HUBUNGAN PELANGGAN

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2017

Marketing Management at Pandora

Technological advances have changed the way consumers purchase, listen to, and share music, and music-streaming services are in a virtual arms race for their loyalty. Internet radio company Pandora has staked a claim to be the market leader with its automated music discovery and recommendation service, which has helped attract more than 200 million registered users. Based on a listener's musical selection, Pandora recommends other musical selections. Listener feedback to those recommendations and more than 400 different musical attributes judged by professional music lovers are combined and analyzed to suggest future songs. Pandora launched its smart-phone app in 2008, making its service available "anywhere, anytime." Now Pandora faces steep competition from Spotify and other rivals, each of which has unique features that may drive customer preference and loyalty.1

Building Customer Value, Satisfaction, and Loyalty

With the rise of digital technologies, increasingly informed consumers expect companies to do more than connect with them, more than satisfy them, and even more than delight them

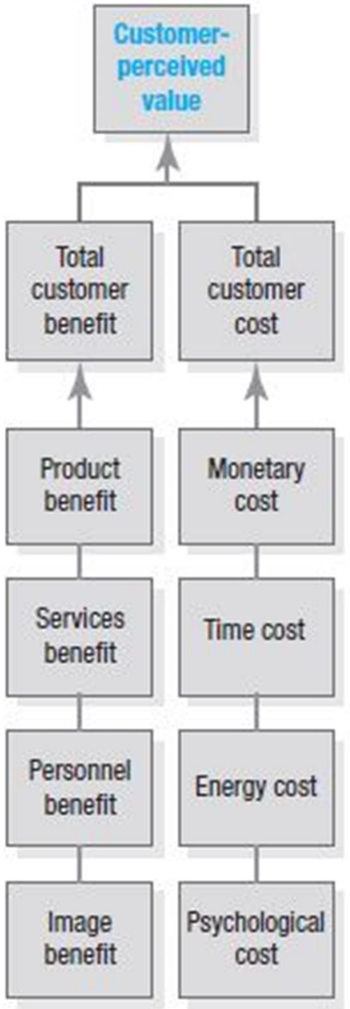
Customer-Perceived Value

Customer-perceived value (CPV) is the difference between the prospective customer's evaluation of all the benefits and costs of an offering and the perceived alternatives.

Total customer benefit is the perceived monetary value of the bundle of economic, functional, and psychological benefits customers expect from a given market offering because of the product, service, people, and image.

Total customer cost is the perceived bundle of costs customers expect to incur in evaluating, obtaining, using, and disposing of the given market offering, including monetary, time, energy, and psychological costs.

FIGURE 4.1 Determinants of Customer-Perceived Value



Some marketers might argue that this process is too rational. Suppose the customer chooses the Komatsu tractor. How can we explain this choice? Here are three possibilities.

1. The buyer might be under orders to buy at the lowest price. Caterpillar's task is then to convince the buyer's manager that buying on price alone will result in lower long-term profits and customer value for the buyer's company.

- The buyer will retire before the company realizes the Komatsu tractor is more expensive to operate. Caterpillar’s task is to convince other people in the customer company that Caterpillar delivers greater customer value.
- The buyer enjoys a long-term friendship with the Komatsu salesperson. Here, Caterpillar must show the buyer that the Komatsu tractor will draw complaints from the tractor operators when they discover its high fuel cost and need for frequent repairs.

Total Customer Satisfaction

In general, satisfaction is a person's feelings of pleasure or disappointment that result from comparing a product or service's perceived performance (or outcome) to expectations

Monitoring Satisfaction

marketing insight

Net Promoter and Customer Satisfaction

Bain's Frederick Reichheld suggests only one question matters in measuring customer satisfaction: "How likely is it that you would recommend this product or service to a friend or colleague?" Reichheld was inspired in part by the experiences of Enterprise Rent-A-Car. When the company cut its customer satisfaction survey to two questions—one about the quality of the rental experience and the other about the likelihood customers would rent from the company again—it found those who gave the highest ratings to their rental experience were three times as likely to rent again than those who gave the second-highest rating.

In a typical Net Promoter survey, customers are given a 1-to-10 scale on which to rate their likelihood of recommending the company. Marketers then subtract *Detractors* (those who gave a 0 to 6) from *Promoters* (those who gave a 9 or 10) to arrive at the Net Promoter Score (NPS). Customers who rate the brand with a 7 or 8 are deemed *Passively Satisfied* and are not included.

