQUAL itself. Smith concluded her review of SERVQUAL by stating that the instrument is of "questionable value for either academics or practitioners" (1995, p.270).

HOW HAS QUALITY BEEN MEASURED?

In order to ascertain customer perceptions of service two main methods have been used - the mail survey method and the focus group. (For an overview of other methods see Flanagan and Frederick, 1993).

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[2] Parasuranam, Zeithaml and Berry will be referred to as the PZB group hereafter.

The Survey

Even though it has been subject to criticism, the survey has been reported as the most commonly used market research method (Ennew et al, 1995; Murfin, Schlegelmilch and Diamantopoulos, 1995). Although interviewer bias is eliminated in this method, researchers still impose their "perceptual set" about what is important to customers when deciding what questions to include and in the phrasing of those questions. (This is less of an issue when preceded with a traditional focus group, but it is still of major significance.) Wide distribution is possible but there is a greater non-response issue with postal surveys than with other methods (Gorton and Doole, 1989).

Inherent problems of the survey arise from response sets (Smith, 1995) and from the aggregation and averaging of consumers' preferences and perceived provision of performance (Ennew et al, 1995). Averages do not necessarily represent the views of anyone so provide limited value; moreover, customers now demand that products and services be individualised to meet their particular needs and situations (Albrecht, 1992b; Flores, 1993; Vandermerwe, 1994). Furthermore, satisfaction rating scales tend to provide "virtually uniform skewness in the distribution of answers showing the majority of respondents are satisfied" so the question has been raised as to what these surveys are actually measuring (Murfin et al, 1995, p.99). Also, Hiam states that the survey rarely represents the customer viewpoint in a useful manner" and argues that this research method should be replaced by "more aggressive and personalised ways of representing the customer's perspective" (1992 p.113). Similar views are expressed by Lytle (1993), who argues that surveys do not allow for the subtleties which really define "customer voice", that many questions are closed-ended, they are often answered by the wrong people (eg, the CEO who gets the secretary to fill out the survey), and many surveys are filled out by people in "the wrong frame of mind".

Mail surveys suffer from the absence of more subtle feedback which comes from "body language", voice intonation and unsolicited comments which may provide valuable information to the researcher (Vichas, 1982). Kettinger and Lee (1995) have suggested that survey based methods may not produce as genuine responses, nor really tap into the "mind-sets"(Blankenship and Breen, 1993) of the respondents as occurs in focus groups. Further it has been suggested that questionnaires must be kept relatively brief to obtain any response at all (Bradley, 1995) and that they require a comparatively long period of time needs to be allowed for mails outs, responses and follow-up requests (Rea and Parker, 1992).

The Focus Group

Not surprisingly, the focus group is a popular method (Churchill, 1992; Naumann, 1995) and has a number of advantages. One advantage is that management staff can, with permission, observe the process (Flanagan and Fredericks, 1993). However, Lytle (1993) argues that although they have advantages over surveys, much of the information is "soft and fuzzy", tends to lack focus, relies on small sample sizes (usually 8 to 12 participants per group), responses are coded in a simple, undifferentiated way and rarely manage to get behind or underneath broad categories. Naumann (1995) says that the initial purpose of a focus group is to identify a comprehensive list of attributes that are relevant to customers, but seems to think that measuring performance is beyond the scope of this process.

There are other issues in the focus group methodology. For example, the role of the focus group moderator is critical in terms of the impact of their influence over both process and outcome. Observational skills (McDonald, 1993), the skills of any observers, and reporting skills are subject to bias (Churchill, 1992; Greenbaum, 1993). Other potential problems include a selection effect and effects caused by individual participants who attempt to monopolise the discussion (Krathwohl, 1993).

No matter which method has been used there has been a tendency to focus on the past and the present, rather than the present and the future (Lytle, 1993). Thus changes anticipated by customers due to changes in their businesses or lifestyle are not taken into account, and thus meeting customer needs is a less likely outcome. Therefore, any measurement needs to include the customer, it needs to be simple and easily understood, and provide a basis for action or quality improvement. It should not become an end in itself (Brewer and Hunter, 1989). If the technique can facilitate a greater understanding of customer needs, then the very act of measurement will promote quality improvement (see Webster and Hung, 1994 for a discussion on the concept of "decentring" which covers this point).

ISSUES TO BE RESOLVED

Notwithstanding the criticisms of SERVQUAL and of the two major research methods used in this area, four major concerns exist for us as researchers and practitioners. The first relates to the purpose of the measurement. If guidance for improvement programs is important then it would seem that some understanding of the gaps would be important. But which gap should be measured? The one which is measured in this paper has not been measured by the PZB group or other researchers. It is the difference between the customers' assessment of performance (perception) and the providers' assessment (perception) of the customer's assessment (perception). PZB consider the difference between service quality specifications and actual service delivery but, although important, for service value to be maximised providers must learn to understand their customers sufficiently well that they can accurately assess the customers' views. Therefore, it is this gap, as well as the gap in perceived importance of the "values" between customers and providers which is the focus here. The second concern is whether quality or value is the variable which should be measured. The third concern is the use of mail survey methodology; and the fourth issue is the process of averaging across market segments.

It is argued that value creation is what should be considered, and that this is the factor which differentiates service providers. Bolton and Drew (1991) have argued that perceived value is a richer and more comprehensive measure of customers overall evaluation of a service than service quality. Therefore, the approach discussed endeavours to address these four concerns as well as some of the methodological problems of the research methods typically used. It provides insights for businesses needing to understand their customers better and provides guidance on where resources or changes in service will achieve maximum impact.

CUSTOMER-DRIVEN RESEARCH METHODOLOGY: THE CVW

Although based on the traditional focus group, the Customer Value Workshop (CVW) overcomes many of the inherent problems of the focus group by the use of various methods and techniques (including the use of a technology interface) which provide for significant involvement of all participants. Anonymity in respect to specific responses can be preserved, yet the outcomes are truly customer driven. The process is possibly more structured than the typical focus group (see Zikmund, 1985, who described focus groups as unstructured and free-flowing and not question and answer sessions). Much larger groups can be handled by this process although the typical group size of customers preferred by the researchers at this point is about 12-15 customers and up to the same number of provider representatives (managers and staff). The customer value workshop takes approximately 4 hours.

