

# Apples to Apples: Standardizing customer satisfaction surveys

BY KELLY SMITH AND DAVID TRECHTER



Successful businesses understand their customers' needs and wants. This statement is so important as to warrant repetition: Successful businesses understand their customers' needs and wants.

The economist Albert Hirschman contends that businesses find out when they are no longer meeting their customers' expectations in one of two ways: "exit" or "voice."<sup>1</sup> Hirschman uses exit to describe unhappy customers who vote with their feet and take their business elsewhere. This is, by far, the most common way customers demonstrate their unhappiness. The other is voice, which is when the unhappy patron lets you have it right between the eyes with a litany of your store's shortcomings. While voice is generally a much less pleasant experience, it is also much more valuable. The customer is telling you precisely, and sometimes in colorful language, what you need to improve. With exit, you are left guessing at changes that are needed.

For the customer, exit is easy (which is why it is common), while voice is hard (which is why it isn't common). Hirschman argues that loyalty is what determines if a customer is going to use exit or voice when things start to slip. If customers are loyal and feel connected to a business, they are more likely to go to the trouble of telling you what they are unhappy about.

Cooperatives have unique advantages with respect to gathering voice from their customers. Typically, they are governed by a board of directors composed of co-op customers. The board is empowered to act as the voice for members. Because members are generally required to financially invest in the co-op, they have a stake in it,

which increases loyalty. For these reasons and others, co-op customers are more likely to use the voice option before they use the exit option.

Customer satisfaction research should be viewed as an extension of the voice that food co-ops get on a regular basis from their loyal customers. Voice, as noted, is much preferred to exit. However, voice is idiosyncratic and truly does depend upon the existence of loyalty. It is improbable that all of your customers have a sufficiently high level of loyalty to your cooperative that they will opt to tell you of their concerns rather than taking their business to your competitors. In short, voice is extremely valuable but may not be representative of the opinions of your customer base as a whole.

A customer satisfaction survey is a systematic means of better understanding your customers. Such a survey allows you to take the pulse of what may be a silent majority. It may validate the voices you are hearing in the store. ("Yes, you do have the best produce in town," or "Yes, your staff is not as attentive to the needs of your customers as they should be.") Alternatively, you may find that the ones complaining about prices or store hours are a small minority of your customer base. If done correctly, this type of research can provide an accurate and statistically valid snapshot of how your customers, as a whole, view your cooperative.

Unfortunately, there are as many versions of customer satisfaction surveys among co-ops as there are co-ops. That's why NCGA contracted with Cooperative Development Services (CDS) and the Survey Research Center (SRC) at the University of Wisconsin-River Falls to develop a

standardized co-op member/shopper customer satisfaction survey. The standardized survey would serve two critically important functions:

- Provide member co-ops with data that would help them better understand their customers and inform their co-op's strategic decisions.
- Develop a national database of customer opinions about food co-ops that would benefit the sector as a whole by improving understanding of consumer opinions nationwide, and by allowing the development of benchmarks or norms to which individual co-op results can be compared.

The resulting survey, which was made available to NCGA members in July 2008, includes four modules: shopping patterns, satisfaction, personal characteristics and communication. The survey process included soliciting and reviewing 55 prior surveys from 30 NCGA members of all sizes and regions; developing a questionnaire based on those surveys, drawing on the experience of NCGA, CDS, and SRC; and including feedback from NCGA's Advising Branding for Co-ops Committee.

Although member use of the survey is voluntary, a large number of co-ops have already expressed interest in using it. We are excited to have this new tool, which will afford us a national view on our co-op shoppers, and we look forward to sharing results in future issues of *Cooperative Grocer*. Stay tuned! ■

1. Albert O. Hirschman, *Exit, Voice, and Loyalty: Responses to Decline in Firms, Organizations, and States*, Harvard University Press, 1970.

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