Product Offerings Testing through Customer Satisfaction

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Consumer satisfaction is imperative to a successful business, the reason for the choice of topic for this paper being explained thereby. Market changes have resulted in consumer’s enormous growth of power, which was recognized by many companies who adapted their business to meeting those expectations. Adaptation, however, also resulted in the need for constant measuring and evaluation. According to the above-mentioned, this paper measures consumer satisfaction with the product offer of the drugstore chain X. The survey results have shown that X’s offer has not completely come up to the expectations of a smaller number of interviewees. In relation to the measuring ranks of consumer satisfaction defined, the greatest number of consumers has turned out to be satisfied with the product offer, whereas the percentage of those who find it excellent is smaller than the percentage of those who assess it as average.

Key words: consumer, consumer satisfaction, needs and wishes, measuring, research

Introduction

Customer satisfaction is a very relevant problem from the perspective of sustainable business companies in modern market conditions, i.e. the conditions of the new economy. In broader terms, it is increasingly difficult to survive in the market today and that is why a growing number of companies are constantly fighting for the favour of customers and their satisfaction, and thereby knowledge represents a key resource. The former market was the market of the manufacturer or provider. In other words, they dictated the terms and practiced mass production, which meant the same products and other requirements for all markets. The reason for that was certainly the fact that the demand in those times was greater than the supply.
Today, the situation is quite different. The emergence of new technologies has brought many changes, more and more new products appeared over time, the supply surpassed the demand and therefore, we no longer talk about the market of the manufacturer, but rather of the customer market, where customers have great power. In addition, we are no longer talking about mass production, but rather about differentiated manufacturing, and all in the terms of ensuring customer satisfaction and to, in the end, retain the customer itself. Still, there are companies that still have not recognized that moment and for that reason; they are often faced with very significant problems that gradually lead them into bankruptcy.

Customer satisfaction is viewed as the difference between the expectations that customers have of the product and the customer's experience after purchasing and costuming the product. Realization of customer satisfaction is imperative for today's companies that want to do business successfully. That involves knowledge about customers and their needs and desires, to satisfy them adequately (Radman, Kovačić, and Kolega 2002). It is important to note that the customer needs and desires change over time and it is not enough to assume that our customers are satisfied, but instead, we really have to constantly monitor and investigate. Precisely in the fact mentioned, the fundamental premise of this research reflects. Customer satisfaction is the general impression a customer of the supplier of its products and services offered by supplier (Anderson, Fornell, and Lehmann 1994; Barsky 1995; Kesić 2006; Oliver 2010; Peluso 2011). Operations management and marketing have played important roles in contributing towards an ongoing corporate objective of delivering enhanced customer satisfaction (Walters 2014). We can describe procedures of customer satisfaction in five steps (Nowacki n. d.):

1. Understanding the expectations of consumers.
2. Promises to consumers.
3. Implementation.
4. Dialogue with customers.
5. Customer satisfaction survey.

One of the businesses that places the customer and their satisfaction in the centre of its business, and, at the same time, recognizes the importance of innovation, is drugstore X. Drugstore X, along with three other drug stores, accounts for the majority of drug market in the country. On the official website of drugstore X is specifically stated that precisely the customer satisfaction is in the focus of all business activities. However, it is not enough to merely define the
mission and vision in line with the above, but it is necessary to know how to successfully implement it. Therefore, the problem of this research had, as the main goal, to identify whether and to what extent drugstore X achieves what it has set itself as the foundation of its business, i.e. whether drugstore X actually achieves and maintains the satisfaction of its customers, by understanding their needs and desires. Therefore, the aim of this study was give an answer to the main research question, and to approve or reject the proposed hypotheses. In addition, the aim was to identify the direction in which this company should move in the future in terms of innovation, i.e. upgrading of existing and creation of new products.