The process commences with customers being asked to complete a brief questionnaire including a "service bug list" or irritant list which also requires an indication of the level of irritation engendered using three categories: disappointment, annoyance and anger. (These responses are later assigned ratings as follows: disappointment = 1, annoyance = 3, and anger = 6.) The rationale behind this is to clear any recent issues with the service provider from the minds of customers so that they can concentrate on both their current and future needs.

The second activity for participants is "imagineering" - which involves a visioning process that leads to the building up of a picture of the ideal product/service in the relevant area. The customers then list their ideas on large "post-it" notes. They are encouraged to be as concise as possible, to use a noun and a verb (to make statements as clear as possible). No criticism of ideas is allowed at this point. A process of affinity diagramming is used to reduce and classify the large number of ideas generated by consensus.

Affinity diagramming, known also as the Kawakita Jiro Method (Dale, Bunney and Shaw, 1994), is described by Brassard (1989, p.4) as a tool to gather "large amounts of language (ideas, opinions, issues etc.) and organise it into groupings based on the natural relationship between each item". He further described it as a creative rather than logical process. It is a more efficient process than a traditional group discussion and enables groups to organise more than 100 ideas or issues in a short period of time, usually 30-45 minutes. It encourages participation from every person. Ideas are not lost in the process because everyone's ideas are recorded and must be addressed.

The role of the moderator becomes more important at this point in facilitating the affinity diagramming process and ensuring that everyone understands each of the attributes listed. It is important that each of the resultant categories is named by the customer group and that each category is sufficiently "independent" or clear to enable a quick differentiation between categories in the forced-choice voting situation which follows. This results in the set of values that the customers have in respect to the service in question.

Performance against this set of values is then established using the computer technology. Customers are asked to rate the performance of the service provider against each value by pressing a rating on their wireless, hand-held keypad linked to the computer. They have a choice of 1 - 9 where "1" represents "poor" and "9" represents "excellent". Real time processing allows for customers (and the management team) to see the results of the group, and/or, segments of the group.

To establish the importance of each value category of the ideal service, the computer is programmed to project onto a large screen each of the possible pairs of categories such that a forced choice must be made. The computer program organises the resultant votes into graphics that are fed back to the group through the projection system. Discussion allows points of difference to be raised and further clarification to occur, eg, some customers do not rate some categories as important to them because they take the attribute category as a "given" or as an "essential" if they are to use the service, so they do not perceive it to be a differentiator, or, alternatively they have other means of dealing with that requirement. To illustrate, when a group of senior managers is asked to rank criteria for consultant selection, some will rank "confidence that the job will be finished" as important; others, however, will not rank this criterion as important because they believe that contractual arrangements will remove this risk factor.

One of the major differences between this process and the typical focus group is that the participants verbally interpret the meaning of the results as they are projected onto the screen - it is not left to the researcher or moderator to do this. In fact, unless a discussion does occur around the reasons for the ranking, and the customer's thinking is clearly understood, significant errors may be made in quality programs designed to provide value.

Following the discussion, a second check on the importance ranking may occur possibly using a different method such as the "dot vote" method. Mostly the relative importance rankings do not change. In this way the value hierarchy is clearly established.

What is the role of management and employees in this process? Not only do they identify key customers (or potential key customers), they observe the process and do most of the things that the customers are asked to do but from a position of "being in the customers' shoes". This is referred to as the "decentring" process by Webster and Hung (1994); the major difference here being that the customers actually see what perceptions the providers have of their (the customers) values and perceived performance and vice versa during the workshop.

In creating a collaborative relationship with the customer (Flores, 1993), this method addresses the questions that customers want to be asked and allows them to provide the answers that will improve service quality and customer retention. This process enables customers to help organisations to innovate to meet their existing, as well as their future, needs. The openness of this process, and the collaborative spirit in which it occurs, due in part to the ease of the process which is facilitated by the computer technology and the immediate feedback to participants, means necessarily that expectations of quality improvement are generated. Managers are confronted with information about what things are important to customers both now and in the future, and they are confronted by the gap between their perceptions of the customers perceptions of performance and the customer's perception of performance. This is potentially a very powerful impetus for change.

The data are presented graphically and there can be no doubt as to what the categories mean or where the market segments differ in their values of their perceptions of performance against the values that have been established. Scatterplots showing importance-performance mapping are produced also. This overcomes the issue of "averaging". Using strategic or quadrant analysis (Flanagan and Fredericks, 1993) strong guidance is provided for strategic planning.

A cautionary note needs to be made, however. This approach is risky because, as Carpenter (1993) has said, a lack of response to a known problem can do a great deal of harm to customer relationships. Organisations must understand this risk before they embark upon the process.

FINDINGS FROM THREE DIFFERENT SERVICE ORGANISATIONS

The data reported arose out of focus groups facilitated by the authors for three Australia-wide organisations whose customers are other businesses rather than individual consumers. Organisation A provides maintenance services; B provides legal services and C provides information services. Both A and B have in excess of 2,000 staff whereas C is somewhat smaller and operates in an essentially competition free environment.

The organisations were selected due to the range of available data from various CVWs, which included cross-sections of customer representatives at different levels (influencers and buyers), as well as from workshops dedicated to specific individual large customer organisations. In each case, another form of market research designed to gather information about the quality of service provided was also available. Where relevant, a comparison is made. All data were collected between November 1993 and September 1995.

The method of data presentation, in keeping with the aim of simplicity and ease of use, is primarily visual (graphical). Space precludes the inclusion of all but limited elements of data sets, but still allows comparisons between and within service types in respect to value categories, performance and irritants.

Organisation A (Maintenance services)

The CVW included here provided data from customer representatives (influencers or buyers) of seven, mostly long term client organisations which, in turn, represented approximately one-third of A's $300 million revenue. This CVW produced different value categories to those used in the consultant conducted survey, but overall ratings of performance may be compared, albeit with some caution due to the different samples and techniques used.

