

# **CHAPTER 1**

## **INTRODUCTION**

### **1.1 The Research Background of Customer Satisfaction Measurement**

In 1989, Prof. Fornell of Quality Research Center of the Business School of Michigan University, summarized theoretical research findings and then put forward a logic model of econometrics, i.e., Fornell logical model, based on various factors such as customer expectation, post-purchase perception, purchase price and so on. This model combines the mathematical calculation method of customer satisfaction with customer's psychological perception of purchasing goods or services. The result obtained, using this model, the partial differentiation and the least square, is the Customer Satisfaction Index (CSI). By far, Prof. Fornell's research finding is the most mature customer satisfaction index theory and has been applied widely.

The internal and external environment for companies' survival and development, customers' consuming habits, the update of products and companies' business strategies changed a lot. In this context, the concept of customer satisfaction formed.

Customer satisfaction has a direct impact on the primary source of future revenue streams for most companies (Fornell 1992). Customer satisfaction is believed to lead to profitability. The impact of customer satisfaction for repeat business and customer loyalty is not the same for all industries. Loyal customers are not necessarily satisfied customers, but satisfied customers tend to be loyal customers.

With the market competition increasing, the enterprises focus more on customers than products and the nations pay more concerns on the quality of output than efficiency index of such economic resources as GDP, etc. The customer's satisfaction is just the right index to measure the quality of output from the perspective of customers. The model of customer's satisfaction develops gradually from the original model of GAP to the Structure Equation Model (SEM), which has been widely applied in Sweden, America, Europe, etc. The customer's satisfaction has

become the leading indicative index in economic development, which has a remarkable prediction on such indexes of economic effect as the stock market price and Market Value Added (Liang 2007). The focus of customer satisfaction is the customer and the core is satisfaction. The main method is to improve product and service quality as well as meet and exceed customer needs and expectations through customer satisfaction index measurement; the ultimate goal is to win the market and make profits.

## **1.2 Research Objectives and Significance**

Judging from the experience and effect of economic entities, carrying out customer satisfaction index measurement is of great significance for the improvement of national and regional economic operation quality, product quality, business performance and national life quality.

Since the number of customers of some companies is small and the structure of customers is single, the degree of customer satisfaction can be accurately judged based on customers' comments and their visits. Thus, there is no need for those companies to conduct professional customer satisfaction survey. However, some companies have more complex products, more customers, and more information. Under such circumstances, it is necessary to implement a more standardized customer satisfaction survey. Therefore, for companies, a scientific customer satisfaction survey can help accurately and fully understand expectations and needs, or potential needs of customers and the market. This help companies find room for improvement, so it is conducive to the adjustment of the companies' business strategies, to the improvement of employees' quality, to the continuous improvement and innovation of product quality as well as to the promotion of companies' competitiveness in the market.

## **1.3 Research Methods**

In this paper, the following research methods are adopted.

Literature review. With the help of literatures from the library and the Internet and combined with companies' practice, this paper reviews the relevant

researches on customer satisfaction measurement, seeking out the theoretical findings that are helpful to this research.

Combination of qualitative and quantitative methods. This paper adopts both qualitative and quantitative methods for identification, evaluation and current situation analysis, providing quantification support for the research in this paper.

Graphical method. A large number of figures and tables are inserted in this paper, playing a guiding or facilitating role in text description.

Survey method. Market survey was conducted to obtain first-hand data of BH company's customer satisfaction.

#### **1.4 Thesis Framework and Main Content**

This article mainly includes seven chapters: introduction, literature review, customer satisfaction evaluation of BH company, evaluation scheme of customer satisfaction, customer satisfaction evaluation in BH company, the improvement, conclusion and prospect of BH company after evaluation.

The main contents of the first chapter are the background, purpose, meaning, method, framework, etc. of the dissertation.

Chapter 2 the main contents of literature review are: US, Europe, Chinese customer satisfaction research theory, company scope customer satisfaction research status, customer satisfaction survey method.

Chapter 3 The main content of customer satisfaction evaluation in BH is: current status, current status of the industry, and the status of customer satisfaction evaluation in the company.

Chapter 4 The main contents of the customer satisfaction evaluation scheme of BH are: questionnaire design, investigation plan determination.

Chapter 5 The main contents of customer satisfaction evaluation and analysis are: structural variables analysis, variable relationship analysis, customer complaint analysis, customer opinion analysis.

Chapter 6 The main content of the improvement of BH management

improvement is the improvement measures, the improvement effect.

Chapter 7 summarizes and looks forward the main contents of: research achievements, insufficiency and prospect.