The purpose of the research involved the identification of possible new insights and previously unknown measures, to boost customer satisfaction with product offerings. Since it is clear that the struggle for survival in the market grows stronger, one such research is of great significance, and the research results can have their applicability in three directions. Since the customer satisfaction of specific company is measured, drugstore X, the results of this study may have its applicability to the business of drugstore X itself. Through this study, it was possible to identify various positive and negative elements of customer satisfaction of drugstore X, based on which drugstore X can perceive in what kinds of things it eventually leads, and in which it may be mistaken. Furthermore, in Croatia, three nearly identical companies, such as drugstore X, operates and therefore the results of this study may have applicability to the business, i.e. on achieving satisfaction of their customers. In addition, since we are talking about measurement of customer satisfaction by offering retail units products, the results of this research could be applied to all retail units that offer similar products as drug stores.

**Customer Satisfaction Research**

Customer satisfaction/consumer satisfaction research is actually a synonym for market research just as the modern understanding of marketing is actually the process of creating this satisfaction (Gutić, Bačelić, and Bačelić 2011; Vukasović 2012). It should also be borne in mind that this is a very complex concept, which is extremely difficult to investigate. On the other hand, some other sources of literature suggest that customer satisfaction research is actually an ‘upgrade’ to market research.

Vranesević (2000, 78) points out that a study of customer satisfaction can be viewed as:
• a strategic asset – to determine how to allocate resources in order to achieve competitive advantage,
• an operational tool – to determine how to improve business process in the company,
• a tool for public relations – to communicate on how the company focuses on quality and customer satisfaction,
• a means of motivation and leadership – to give strength and encouragement to the efforts of employees,
• a means of control (auditing) – for the evaluation of the company’s success with orientation features on customers, that ultimately determines its financial condition and market position.

Customer satisfaction research is a key factor in company cognition about whether, and to what extent, their customers are happy, but also a key factor in understanding customer dissatisfaction. In other words, it is possible to define the factors that influence the formation of customer satisfaction or dissatisfaction. In addition, through the customer satisfaction research, you can monitor the customer’s needs and desires, as well as changes that occur during time. That is why research should indeed be implemented, regularly. That way, the company can define business strategy in the future, especially when it comes to upgrading the existing and creation of new products or innovations. All of the above results from the fact that today’s businesses face major challenges due to the changes that occur constantly and they have a huge impact on customers (Oliver and De Sarbo 1988).

Market research and customer satisfaction research cannot be equated; however, they complement each other. Marić (2004) also noted that the two studies complement each other and together achieve a synergistic effect. Vranesević (2000, 77) points out that customer satisfaction research combines the best of what the market research contains as an idea, and that is:

• necessity of systematic observation,
• advantages of the continuous implementation (monitoring), thus measuring the attempts results to improve the business,
• supporting the top management for strategic management of the company by reassessment of the company’s most important resource – the customer.

Customer satisfaction research is a complex process consisting of several stages (table 1). Research phases of customer satisfaction, shown in table 1, are explained by Injac (1999) as follows:

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### Table 1  Research Stages of Customer Satisfaction

1. Making a plan of activities.
2. Familiarising with the customer.
3. Familiarising with the market.
4. Introduction of the measuring system.
5. Establishing contact with the customer.
6. Familiarising with the competition.
7. Statistics and analysis.
8. Implementation of corrective measures.

### Notes
Adapted from Injac (1999).

1. Creating a plan of activities related to customer satisfaction – including decision-making, the establishment of the project team, providing money, establishing deadline plan etc.
2. Familiarizing with the customer – including surveys, interviews, statistical data collection and analysis. The basis of good business depends on good knowledge of the customer, his needs, demands, problems and desires.
3. Familiarizing with the market – appliance of the most modern forms of benchmarking homogeneous, and then all other manufacturers in the market. It is very thought-form of analysis of what is best; in order to change what can be changed.
4. Familiarizing with the competition – after the techniques of Quality Function Deployment (QFD) and benchmarking are implemented, correct classification of all equally or related manufacturers according to a series of parameters, with a focus on customer satisfaction.
5. Establishment of contact with the customer – building manufacturer-user system, ranging from correspondence to the establishment of personal relationships, all with the aim of better understanding of customers, their purchasing power, demands, desires and satisfaction.
6. Introduction of the measuring system – existence of the customer satisfaction measurement system speaks of the high culture of the company and the exemplary achieved quality of products.
7. Statistics and analysis – concatenation to the measurement system for the assessment and evaluation of customer satisfaction.
8. Implementation of corrective measures – means that a complete system of ensuring customer satisfaction within a company, is al-
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ready formed, that should be maintained. Through established feedback connections possible deviations can be established, and necessary corrective measures can be implemented.

