

INNOVATE WITH A FOCUS ON CUSTOMER-PERCEIVED VALUE: A DIFFERENTIATED STRATEGY FOR FACING THE COMPETITION

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Abstract

The product and services innovation process oriented toward customer's perceived value is presented as developed in a small company in the Brazilian automotive sector. Marked improvement in its operating and financial performance as well as in its quality and customer relationships was seen in the results of this work.

Keywords: Perceived quality, Relationship, Value

Introduction

A close relationship between supplier and customer with unique strategies which seek to maintain leadership against competitors within the industry may be critical for organization's survival and growth.

This relationship allows the organizations to have focus on the customer's focus, looking for all opportunities that he searches for. This allows to anticipate against its competitors and to develop products and services with value that will be noticed by the customers. This is a different approach for quality, which overcomes the technical aspects and can contribute to customer loyalty.

Exploring opportunities in this scenario, this paper describes the proposal for the use of this new dimension to quality and presents the results of the application of this approach in one micro-enterprise of the automotive sector in southeastern of Minas Gerais, producing and selling revitalizing products for auto parts. As we are dealing with a product which looks for reconstituting the auto parts beauty, its result is quickly noticed by the customer, which also facilitates an approach B₂C ("Business to Consumer"). The clear understanding of the client's perception can give more information for both companies to offer a high service for the clients.

Theoretical Referential

Customer's Perceived Value

Customer's perceived value can be defined as the difference between the prospective customer's evaluation of all the benefits and all the costs of an offering and the perceived alternatives.

Conventional Quality

Conventional quality is a measure of excellence without significant variations. It is brought about by strict and consistent commitment to certain standards that achieve uniformity of

product or service in order to satisfy specific customer or user requirements, also can be defined as achieve the totality of characteristics of a product or service (drawing, materials, finishing, on-time delivery and conformance to specifications) in order to satisfy costumer needs.

Perceived Quality

Perceived quality can be defined as the customer's perception of the overall quality or superiority of a product or service with respect to its intended purpose. Moreira (2011) describes that the perceived quality by customer is "the sum value of all the customer's interactions with the company", in other words, the value which the client realizes not only involves features product, but also the service level, the employees attention, the organization's flexibility, among other factors. The value must be higher than the paid price so the purchase occurs. Carneiro (2011) says "the clients buy because the value they receive from the supplier overcomes the paid price."

Perceived quality can be understood also as the relation between perceptions and expectative, in other words, the difference between what the customer really receive and what he waited to receive. As illustrated below (GIANESI e CORRÊA, 1994, p.80 - Adapted):

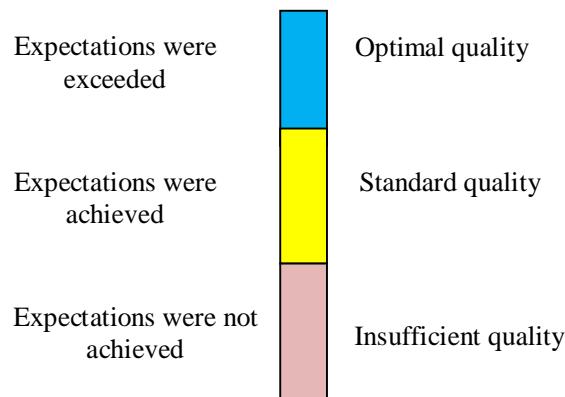


Figure 1. Vision of the perceived quality by customers [Adapted by Gianesi & Corrêa, 1994, p.80]

Methodology

For the performance of this study were determined the attributes of interest company to be approached on the research. In this phase, was used the "*brainstorming*" technique where the authors and also the organization's owners pointed out the items that were interesting to be on the research, through the questions for the clients. The authors have taken care to ensure that any relevant matter was disregarded.

After carried out the "*brainstorming*", it was elaborated a form to the research. For the selection of the items to be approached in the form, was used a tool named Decision Matrix. This matrix was based in two criterions: "**Criticality**" and "**Sales Impact**", both presented by the item through the "*brainstorming*".

For "**Criticality**" was adopted the scale: very critical – 100; critical – 80; little critical – 60 and irrelevant – 40 and for "**Sales Impact**" the scale was: high – 30, medium – 20 and low – 10. The results were obtained through the multiplication between the factors "**Criticality**" and "**Sales Impact**". At the end, each item resulted in another factor: "**Contribution Factor**", given in percentage and obtained by the division of the result by the sum of all results, multiplied by 100. All items that resulted in one "**Contribution Factor**" above 5% were selected to be inserted on the research.

