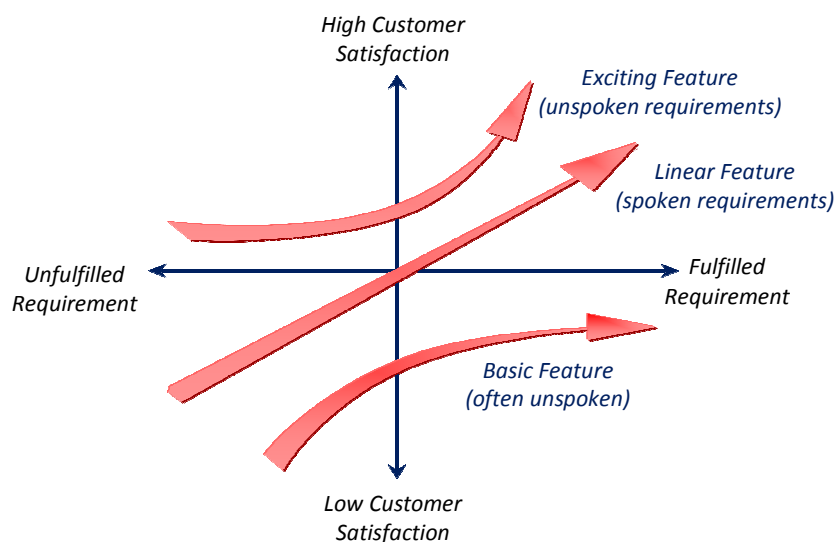


Establishing the Customers' True Priorities

Instinctive Choice Modelling™ tools are ideal in situations where there is high competition and low product differentiation (e.g. financial services, travel and hospitality, manufactured goods). Tools include; Kano Analysis (identifying the consumers 'true' priorities), Quality Function Deployment (mapping functional requirements to design features) and Kansei Engineering (incorporating non-functional emotional requirements into product and service design).

Kano Analysis

In the 1980's Professor Noriaki Kano developed a model relating customer satisfaction to product features. Professor Kano divided features into three broad classes (basic, linear and exciting) depending on how much customer satisfaction each factor would evoke when present and the level of dissatisfaction experienced if missing or performed badly.



Kano model of customer satisfaction

1. Basic Features (also known as 'must-haves')

These represent the minimum level of the product/service in terms of functionality and quality. If the basic level is not reached the consumer won't consider the product or service as a viable option. Making improvements to these features brings satisfaction up to the neutral level. To put this in context consider a hotel. At the very basic level customers expect the hotel to be clean – if it's dirty it will lose custom, but hotels don't generally receive high praise for being clean and hygienic, it's expected.

2. Linear Features (also referred to as 'one-dimensional')

This category contains the features and quality attributes which the customer desires but which are not necessarily present in all competing products or services (they may be very specific to a target market). Improvements in these areas have a direct and proportional impact on satisfaction. In a restaurant setting, linear features may be the quality of the service and the decor. Improvements can directly increase customer satisfaction thereby winning the hotel new and repeat business, industry recognition or awards. Likewise a drop in performance will negatively impact satisfaction.

3. Exciting Features (also known as 'attractive' features)

Exciter features are memorable, pleasurable and often unexpected e.g. a complementary bottle of wine in the room, a toy for a child staying at the hotel. This type of feature provides 'wow' factor and can have a big impact on customer loyalty. Potential excitors can be difficult to identify as the customer often doesn't know that they want them until they have them.

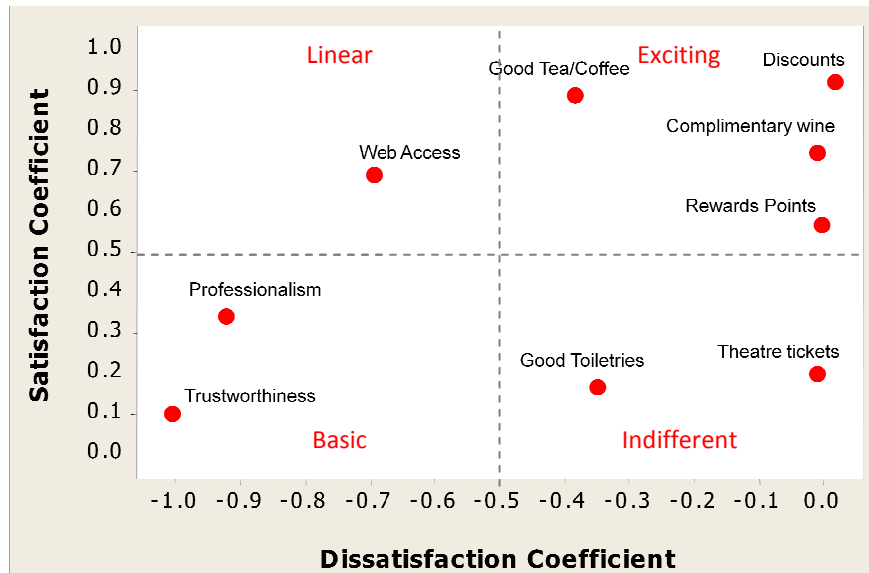


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The big benefit of Kano analysis is that it establishes customers 'true' priorities in the face of many choices. A traditional survey presents the customer with a range of options and asks the customer to make a judgement on their importance; this is difficult and often results in the customer attaching almost equal importance to all the features they consider to be desirable. Kano analysis short-circuits this tendency and establishes which features actually matter, and how much they matter in relation to others. This information can be used to effectively target resources; it is possible to save time and money whilst simultaneously increasing customer satisfaction.

Suppose you are an hotelier, you have some ideas about the issues affecting customer loyalty and want to see which have the biggest impact;

- Loyalty scheme offering substantial discount
- Complementary wine in the room
- Above standard toiletries in the room
- A rewards scheme in conjunction with other local businesses
- Above standard complimentary tea, coffee and biscuits
- Trustworthiness and Professionalism of staff
- Free tickets to a theatre show
- Web access in every room



Results of a Kano may show something like the following;

Trustworthiness and Professionalism are basics and must be addressed.

Web access is linear. The faster and more reliable the access, the more satisfied the customer will be.

Theatre Tickets would be an expensive waste. Customers would be indifferent to these.

Good tea and coffee, complimentary wine or a reward scheme could all have a high impact on satisfaction and loyalty.

Kano Satisfaction/Dissatisfaction Plot:- good tea and coffee would be a differentiator for the customer

As a general rule, features should be considered in the order B>L>E>I. For example, if a company discovers that there are a set of basic features missing from a product, resources should be allocated in implementing these first and foremost. Although it is tempting to allocate resources to the exciting features, failing on the basics will cost the business customers.

Missing or poorly performed linear features should be considered next; if a competitor performs better on these the customer is likely to choose the competing product. Once the basics and linear features have been addressed, resources can be allocated to the implementation of exciting features. Finally in the order are the features to which the customers surveyed were indifferent i.e. their presence has little to no effect on customer satisfaction. If resources allow it may be worth considering whether a little alteration will turn these into exciter features.

Features often move through the categories over time. What begins life as an exciter feature will eventually become a linear feature as customers become accustomed to their presence or level of performance. Many linear features eventually become basics as new features or levels of quality are established. Companies need to re-visit their customers' priorities on a regular basis to keep ahead of the competition.