The overall customer assessment of performance on the value categories arising from the CVW was approximately 4 (on a 9 point scale) compared to the higher survey rating of 7 (on a 10 point scale) on "satisfaction with the quality of work and services provided" and 7.9 on just "the quality of service provided". Across all questions, the survey performance rating averages ranged from 6.2 to 8.4; the data were negatively skewed. Ratings of performance from the CVW were in the range 2.8 to 5.8.

The value hierarchy is shown in Figure 1a. It shows that twelve values were seen to be important, although some were much more important than others. The gaps between providers and customers tend to be greatest in terms of the relative importance of "continual improvement", "expertise" and "customer care". In terms of performance (see Figure 1b) the providers generally thought that the customers perceived their performance to be a little better.

Figure 1a - Value Hierarchy:
Organisation A (Maintenance Services)

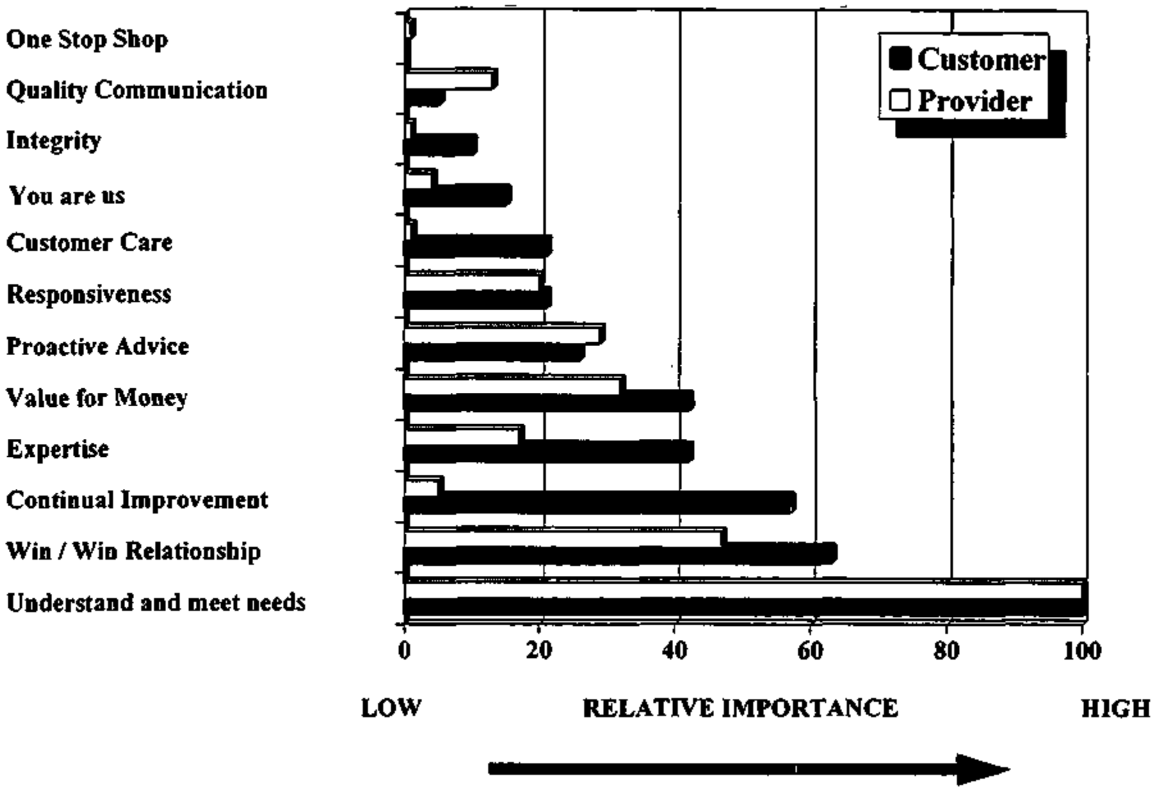
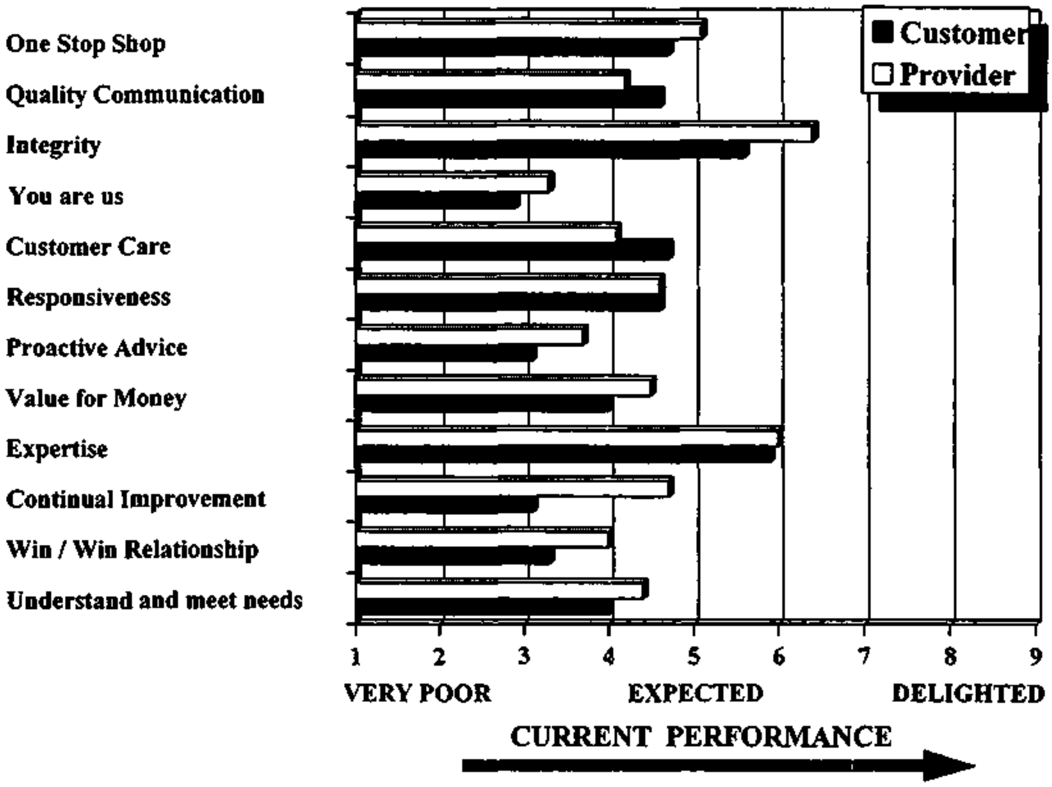


