

KANO ANALYSIS: A TOOL FOR BUILDING CUSTOMER LOYALTY

By Jeff Cole

What's the noisiest small appliance in your kitchen? If you answered "blender" you'd be correct for many American households. (Okay – granted, your cappuccino maker and coffee bean grinder may be louder, but I don't have a clever anecdote about those devices). Ever wonder why they make them so loud? After all, we're the same species who figured out how to download the latest episode of "Lost" to our cellphone. Why not a quiet blender? Answer: There was one. It existed briefly decades ago, but sales were absolutely terrible. What seems like a great idea to engineers in a lab doesn't always get rave reviews from customers (ever own any over-featured electronics?). It turns out that blender owners were conditioned to associate the product's noise with the notion that it was working well. No noise equaled lousy blender. Who would have guessed that some level of noise was required to generate a consumer comfort level? More importantly – so what? Cute story, but how does this apply to you?

Many of us do battle with a variety of broken processes in order to increase both customer loyalty and revenue. We come into this battle fully armed with a broad array of statistical weapons. On a daily basis I'm in awe of the wonders that statistical software packages spew forth at the click of a mouse. The deeper I get into the power tools of improvement, scanning VIFs, plotting residuals, and checking p-values, the more I gain an appreciation of some of the simpler or "soft" tools. Equal amounts of awe should be reserved for those tools where you can walk behind the building, take a stick, draw in the dirt, and solve the problem. I'm referring to the simple, tactical tools that busy people can absorb easily and use at once. This month, I'd like to feature one of those – the Kano Model – which can make a world of difference in building customer loyalty.

Noriaki Kano is a revered Japanese professor at the Tokyo Rika University and the 1997 recipient of that country's Individual Deming Prize for his contributions to the world of quality improvement. In the late 1970s and early 1980s he and his colleagues laid the foundation for an approach often referred to as the Kano Model. Kano's methods in their entirety are involved, but many people get immediate value from simply using the model as a thought process. We'll look at a simple overview and provide a reference where you can learn more details.

Quite simply, customer ideas about the quality of products or services can be foggy. Once we make them clear, many requirements emerge. However, not all requirements are created equal. Nor do they "behave" the same way in the mind of the customer.

That's where Kano comes in, providing a clever model, roughly depicted in Figure 1, in which you position each requirement for the purpose of segmentation and prioritization.

On the Kano Diagram, the horizontal axis indicates the degree to which an aspect of your product or service is functional or present. The vertical axis depicts how satisfied or dissatisfied the customer is.

One-Dimensional – Often called satisfiers, these requirements behave one dimensionally – a "more is better" or "less is better" mentality. Think of an automobile and gas mileage. The better the mileage, the more satisfied the customer. Poor mileage leads to less satisfaction. Now think of your local grocery and time spent waiting in line. Less is better. The same may apply to prices on merchandise and the distance between your parking space and the front door.

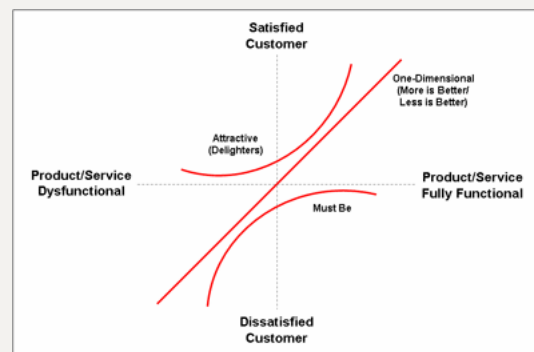


Figure 1: The Kano Diagram

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Must-Be – Another type of requirement behaves very differently. Kano’s must-be curve depicts the absence of an attribute leading to dissatisfaction, but the presence of that attribute never moving satisfaction above neutral. Think of an automobile’s starter. Having a poor or unreliable starter leads to dissatisfaction, but a good starter doesn’t increase satisfaction. What are some Must-Be’s for other products or services you use, like your PC, cable or cell phone service, or favorite restaurant?

Attractive – Kano’s attractive curve depicts those aspects of a product or service that delight a customer. The absence of them does not generate dissatisfaction, but their presence increases satisfaction. For an automobile, perhaps free gas for a year, heated seats, or onboard GPS. It could be hotels emulating cruise ships with towel animals and a selection of pillow types.

In the full usage of Kano’s methods, Kano questionnaires are used to rate the various aspects of your product or service and include several categories beyond those described here (see reference). The categories noted above are most common and positioning your customers’ requirements on the model is a helpful exercise.

THE CHALLENGE

Think for a few moments about your product or service...

- What are your customers’ satisfiers, must-be’s and delighters?
- How are you doing on each?
- What can you do to improve performance on the satisfiers?
- How can you solidly address must-be attributes without investing excess time/money to make them better than the bare requirement?
- What delighters can you introduce? (ex: oil changes are routine and boring. The place I recently used turned it into an interactive experience with a team swarming my car like an Indy 500 pit crew and even presenting the dipstick much like a wine steward to show it was back to ‘full’. Same price, amount of time, and quality as the other places, but the performance was memorable.)
- Requirements change over time – can you think of a product feature that was a delighter years ago that today is a must-be, like electric automobile door locks, TV remote controls? How might this impact your business?
- TIP – When you talk to your customers, it’s common for the one-dimensional requirements to be top of mind with them. They might take the must-be’s for granted and not even think in terms of the delighters. (That assumes your must-be’s are okay – as soon as one of those breaks your complaint line lights up!) You may need to dig for those delighters and must-be’s, or try Kano questionnaires.

This thought process alone has helped many improve delight and loyalty. The lack of this analysis has also hurt some products – like our friend the whisper-quiet blender. I invite you at a minimum to think through the questions above. To read more about the full method, a great resource is Center For Quality of Management Journal, Volume 2, Number 4, Fall 1993. This issue is entirely dedicated to the Kano Methods and at this writing is available on the Internet.

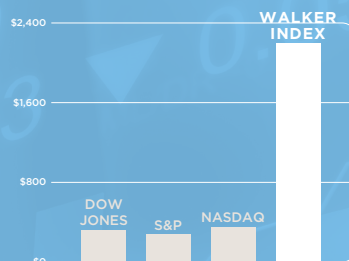


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SEE THE DIFFERENCE

This image represents what is happening in business today—customer-focused companies are outperforming the marketplace. The customer-focused culture within these companies has allowed them to develop less risky, more stable business models. This results in companies delivering better results by putting their customers at the center of their business.



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