



Some 90% of car owners claim to be satisfied, according to a survey by a major accounting firm, yet car buyers defect by the millions each year. Only 40% buy their next car from the manufacturer that "satisfied" them the last time.

What's going on?

The problem is that customer satisfaction is not a true measure of the connection a company makes with customers, even though thousands of companies rely on those "How are we doing?" surveys. Customers often express satisfaction if a company meets their expectations—but they may simply have low expectations. After years of eating mysterious gray food on virtually every airline, few customers expect anything better.

Companies need to turn the question inside out. Instead of asking how we did, companies need to ask what you, the customer, want. That means understanding what we call customer sacrifice: the gap between what a customer settles for and what he wants exactly.

The senior vice president of a large grocery chain was astonished when Peapod, the home delivery service that shops for consumers, began providing information on how successful it was at finding exactly what each customer requested. The executive said: "In the grocery business, we always looked at satisfaction levels. We'd be at 96% and think, 'That's cool. That means our stores have 96% of the stuff that a customer is looking to buy.' It actually does not mean that."

"We got a clue when we compared our records to Peapod's. Really we had more like 70% of what customers requested. That information startled the hell out of everybody."

We help companies understand sacrifice by asking questions based on 55 dimensions we've identified thus far. We put the answers on Post-it notes and then group them on a wall to form a map, a sort of United States of Sacrifice. To be honest, the maps are more like medieval maps than anything from Rand McNally. But simply naming the sacrifices and arranging them in relationship to one another can make explicit important problems that a company never finds in satisfaction data.

For example, work we did at a major retailer found more than 80 areas of sacrifice. Understanding these sacrifices led to finding ways to let the customer know the best time to shop—based on promotions, based on how crowded the store is at a particular time, or even based on when the customer's friends are expecting to be there. In addition, the retailer can provide on-site pagers to help customers stay in touch with each other.

The 55 dimensions used in such efforts fall into 14 categories. Some (there isn't room to share them all) involve journalistic questions—who sacrifices something, what is sacrificed, where, when, why, and how. Some questions focus on process flows. For instance, sacrifice can stem from: physical movement (such as for finished goods delivery); financial dealings (such as for monetary transactions); and informational exchanges (such as for sales pitches and contracts).

Some questions stem from less obvious dimensions, such as what we call social and personal flows. These include the sacrifice of time that occurs when someone is standing in the queue for a bank teller or supermarket checkout clerk. (A number of banks have put news tickers on the walls behind service windows, and hotels are putting TVs in elevators, as a first step in reducing this sacrifice. Equipping each person with one-to-one media would go even further—much like the on-premise pagers that some restaurants now use to notify waiting parties without introducing sacrifice to all parties in the form of broadcast noise.)

Or consider the following four dimensions and how each may be found in your business:

■ **EITHER/OR SACRIFICE.** Where are customers forced to make unnecessary tradeoffs based on old expectations?

For instance, does a car manufacturer make customers think they can't have a car with leather seats and without power windows? In fact, the ability for a customer to collaborate on the design of a product—and avoid either/or sacrifices—exists today with such mass-customized items as eyewear, jeans, windows, and even trucks.

■ **FORM-OF SACRIFICE.** Where does a customer sacrifice because of the form of something, even if he's satisfied with its function?

Many customers do not want the dealer's license-plate frame on their cars. This may be just a small irritation, but if a driver is willing to pay a premium to the DMV to personalize his plates, might he not also appreciate a dealership that would do the same with his license-plate frame?

CompuServe assigned nine-digit e-mail addresses to customers, thinking that function was all that mattered. Then AOL showed that customers much preferred being able to pick a personalized name. Because CompuServe never did figure out what customers wanted—across all sorts of dimensions—it was recently sold for a fraction of the price it could have commanded a year or two ago.

■ **REPEAT-OF SACRIFICE.** Where is there sacrifice because a customer must endure repetitive tasks?

Does anyone truly want to take a car into the dealer for servicing? Some companies, like Lexus, have reinvented the process by picking up and dropping off vehicles, making the activity almost transparent. Every automaker should look to eliminate the sacrifice of repeatedly filling out the same information, standing in the same lines, and losing personal time. So, too, should airlines, hotels, and other enterprises that put customers through the same set of questions and gyrations, regardless of whether it is a customer's first or 15th interaction.

■ **SORT-THROUGH SACRIFICE.** Where must customers sort through numerous options to find precisely what they want?

Husband and wife sacrifice when they must go through myriad adjustments to restore the driver seat, mirror, radio station, etc. after the other has used the car. Fortunately, adaptive devices have been introduced to let each driver preset selections. Likewise, car radios and climate controls can be preset to find a specific station or temperature

more readily. In the services arena, this is the type of sacrifice that Peapod eliminates because on-line customers no longer have to sort through 30,000-plus items to get exactly what they want.

The root cause of customer sacrifice is designing for the average rather than trying to understand the individual customer, whether that is a consumer or a business. There is no longer any reason customers should settle for standardized goods and services when companies can efficiently deliver, through mass customization principles, only and exactly what each desires.

If you think this too costly, you are mistaken. Businesses learned from the Total Quality Management and related Continuous Improvement movements that it actually costs less to satisfy customers by doing things right the first time. Eliminating customer sacrifice reduces costs further by eliminating the economic waste of not doing exactly what an individual customer desires. Companies have also learned that it's many times more profitable to sell to an existing customer than it is to find a new one. So, if understanding the customer better and designing better goods and services will increase customer loyalty, the benefits to revenue and margins can be enormous. Isn't that exactly what you want?

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