9. Active management of customer satisfaction – long-term planning and management of an established system. This is not referred to manipulation of the customer, his demands and desires, but on the long-term policy of creating a genuine partnership and shared goals.

REASONS FOR MEASURING CUSTOMER SATISFACTION AND THE RESULTS OF PREVIOUS MEASUREMENTS

Many studies have shown that precisely the customers are the ones that affect market the most, and therefore it is clear that no company should ignore that fact, if it wants to survive in the same market. In the paper ‘Customer satisfaction – how to measure it?’ (Kos, Trstenjak, and Kralj, 2011) the reasons, based on which we approach to measuring satisfaction, are defined, and they are:

- customer retention (loyalty bond),
- crystallization of the business areas that needs improvement,
- customer reactions in introducing new products to the market,
- measurement of customer satisfaction level,
- product quality maintenance that impose regulations.

Through the work, the importance of retaining existing customers has already been highlighted, where it is evident that retaining existing customers requires indeed lower costs, than those that imply attracting entirely new customers. In addition, efforts of retaining existing customers may result in loyalty, which, of course, should be the goal of every company. If a certain failure happens, it is reacted to on time because its existence is investigation-established; there is a great possibility that with such reaction the company, from only a satisfied customer, gets a loyal customer. By measuring customer satisfaction, it is also possible to identify the areas that need improvement. That is why those companies, that do not conduct such measurements, remain deprived of crucial important details, responds to the problems too late or does not respond at all, and the consequences are, therefore, often devastating. The introduction of new products to the market, in the opinion of companies that comply with the customer’s requirements, can still cause dissatisfaction of customers. Then, the measurement is required to determine whether there is a need for further improvements or even possible withdrawal of these products. Measuring customer satisfaction level is
particularly important, because the goal of every company should be to achieve that uppermost level of customer enthusiasm. By measuring, the company can determine whether it, from that point of view, moves in the right direction, or whether, over time, improves the satisfaction of its customers or whether it manages to keep that customer satisfaction. In the article, ‘Customer satisfaction – an important indicator of business performance’ (Sušić, Meleš, and Čizmić 1999) states that the measurement of customer satisfaction arises as a logical advancement of the quality assurance system, compliant with international standards of ISO 9000 series, where the new ISO 9000:2000 standard, in section 8.2.1, sets a clear demand: ‘The organization must establish control over the measurement of satisfaction and/or dissatisfaction of the customer.’ To date, there have been many such researches/measurements of customer satisfaction that brought companies very significant information. In the article ‘Product quality in line with the concept of marketing’ (Motik and Kusa 1997) states that, for example, previous researches of customer satisfaction found that only four out of every hundred customers complains directly to the manufacturer, each unhappy customer will tell about his bad experience to the other ten customers, and only ten dissatisfied customers, out of 100, will continue to buy the products of the same manufacturer. It also states that it takes five times longer time to win over new customers, than it is necessary to keep an existing one. Acting according to this information, many companies improved and maintained their successful business. However, the fact that change is constant, so rules that apply today will certainly not fully, or not at all, correspond to some future times. Precisely in this fact, reflects a fundamental need for research/measurement of customer satisfaction. As a result of customer satisfaction measurement, a number of indicators of customer satisfaction have developed. One of them, certainly the most famous, is the American customer satisfaction index, which has been found by the American Society for Quality, University for Michigan Business School and the Arthur Andersen company.