Through the Decision Matrix, was elaborated the questionnaire's Satisfaction Research. The questionnaire was made up of nineteen questions. All questions allowed an approach regarding both the B₂B ("Business to Business") and the relationship B₂C ("Business to Consumer").

After, was done the field research through visits in the chosen companies. The application of this research allowed a direct conversation between the supplier organization owner and its clients (the buyers), contributing for the dialog where the buyers ideas were exhibited and also for the close relationship between supplier – customer. The answers were written in the form that had the identification of each interviewed company.

Results and Discussions

The Table 1 shows the items of the "brainstorming" and the results of the application of the Decision Matrix according to the criterions "Criticality" and "Sales Impact".

Table 1 - Decision Matrix

Items through with the "brainstorming" technique	Criticality (C)	Sales Impact (SI)	Results (R=C x SI)	Contribution Factor (CF=(R/TR) x 100)
Service Level	100	30	3.000	11%
Communication	80	20	1.600	6%
Expected information	60	30	1.800	6%
Solving problems	80	30	2.400	9%
Flexibility	80	20	1.600	6%
Price	100	30	3.000	11%
Image of the product	100	20	2.000	7%
Delivery time	80	30	2.400	9%
Company's Vision (inside out)	80	20	1.600	6%
Suggestions	40	10	400	1%
Product's utility	80	30	2.400	9%
Product's advertising (done by the client)	80	30	2.400	9%
Payment form	60	20	1.200	4%
Organization's location (client)	40	10	400	1%
Market size client	40	10	400	1%
Relationship time	40	10	400	1%
Volume of sales	60	20	1.200	4%
Total of the results		28.200		

The Figure 2 presents the results of the nine first questions. The aspects that drew more attention were: "Expected Information" (43% are very satisfied, 50% are satisfied and 7% of the customers are indifferent); "Flexibility" (13% are very satisfied, 84% satisfied and 3% are very dissatisfied); "Image" (40% very satisfied, 50% satisfied, 3% indifferent and 7% dissatisfied). At the end, the aspect "Price" presented 23% of clients very satisfied, 67% satisfied, 7% indifferent and 3% dissatisfied.

Regarding to overall level of satisfaction with the organization, 70% of the customers are very satisfied and 30% are satisfied, what represent a quite relevant number.