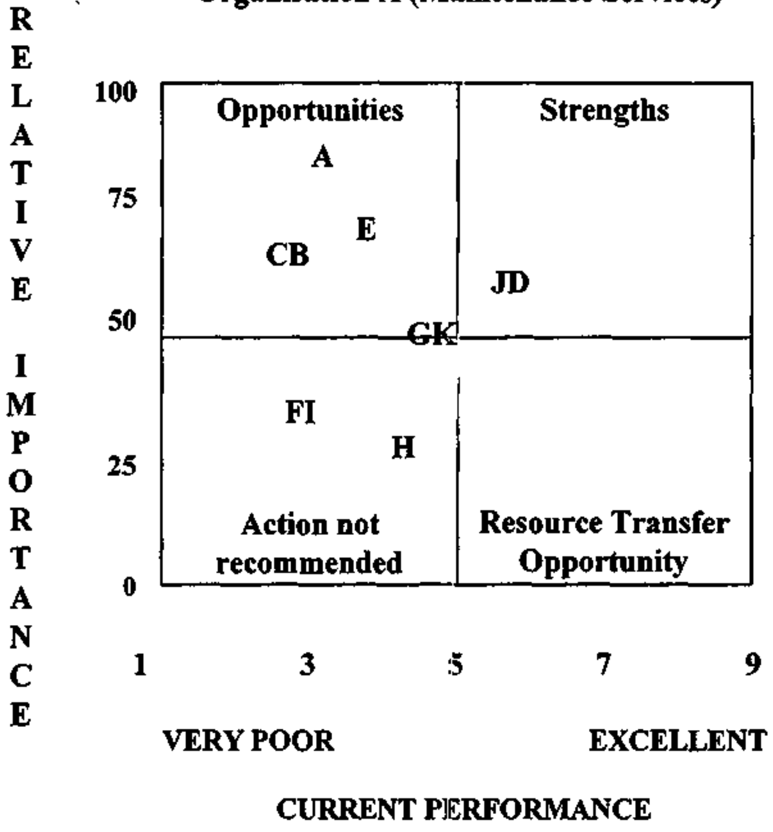
Figure 1b - Value Performance Comparison:
Organisation A (Maintenance Services)



There were two similar categories "value for money" and "responsiveness" that can be directly compared with performance ratings in the survey. In both instances the survey showed much higher ratings compared with the CVW. The survey ratings on a 10 point scale for "value for money" and "responsiveness" were 7.3 and 7.8 respectively. This compares with 4 and 4.6 on the 9 point scale used in the CVWs.

Figure 1c provides a scatterplot of performance against importance criteria, and shows that on most value categories there is room for improvement. Organisation A is not perceived as having many major strengths, apart from integrity and expertise. Therefore A is under threat because of its low performance on many of the most important categories.

Figure 1c - Customer Value Map:
Organisation A (Maintenance Services)

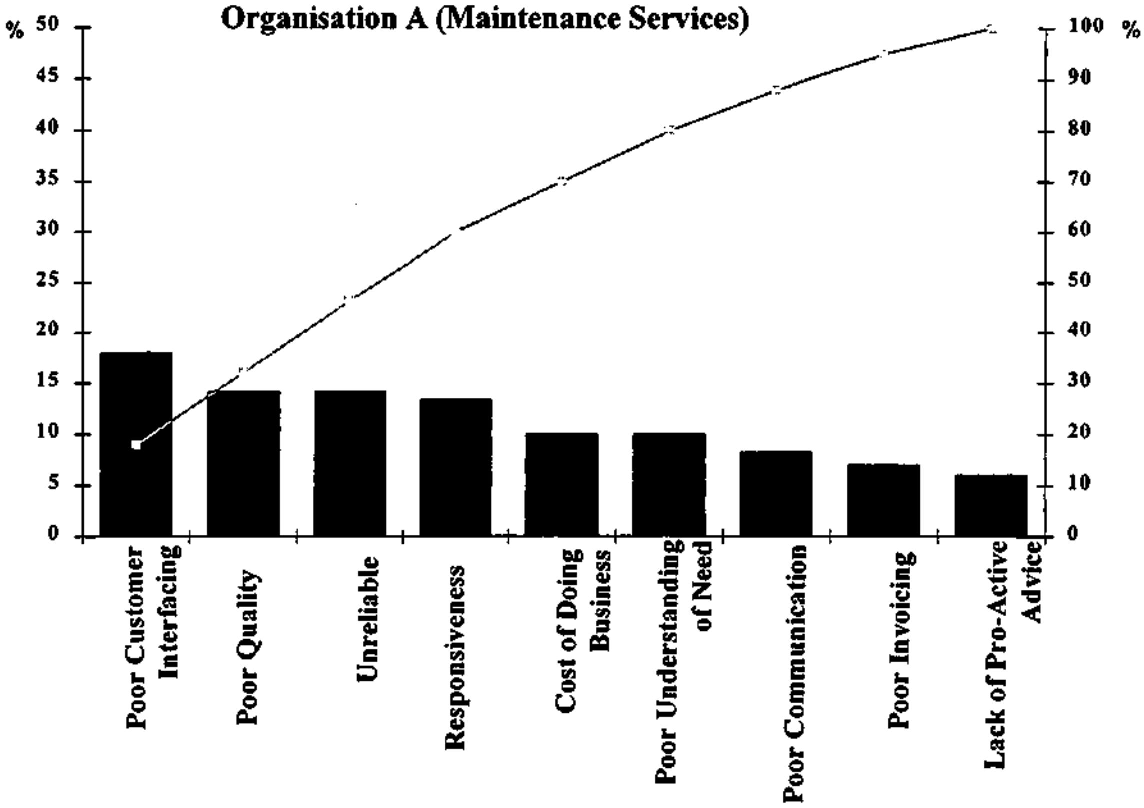


LEGEND

A	Understand and meet needs	G	Responsiveness
B	Win/Win Relationship	H	Customer Care
C	Continual Improvement	I	You are us
D	Expertise	J	Integrity
E	Value for Money	K	Quality Communication
F	Proactive Advice	L	One Stop Shop

The customer irritant hierarchy and pareto graph is shown in Figure 1d. Even though the irritants have been categorised, and, as shown, seem to reflect absence of satisfactory performance on the value categories, they still provide additional useful information to assist in quality improvements especially when considered in the context of the descriptive behaviours listed under each category (not provided here but data collected as part of the process).