Sušić, Meleš, and Čizmić (1999) explained how the American customer satisfaction index helps customers to identify and understand what promotes satisfaction and customer loyalty, and also their relationship to the final financial result. By measuring customer satisfaction it is possible to identify, along with already existing, some new measures to improve the level of customer satisfaction. Anderson, Fornell, and Lehmann (1994) explain how a high degree of customer satisfaction should be an indication of loyalty increase of existing

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customers, reduced ‘elasticity’ of prices, insulation of current customers from competitive efforts, lower costs of future transactions, reduced costs of failure, lower costs of attracting new customers and enhanced corporate reputation. Thus, by measuring customer satisfaction it is possible to achieve numerous benefits for the company, which represents the key to survival and successful business (Sadeghi and Farokhian 2011).

**Measuring Customer Satisfaction through Product Offerings of Drugstore X**

**Structure of the Sample**

The target population of this research involved the female population of Croatian territory, but only those women who, up to the time of conducting the research, bought some of the products from product offerings of drugstore X, at least once. This moment is important because customer satisfaction includes all those factors formed during the purchase, and after. From a defined target group a sample is separated, i.e. smaller group of women, the current customers of product offerings of drugstore X. When selecting units in a sample, evident feature was taken into account – exclusively females. In addition, orientation was only for the women who come, or are currently, in the counties where drugstore X has their retail outlets for a long time, assuming that, for these persons, there was greater possibility that they, at least once, bought some of the products from product offerings of drugstore X. Defined pattern implied a deliberate pattern. Since the formation of the sample took into account evident feature – gender, the most appropriate deliberate pattern, according to literature, was a quota sample. In determining the representation of each subgroup that makes the pattern, authors were guided by the total number of women of selected counties, from which the percentages of women by each county relative to the total number are calculated. On this basis, the conclusion about what county should contain the most respondents, which one the least, and so on. The resulting percentages were further checked with a number of stores per county, assuming – the more stores, higher the probability for a large number of current customers. The study included 57 stores of drugstore X, and the location from which the units in the sample were selected, was webpage of drugstore X, on the social network Facebook. By the start of the study, the activities on the site were actively monitored, and every time when a person with pre-defined characteristics was observed, the same person was asked to participate in the study.
**Table 2** The Main Research Question and Specific Questions

<table>
<thead>
<tr>
<th>Main research question</th>
<th>Are customers satisfied by fulfilling their needs and desires through product offerings of drugstore X?</th>
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</thead>
</table>
| Specific research questions | Do the customers have confidence in in product offerings of drugstore X?  
According to customers experience, is a complete product offerings of drugstore X always available in all stores?  
According to customers preferences, does the product offerings of drugstore X offer a sufficiently wide range of different products from different manufacturers?  
Are customers satisfied by fulfilling their needs and desires through product offerings of drugstore X? |

**Research Methodology**

During the study of customer satisfaction with product offerings of drugstore X, quantitative method of data collection through questionnaire was used. The survey was conducted in writing, i.e. online by forwarding the link of the questionnaire to the selected subjects. The questionnaire was not taken from previous researches, but was formed independently. As a guideline during the formation of the questionnaire, a number of fundamental issues presented in table 2 were set.

Leading to the main research question, shown in table 2, the survey examined whether there is any difference between the initial customer expectations and their fulfilment, and if there is, how great of a difference. The questionnaire was conducted in the period from July 8, 2014 to July 24, 2014, i.e. until a sufficient number of respondents defined by a pattern were achieved.

**Research Results**

Only the most important results of the study are shown, the ones that provided an answer to the main and specific research questions, and that provided test results of pre-defined research hypotheses. Given that the questionnaire assembled by the model of the famous instrument for customer satisfaction measurement, gap analysis, one of the questions aimed to establish whether there is a gap or difference between the initial customer expectations and actual fulfilment or non-fulfilment of those expectations. In addition, the aim was to determine what is the size of a gap, if one exists.

Based on the data shown in the figure 1, it is clear that the gap, i.e. the difference between the initial customer expectations and actual satisfying of these expectations, actually exists. Thus, we got an answer to the main research question, which is 'Are customers
happy by fulfilling their needs and desires through product offerings of drugstore X?’ Accordingly, the percentage of customers satisfied with the fulfilment of their needs and desires through product offerings of drugstore X is evidently predominant. However, in regards to the identified gap, the smaller percentage of customers still is not satisfied with the fulfilment of their needs and desires through product offerings of drugstore X.