Many client firms praise the simplicity of Net Promoter and the strong relationship to financial performance. However, a common criticism is that many different patterns of responses may lead to the same NPS. Another criticism is that it is not a useful predictor of future sales or growth because it ignores important cost and revenue considerations. Finally, some critics question its actual research support.

Sources: Fred Reichheld, *Ultimate Question: For Driving Good Profits and True Growth* (Cambridge, MA: Harvard Business School Press, 2006); Fred Reichheld, "The One Number You Need to Grow," *Harvard Business Review*, December 2003; Neil A. Morgan and Lopo Leotte Rego, "The Value of Different Customer Satisfaction and Loyalty Metrics in Predicting Business Performance," *Marketing Science* 25 (September–October 2006), pp. 426–39; Timothy L. Keiningham, Lerzan Aksoy, Bruce Cooil, and Tor W. Andreassen, "Linking Customer Loyalty to Growth," *MIT Sloan Management Review* (Summer 2008), pp. 51–57; Suhail Khan, "How Philips Uses Net Promoter Scores to Understand Customers," *HBR Blog Network*, May 10, 2011; Robert East, Jenni Romaniuk, and Wendy Lomax, "The NPS and ACSI: A Critique and an Alternative Metric," *International Journal of Market Research* 53, no. 3 (2011), pp. 327–45; Randy Hanson, "Life after NPS," *Marketing Research* (Summer 2011), pp. 8–11; Jenny van Doorn, Peter S. H. Leeflang, and Marleen Tijs, "Satisfaction as a Predictor of Future Performance: A Replication," *International Journal of Research in Marketing* 30 (September 2013), pp. 314–18; www.satmetrix.com.

The following practices can help to recover customer goodwill after a negative experience.

- Set up a seven-day, 24-hour toll-free hotline (by phone, fax, or e-mail) to receive and act on complaints—make it easy for the customer to complain.
- Contact the complaining customer as quickly as possible. The slower the response, the more dissatisfaction may grow and lead to negative word of mouth.
- Accept responsibility for the customer’s disappointment; don’t blame the customer.
- Use friendly, empathic customer service people.
- Resolve the complaint swiftly and to the customer’s satisfaction. Some complaining customers are looking for a sign that the company cares, not for compensation.

Product and Service Quality

Satisfaction will also depend on product and service quality. What exactly is quality? Various experts have defined it as “fitness for use,” “conformance to requirements,” and “freedom from variation.” We will use the American Society for Quality’s definition: Quality is the totality of features and characteristics of a product or service that bear on its ability to satisfy stated or implied needs

Customer Profitability

A profitable customer is a person, household, or company that over time yields a revenue stream exceeding by an acceptable amount the company's cost stream for attracting, selling, and serving that customer. Note the emphasis is on the lifetime stream of revenue and cost, not the profit from a particular transaction. Marketers can assess customer profitability individually, by market segment, or by channel. Many companies measure customer satisfaction, but few measure individual customer profitability.