Figure 1d - Customer Irritants: Organisation A (Maintenance Services)



Organisation B (Legal services)

In-depth interviews rather than a survey preceded the CVW in B. No quantitative data nor an indication of customer values, their relative importance or performance measures against those values, resulted from this procedure so it has limited usefulness. The range of data reported for B includes CVWs with:

i) a range of executives from key clients including a representative of customer organisation T;

ii) senior officers from key client T;

iii) a cross-section of representatives from a division of T in Victoria;

iv) a similar cross-section of representatives from a division of T in Queensland approximately 12 months after (iv); and

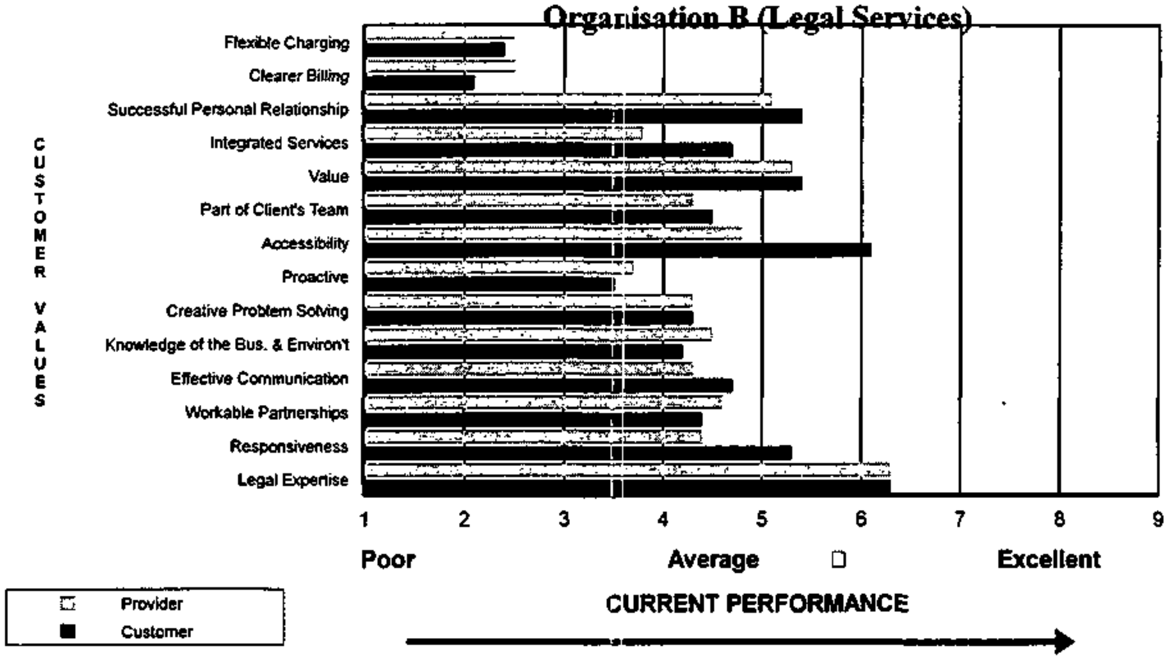
v) a cross section of representatives from the legal section of an organisation not represented in any of the other CVWs listed above.

This approach was taken to gain insight into the needs and values of those who might influence buying decisions in different parts of the client organisation but have different goals, needs and values (Berrigan and Finkbeiner, 1992). (Only the graphs for (i) and (v) are presented here.)

Figure 2a provides an assessment of performance against the customer defined values. The average rating of performance by this customer group was 4.59 (on a 9 point scale). "Technical competence" (legal competence or expertise), "responsiveness", "creative problem solving" and "knowledge of the customer's business and environment" were rated as the most important categories. Performance on these value categories ranged from 4.2 to 6.3. Flexible charging and clearer billing ranked the lowest in importance of those value categories deemed important by the customers, and performance on both was at the very poor end of the scale.

Figure 2a - Value Performance Comparison:

Organisation B (Legal Services)



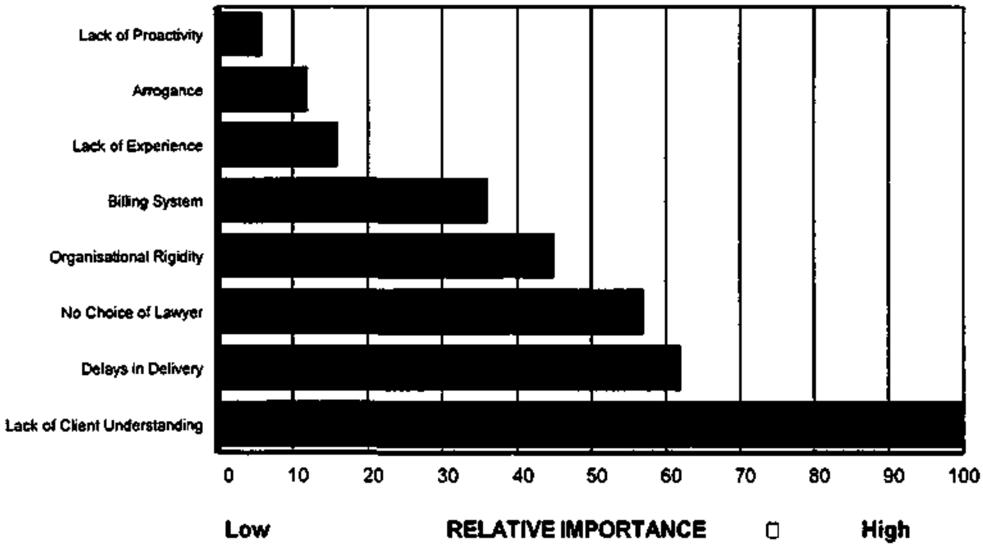
In general, the provider ranked the customers' perceptions of the hierarchy of values similarly to the customers (once the customers had identified their values) and customers often rated the performance higher than the provider thought they would. This may have been due to the fact that the provider management team is not directly involved in the provision of customer service but probably operates at the complaint level. Notwithstanding this, there is still a need for B to be concerned about the value of the service quality provided.