Next question from the questionnaire was aimed to determine whether customers have confidence in the product offerings quality of drugstore X, and thus test the first research hypothesis. According to the data shown in figure 2, we see that more than 90% of respondents have confidence in the product offerings quality of drugstore X. In other words, the percentage of respondents who have confidence in the product offerings quality of drugstore X exceeds 60%, and from this, it further follows:

H1 First research hypothesis, which states: ‘More than 60% of customers have confidence in the product offerings quality of drugstore X’ is confirmed.

Another one of the questions from the questionnaire was related to quality. The goal of this question was to collect data about the extent to which goes the trust and/or distrust of the customers in the product offerings quality of drugstore X, and to identify the average ratings of product offerings quality of drugstore X. As a measure, scale from 1 to 5 was used: 1 – poor, 2 – satisfactory, 3 – good, 4 – very good, 5 – excellent.

According to the data shown in figure 3, we see that almost half of respondents rated product offerings quality of drugstore X with 4 – very well. Taking into account the previously collected data on the evaluation of the product offerings quality of drugstore X, in table 3 the corresponding mean values were calculated. For the calculation, Microsoft Excel program was used.
Product Offerings Testing through Customer Satisfaction

According to the calculations in table 3, we see that the average rating of the product offerings quality of drugstore X, according to customers’ evaluations, is 3.97. The most common rating of the product offerings quality of drugstore X is 4 – very good. Also, it can be seen, from the table 3, that 50% of the collected ratings of the product offerings quality of drugstore X, is greater than or equal to 4, i.e. 50% of the ratings is less than or equal to 4.

In order to test the second research hypothesis, one of the questions from the questionnaire should have examined whether customers are satisfied with the wide range of products and manufacturers, that make up the overall product offerings of drugstore X. According to data from figure 4, it is evident that the existing product offerings of drugstore X, satisfies slightly above 90% of respondents. Therefore, according to customer preferences, percentage of respondents satisfied with the wide range of products from the products offerings of the drugstore X, is significantly prevalent and thereby exceeds 50%. Hence follows:

H2 Second research hypothesis, which states: ‘According to the preferences of more than 50% of customers, product offerings of drugstore X does not offer a wide enough range of different products from different manufacturers,’ is rejected.

<table>
<thead>
<tr>
<th>Mean values</th>
<th>The amount of mean value</th>
</tr>
</thead>
<tbody>
<tr>
<td>The arithmetic mean (average value)</td>
<td>3.97</td>
</tr>
<tr>
<td>Mode (most common value)</td>
<td>4</td>
</tr>
<tr>
<td>The median (central value)</td>
<td>4</td>
</tr>
</tbody>
</table>
The third research hypothesis was tested, through the question from the questionnaire that aimed to examine the availability of all products from the product offerings of drugstore X at retail outlets. As a measure, four self-defined levels of product availability were used:

- always available all products,
- rarely unavailable individual products,
- often unavailable individual products,
- always unavailable individual products.

The data shown in table 4 shows that slightly less than 60% of respondents believe that all products from the product offerings of drugstore X are rarely, often or always unavailable at retail outlets. As a percentage of the same does not exceed a percentage of 60%, follows:

\[ h_3 \]  Third research hypothesis, which states: ‘In the experience of more than 60% of customers, a complete range of product offerings of drugstore X, in retail outlets, is not always available’ is rejected.

Within the questionnaire there was also a question whose aim was to identify any suggestions of respondents, when it comes to product offerings of drugstore X, so the measures to overcome the possible gap (whose existence was confirmed through research), and measures for further improvements, could that way be defined. Answers collected by the questionnaire are summarized by the key suggestions of the respondents of all counties together, although based on the research results, answers can be viewed separately for each county.