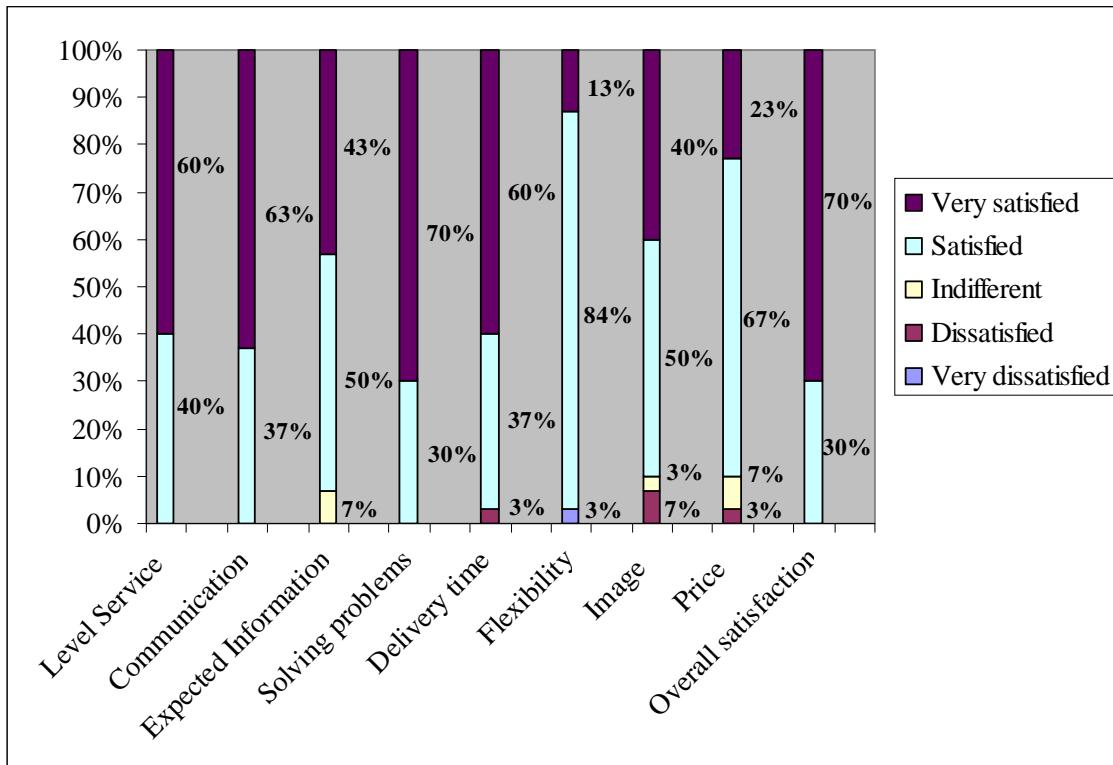


Figure 2: Satisfaction Level – 9 first questions

The results of the analyze's open questions are presented at the Table 2. Notice that 80% of the clients use the product to sell and 20 % use to sell and also to the own use. On total, 80% interviewed organizations gave answers that took to verifying of the importance of the perceived quality and only 20% emphasized the product just by the conventional quality concept.

In regard to relationship with the customers, the research allowed to infer information to a relationship B₂C in 40% of the companies. The ideal was that this number was higher.

Of the 30 chosen organizations, 56% don't have any formal control of the customer's satisfaction level and 44% of the interviewed companies control formally the customer's satisfaction. But, with the majority using informal control, 24 companies (80%) noticed that its customers are very satisfied and the other 6 companies said that its customers are just satisfied with the products.

With regard to the product's divulgation to other companies, new clients and other people, 100% of the interviewed companies said to do the divulgation and all of them also are going to continue buying the products that the organization offer.

Table 2 – Results of the open questions

Organization's profile	Number of the organizations	Percentage
Sale	24	80%
Sale and own use	6	20%
Products positives aspects	Number of the organizations	Percentage
Conventional quality	6	20%
Perceived quality	24	80%
Relationship	Number of the organizations	Percentage
B ₂ B	18	60%
B ₂ C	12	40%
Formal control of the customer's satisfaction level	Number of the organizations	Percentage
Yes	13	44%
No	17	56%
Customer's satisfaction level (Interviewed organizations perception)	Number of the organizations	Percentage
Very satisfied	24	80%
Satisfied	6	20%
Indifferent	0	0%
Dissatisfied	0	0%
Very dissatisfied	0	0%

The Table 3 summarizes the items that the organizations presented dissatisfaction or suggestions.

Table 3 – Complaints or improvement suggestions

Classification	Complaints/ improvement suggestions	
1	Label	40%
2	Price	40%
3	Period of visit	17%
4	Advertising / publicity	17%
5	Payment form	10%
6	Product with smell	3%
7	Sealing form	3%

By the Table 3 can notice that 40% of the clients suggested improvement at the label and also on the price of the product.

When the companies reported about to label, said that it was very simple if compared with competitor products, without emphasis, poor to use's instructions and composition. The action plan used by organization was develop a new art of the label (Figure 3 and Figure 4), putting more detailed information or adding another not existent, using as reference another competitor products.

The expected impact with this decision is sale's growth, because the product will have more emphasis.



Figure 3: Changes in label

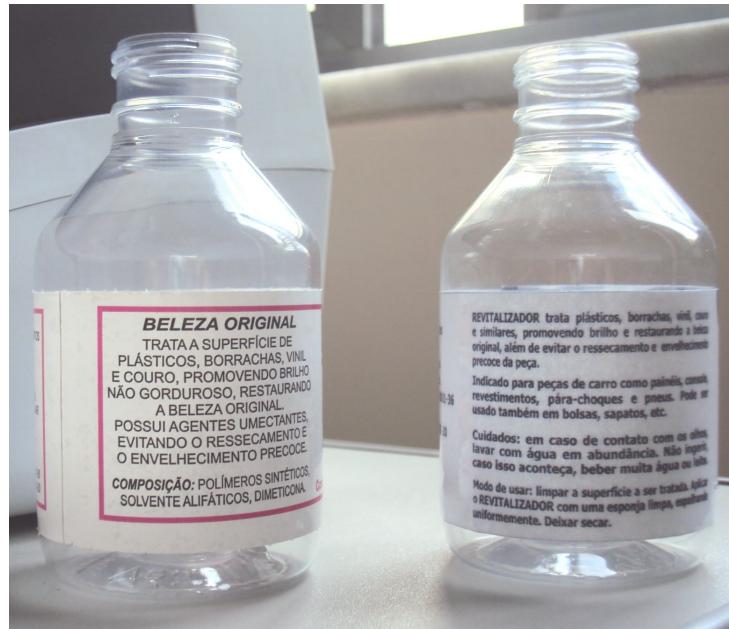


Figure 4: Changes in label

In relation to price, as well as the payment form, the organization not made changes. As the objective is have a differentiated product and service if compared with competitors, the higher focus must be perceived quality.