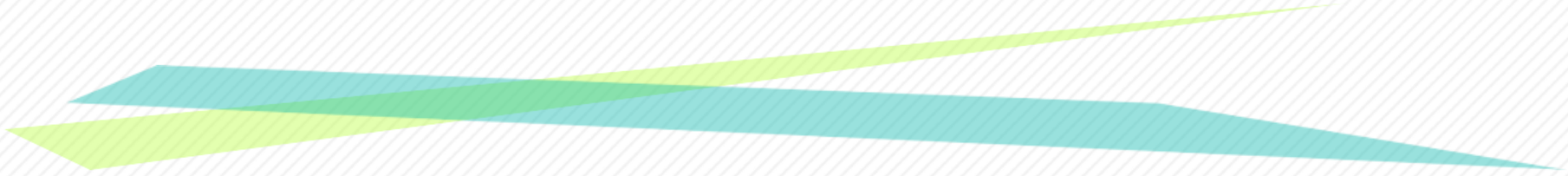
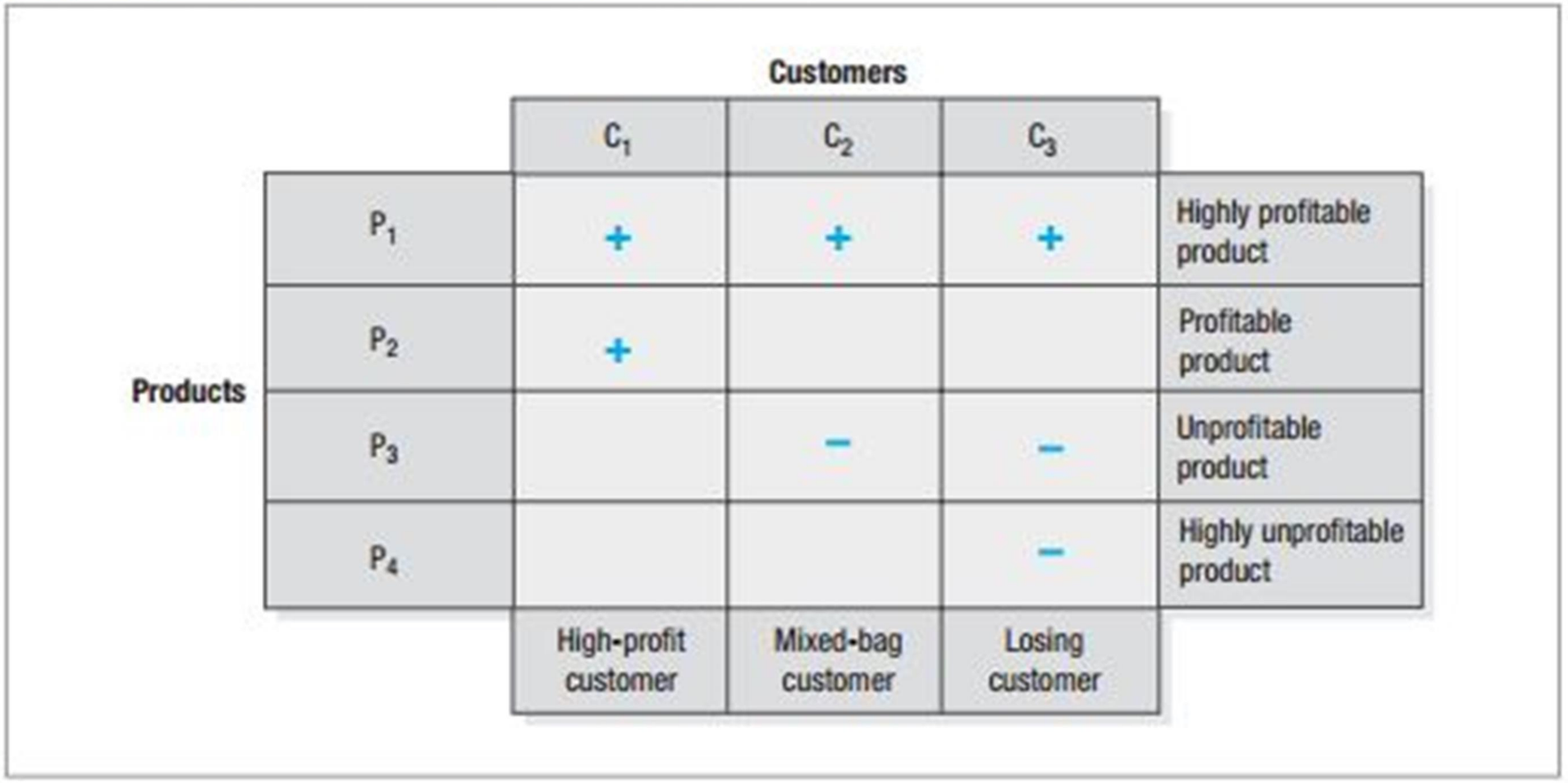
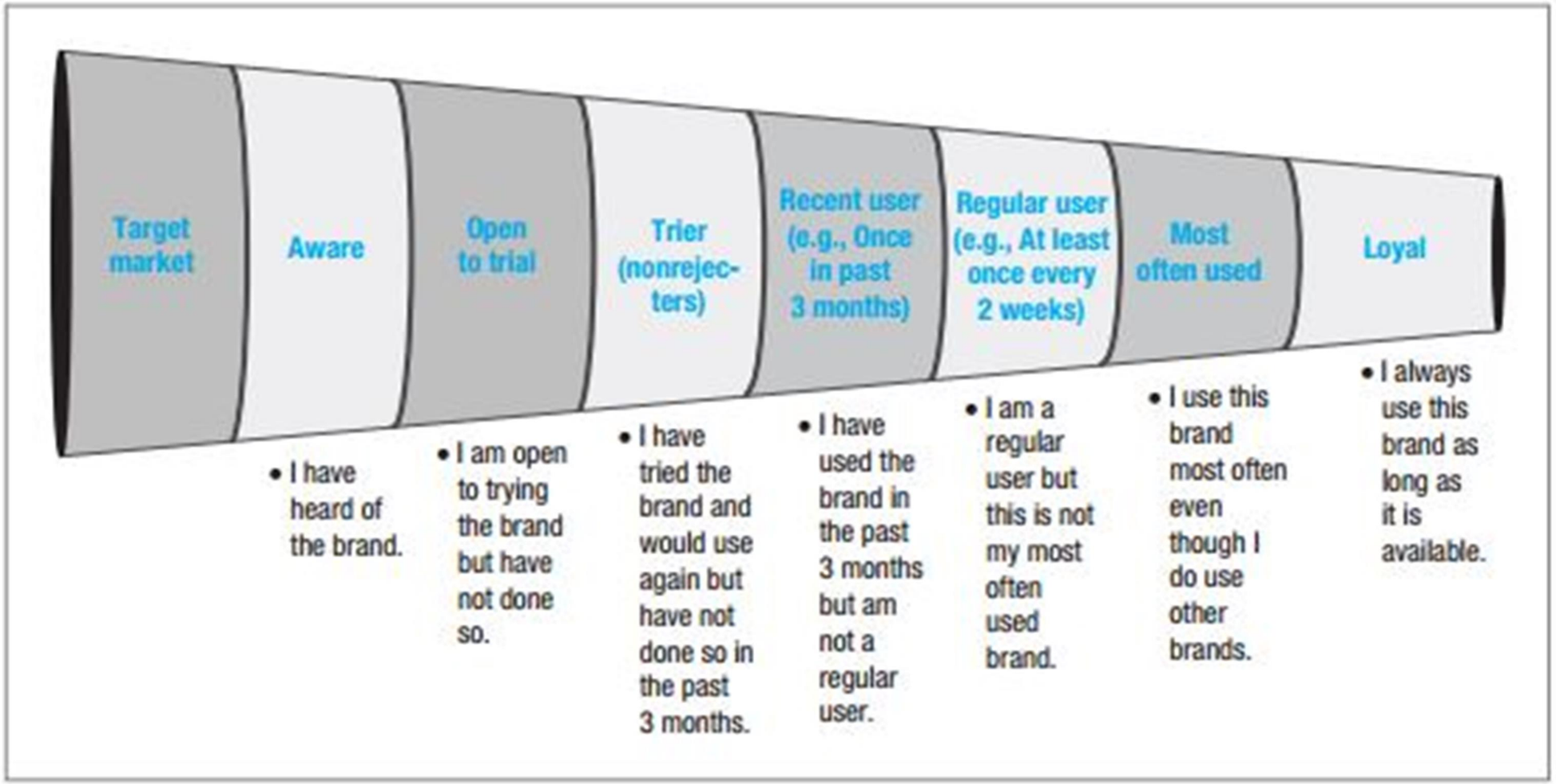