Figure 2b provides the hierarchy of irritants provided by executives from key client organisations. It can be seen that some of the irritants are the converse of the values but specific additional guidance is provided for change over and above that provided by the "values" eg, in attitude - perceived arrogance irritates some senior representatives of business client organisations, as does the fact that they do not have a choice of lawyer, and they find the provider organisation rigid.

A comparison of the data across CVWs (i) to (iv) revealed that similar value categories emerged from each group, although the categories and their importance ranking tended to vary depending upon whether the group was comprised of strategic or operational level representatives.

The similarity between CVW (i) and CVW (ii) was considerable - 8 out of 14 categories were identical and an analysis of the underlying value attributes showed further overlap. A comparison of the results of CVW (ii) with those of CVW(iii) and (iv) is interesting in that 10 out of 14 value categories matched. The value categories not represented at the senior level CVW included "choice of provider"(although this did emerge as an irritant) and "use of leading edge technology". "Professionalism" and "honesty and trust" were not represented at the divisional level. Most of the divisional ratings of performance were in the range of 4 to 5 whereas the senior officer ratings were even lower overall.

Figure 2b - Customer Irritant Hierarchy
Organisation B (Legal Services)



When a comparison was made between CVW (iii) and CVW(iv), which comprised similar samples, it was interesting to note that "choice of provider", "leading edge technology" and "commercial orientation" did not appear in the later CVW. One possible explanation for the changes in values is that B had worked on improving service quality in the intervening period. This service quality improvement effort is also indicated in the increase in performance ratings.

CVW (v), in Figures 2c and 2d, provides independent data from another business customer which has an internal legal service department. Many of the value categories overlap with those of other customers of B but the language used tends to be a little different (eg "safe hands", "certainty without perfection" and "service when needed" as value categories).

An analysis of irritants across the five customer groups revealed that the major irritants were "lack of proactivity", "arrogance", "billing", "lack of client understanding" and "delays in delivery".

Most of the irritants reflect a low performance rating on the value categories. Other irritants could be classified as either the flip-side, or part of the flip-side, of the value category.

Except for CVW(i), there was a general tendency for providers to perceive that the customers perceived their service more positively than in fact they did.

Figure 2c - Value Performance Comparison
Organisation B (Legal Services)

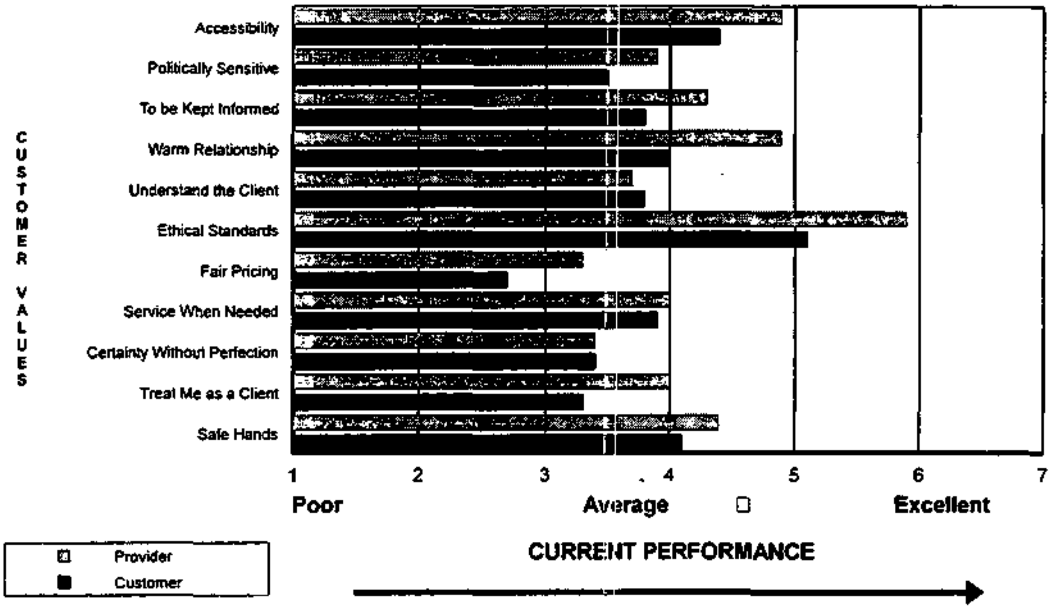
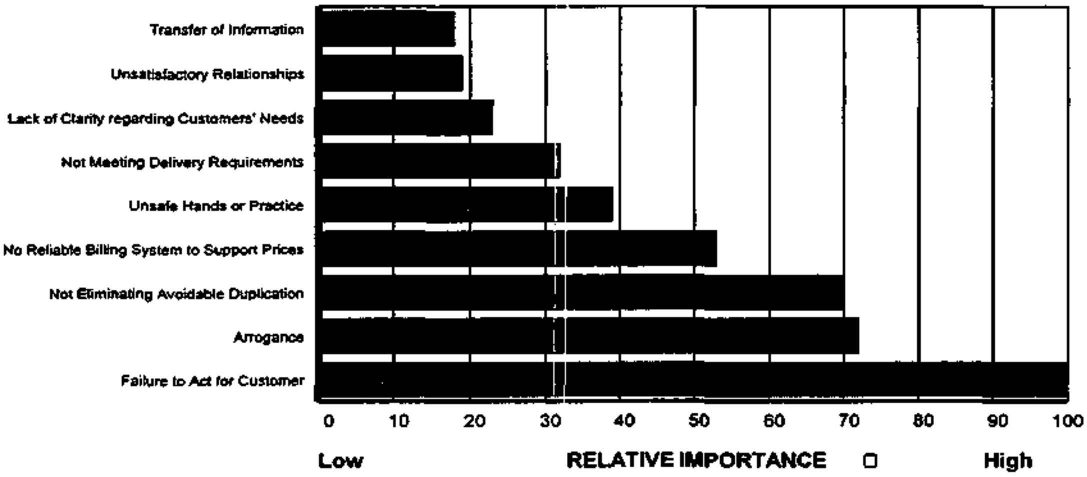


