

# Attitudes and behaviour

## Understanding customers' judgements

A fundamental element in many organisations' failure to manage customer satisfaction effectively is their inability to distinguish adequately between customers' attitudes and behaviour. To maximise revenues from customers you have to understand and manage both extremely well, but they're totally different concepts requiring different information, decision making and approaches. Since the organisational benefits of customer satisfaction derive from the ways customers behave we will examine that concept first.

## Customer behaviour

Customers can behave in ways that are good for organisations or bad for them. There are many desirable behaviours that companies want customers to display. They want customers to stay with them for a long time, they want them to spend lots of money – perhaps by buying more often, buying a wider range of products or services from the supplier or by becoming less price sensitive. They want customers to recommend them to other people, to make constructive suggestions for service or business improvement and to fit in with the company's normal operating procedures. They don't want them to be promiscuous, constantly flitting between competitors in search of a better deal. They don't want them to increase the organisation's costs through not understanding or accepting the normal operating procedures or through making and escalating complaints. Harvard's succinct summary refers to the 3Rs of customer loyalty:

*Retention,  
Related sales and  
Referrals.*

The challenge is getting customers to behave in those ways. In recent years many organisations have developed the misguided notion that they can somehow use software or other tools to 'manage the customer relationship'. Even assuming your customers do want a relationship with you (unlikely if you're a utility, a local authority or an insurance company for example), why would they abdicate its management to the supplier? Only if human behaviour is determined by the most basic of Pavlovian instincts would this be credible. On the contrary, the vast majority of customer-supplier relationships are driven by rational customers who make judgements about the benefits to them of deploying the various behaviours outlined in the preceding paragraph. Suppliers aren't in the driving seat. They have to respond to customers not manage them. If they concentrate on fully understanding customers' requirements, follow the customers' agenda and succeed in meeting or exceeding customers' requirements, most customers will judge that they have more to gain than to lose by sticking with the supplier and the desirable behaviours will follow. But how do they form those judgements?

## Customer attitudes

Customers' behaviours are based on their attitudes. Text books use words like 'beliefs', 'values' and 'attitudes' but these are unnecessarily complex semantics for our purposes. The bottom line is that customers' judgements about how to behave with organisations are based on what they think about them and these attitudes are based mainly on their direct experience with the organisation – 'the deliveries were often late from that company in the past so there's a strong possibility they won't meet their delivery promise if I order again'. Secondly they're based on what other people say – 'my colleague at the trade association told me how their production schedules were disrupted by a late delivery from company X'. Thirdly, but only thirdly, they can be affected by what the supplier says – 'the latest newsletter from company X suggests that their 'delivered on time' stats have gone up a lot, and customer satisfaction's improved too'. In competitive markets very few perform badly enough to dissatisfy a significant proportion of their customer base over a long period of time. They'd be dead if they did. That may be progress compared with a couple of decades ago, but customers' expectations have also risen since then. In most markets suppliers need to do much more than not dissatisfy customers if they want to maximise the benefits of customer satisfaction. The zone of indifference just isn't good enough.

Why would customers in the zone of indifference stay with a supplier other than through inertia? Why would they buy an additional product or service or recommend the business. They wouldn't. These days most people think they can do better than 'OK', 'average' or 'good enough'. To keep customers, suppliers have to deliver such great results that rational customers will conclude that it would be difficult to do better elsewhere. After that you can start to form emotional bonds with loyal customers that stop them even looking elsewhere. But most organisations don't have an adequate understanding of how customers make these judgements. This book is designed to address that problem.

Fundamentally there are two key aspects of 'understanding customers' that organisations need to master:

- 1) *How customers minds work*
- 2) *How customers judge the organisation.*

It is probable that for many organisations these two aspects of 'understanding customers' will make more difference to their success than anything else since they will form the basis for most business decisions.