Suggestions are related to the introduction of aspects of rewarding customers, by giving away the test product packaging to customers. There are also suggestions for the introduction of existing products of certain manufacturers, that are part of the product offerings of drugstore X, and not just the individual products. Suggestions are

<table>
<thead>
<tr>
<th>Availability</th>
<th>Percentage</th>
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<tbody>
<tr>
<td>Always available all products</td>
<td>40.4</td>
</tr>
<tr>
<td>Rarely unavailable individual products</td>
<td>44.8</td>
</tr>
<tr>
<td>Often unavailable individual products</td>
<td>13.6</td>
</tr>
<tr>
<td>Always unavailable individual products</td>
<td>1.2</td>
</tr>
</tbody>
</table>
also related to the expansion of existing product offerings, modelled on competitive companies, with the introduction of a large number of test packaging products to retail outlets (separate shelf with test packages), and to more often advertising of the products. Suggestions related to more frequent discounts on all products (especially baby products) were also noted, where some customers claim that those discounts are the best benefits of drugstore X.

Next are the suggestions of a better availability control of items, and suggestions for cooperation with indigenous manufacturers of natural cosmetics and introduction of the same in the existing range of product offerings. Suggestions also include an extension of the existing product brands that other drugstores do not offer (e.g. professional products); enhancing benefits related to baby products and the expansion of additional own brands. Also noted are: suggestions related to the expansion of the current offerings of decorative and preparative cosmetics to other brands, suggestions related to the reduction and adjustment of product prices to those competitive, and suggestions related to the introduction of company’s own brands, due to lack of knowledge about the existence of the same in the product offerings of drugstore X. Suggestions are also related to enlarging the range of healthy food products and teas. Then follow the suggestions related to the provision of larger amounts of products currently on discount, and introducing the possibility of signing up through the website and at retail outlets of drugstore X, in order to receive catalogs and leaflets relating to the products from product offerings of drugstore X, to a home address. Customers see the necessity of such opportunities because of the elderly and people who cannot view the product offerings via the internet, as they are not using it. The following suggestions refer to quality improvement of some of its own brands. A small portion of suggestions are related to the support of current product offerings of drugstore X, and benefits related to the same (rewarding, discounts).

The remaining suggestions, which have no direct connection with the product offerings of drugstore X, refer to the opening of even larger number of retail outlets, both in large and in small cities. Due to an insufficient number of retail outlets, customers report they often decide to, and getting used to, purchase competing products. Suggestions related to the benefits that a loyalty program offers (where respondents report that summing of discounts, achieved on the membership basis in a loyalty club and other discounts, and increasing loyalty points on the card, should be enabled), were also noted. It is also important to highlight suggestions related to the
stronger motivating and coaching of the staff, since respondents point out their frequent lack of information and lack of motivation to work. This moment is extremely important because precisely the employees are the ones who are in direct contact with customers, so their lack of interest may have extremely negative impact on company’s innovation.

**Conclusion**

Based on all this, we can conclude that drugstore X is a company that recognizes the importance of customer satisfaction; however, this is precisely one of the areas on which a lot more measures for improvement needs to be conducted. These measures should be carried out as soon as possible, so the previously identified gap would not advance even more and made problems that are more specific to the company. Based on the research results, it can be concluded that a large number of measures, that should be implemented, are firmly related to the product offerings of drugstore X. A need to expand the existing offer by introducing additional international brands, products of indigenous manufacturers, but also new own brands, was shown. What should particularly be worked on, is the quality of own brands, considering that the quality is very closely related to customer satisfaction and the profitability of the business itself. We should also work a bit on prices, products availability at retail outlets, implementing discounts and products reclamation area. In addition, studies have identified the indicators that point to the need for measures, relating to some other aspects of the business. It is primarily about the current number of drugstore X stores, and obviously, there are not enough of them. On the other hand, it is also about staffs that do not leave a positive impression on customers, due to the frequent lack of information and lack of motivation to work. It is also possible to conclude that some customers are saturated by the current offerings of drugstores. It is very important to notice this moment, because the number of such customers will sure grow over time. In this very fact reflects an opportunity for drugstore X. Customers want something new, something that no other drugstore cannot offer them. With this approach, it is possible to attract even the part of customers, who never shopped in drugstores. According to many studies, it is found that such customers on the Croatian market do exist, and precisely in that reflects still untapped potential. As we see, innovation is the key answer to the customer’s needs and desires, but also the key to winning the overall customer satisfaction, i.e. the key to success.
References


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