Figure 2d - Customer Irritant Hierarchy
Organisation B (Legal Services)



Space does not allow for the scatter plots to be included for all organisations, but one of the interesting things in this case was that "value for money" was rated as high on performance but low in importance for CVW (iv). This process facilitates some understanding of the hygiene factors, the enhancing factors and the dual threshold factors especially when considered in the context of the irritant hierarchy.

Organisation C (Information services)

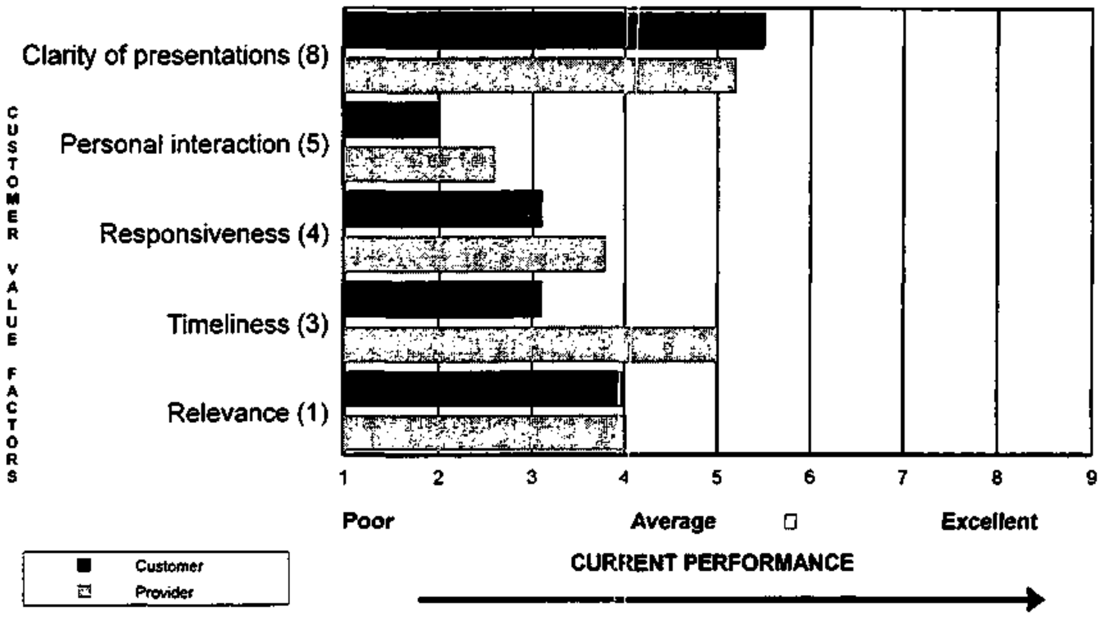
Similar CVWs were held for organisation C after a mail survey (n = 248) had been conducted. Three value categories which emerged from the CVWs had been covered by the mail survey : timeliness, clarity of information and relevance. The survey required respondents to rate the service received on a 7 point scale (a to g) anchored as follows: a = poor, d = good, g = excellent). The relevant sub-sample (n = 102) data are shown in Table I.

Table I : Organisation C survey data

Value Category	a	b	c	d	e	f	g	Total
Timeliness	0	6	13	36	23	20	2	100%
Clarity	1	5	15	34	30	13	1	99%
Relevance	0	9	17	34	26	10	4	100%

As can be seen the data are negatively skewed, and in each case over 70% of respondents rated the level of service as "good" or better. The workshops produced somewhat different results; in other words, performance was not rated as positively. Only data from one of C's customer value workshops which emerged with three identical value categories to those covered by the mail survey is shown in Figure 3a. ("Responsiveness" and "personal interaction" were not covered by the survey but will be commented on below.)

Figure 3a - Value Performance Comparison
Organisation C (Information Services)