FIGURE 4.2 Customer-Product Profitability Analysis



Attracting and Retaining Customers

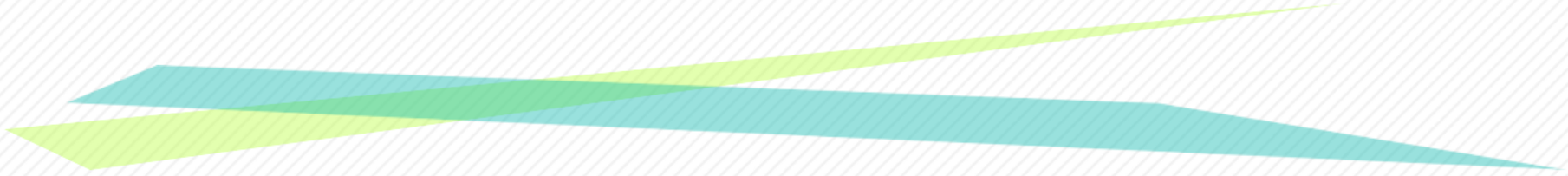
FIGURE 4.3 The Marketing Funnel



Building Loyalty

Companies should strive to build loyalty for strong, enduring connections with customers. One set of researchers sees retention-building activities as adding financial benefits, social benefits, or structural ties.Next we describe four marketing activities that improve loyalty and retention.

- Interact Closely with Customers
- Develop Loyalty Programs Frequency programs
- Create Institutional Ties
- Create Value With Brand Communities



REFLEKSI

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Thank You! ☺

Any Questions?