Period of visits, the action plan was to increase the frequency of them.

Other action made was in relation to advertising or publicity of the product. The organization put a poster in all clients and a display or exhibitor for the products.

Other factor that noticed in the conversation with clients is that a product with smell could increase the its acceptance, so was elaborated a plan together the material supplier to develop this specific product.

In regard to sealing form, the organization started using a tool that enables greater adherence of the cover to the container, allowing better sealing form. This improvement has already been noticed by the customers.

This improvement actions contributed substantially to sale's increase and of the revenue too. As shown in the figures 5 and 6:

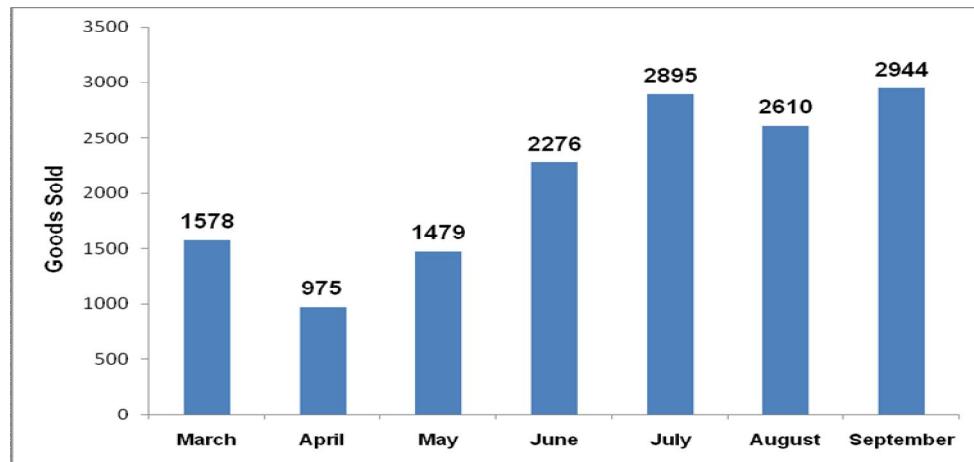


Figure 5: Goods Sold

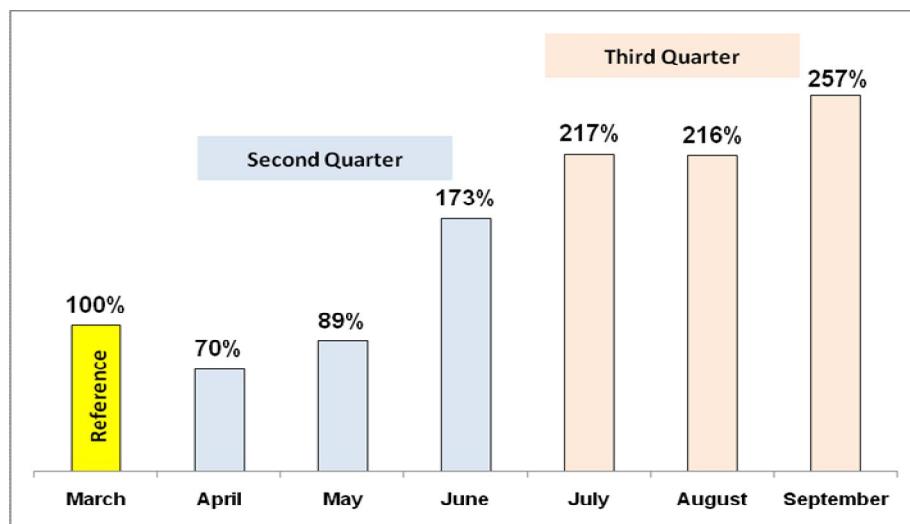


Figure 6: Revenue variation

Conclusions

By the presented on the field research, can get the conclusions below:

The close relationship between customer – supplier facilitate to understand what is a perceived value real by the client;

Through a close relationship with the clients, the supplier has capacity to apply improvements at the product or service that are going to attend exactly what they appreciate;

The knowledge obtained through research's results guided the decision making;

The application of the exposed improvements has already showed relevant results to the company, as sale's increase and of the billing, contributing more to business strengthening;

This study was a tool important to the knowledge of the real necessities and expectative of the customers, as well as what they wait of the supplier. To notice this to attend or to overcome the customer's expectative is a loyalty form them and fundamental factor to growth of the one organization on the globalized market.

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