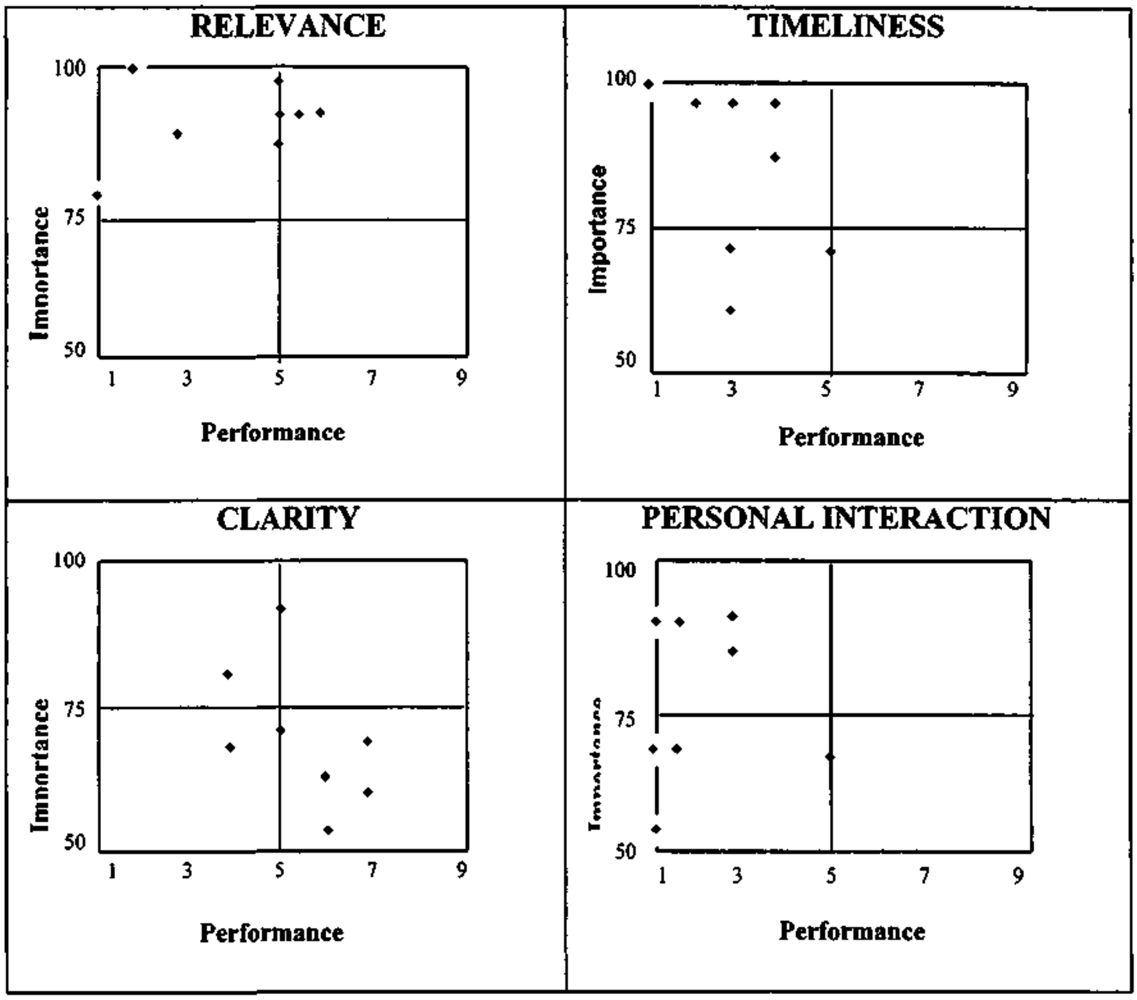


Performance on the categories of timeliness and relevance was slightly below average and performance on clarity was slightly above average. This is an important finding given that timeliness and relevance were the first and third most important values; clarity was ranked eighth most important. Responsiveness is also included because it may overlap with timeliness (even though this customer group was able to make the distinction). Not surprisingly, the irritant analysis revealed timeliness as the worst characteristic of the service and indicated that it was annoying enough to make customers angry. "Excessive volumes and irrelevant information" also appeared in the irritant hierarchy.

It is of interest that the survey instrument asked a number of questions about the frequency of contact, type of contact and usefulness of the contact with C but did not ask about the quality of the personal interaction. The scatterplot from the CVW (see Figure 3b) shows the significance of the quality of the personal interaction, especially when combined with the survey data which indicated that 55% of the sample preferred contact in person and 39% preferred telephone contact. Personal interaction was still a high priority even when electronic means of communication are readily available to these organisations. The scatterplots reveal the range of responses and the fact that customers are prepared to use the extremes of the scales, which is unusual in surveys.

Overall, significant value similarities were found to exist across the customers for organisations A, B and C. There was also considerable overlap between the value categories as defined by the customers and those identified in the SERVQUAL research, ie if tangibles are seen to be represented by invoices, plain English advice and clarity in reports; empathy equated to understanding of the business and environment, assurance by technical expertise and the "safe hands" value category; responsiveness by the use of this term and perhaps by timeliness; and reliability by consistency. Seemingly, not covered by SERVQUAL are concepts of value for money, ethics, "win-win" relationships, the concept of businesses or individuals in different businesses operating in a team relationship, the importance of personal relationships, creative problem solving or innovative solutions, and accessibility.

Figure 3b - Importance/Performance Relationships
Organisation C (Information Services)



CONCLUSION

What emerges from these data is that customers use different language to consultants and researchers, that they categorise service attributes differently and there is some evidence to suggest that they respond differently to the same issues when different research methods are used. Values are often expressed differently even within the same organisation, which is not surprising because the service experience is a very personal one and language varies across levels within organisations, organisational cultures, and geographical areas. Therefore, although the use of a standard service quality instrument (such as SERVQUAL) has a seductive appeal due to its ease of administration and facilitation of comparison across and within industries, if the purpose of measurement is to provide guidance for change processes, and to ensure that funds spent on quality will be directed for maximum impact, then a generic measure may be contraindicated. The data across a number of the client organisations on a range of factors can be consolidated to overcome this if it is of concern, however.

Criticisms may be levelled due to the use of small scale quantitative data, especially in terms of reliability, but if the sample size represents major customers or major potential customers, this may not be as relevant a concern.

The CVW concept creates an atmosphere of collaboration and honesty which is difficult to achieve in a mail survey because there is no way in which the researcher can control the conditions under which the questionnaire is answered. Customers do not really know who will see their responses nor how they will be used so a conservative approach might be expected from them, whereas in the method described, the process is completely transparent.

The customer value workshop is a lengthy process but ensures that insights into mindsets and the things of real value to customers are revealed. It has the potential to provide feedback to businesses faster than other forms of research such as the mail survey.

General terms such as reliability and responsiveness (from SERVQUAL) are avoided as much as possible, and when used, there is always behavioural information to support these descriptive words or statements.

This process overcomes many of the problems of existing market research techniques (eg imposed perceptual sets, bias in reporting, upward bias in direct measure ratings, time delays, lack of common understandings of terms used etc). It provides both qualitative and quantitative data and has the potential to allow for aggregation across focus groups if this is seen to be desirable.

Its focus is on value creation and responding to current as well as future needs of customer organisations. Important, too, is the fact this process acts as a very powerful impetus for change for organisations wishing to introduce customer-focussed change. This is primarily due to the availability of immediate direct feedback to customers and providers through the technology interface. Feedback from organisations which have used the CVW and customers involved has been unanimously positive.

The CVW is proposed as a preferred method of business-to-business market research when understanding of value attributes and performance assessments are of key concern, and when organisations have made the decision to re-engineer their operations such that they become customer driven or customer focused.

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