

# Designing and marketing service features



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Roughly 40 years ago professor Noriaki Kano, of the Tokyo University of Science, led research for predicting customer satisfaction. It remains relevant today.

At a crude level, one might believe that if a product or service meets customers needs, they will be happy. If needs are not met, customers will be dissatisfied.

Kano determined that it's a bit more complicated than that. He found that not all product/service features are created equally. Understanding this is critical to designing, producing and marketing your products or services.

Kano defined features that are expected by all customers as basic or must-have features. These are the minimum expectations which customers have established. For example, anyone purchasing a vehicle in a developed country today expects a spare tire and air conditioning as standard.

Basic features aren't differentiating characteristics, but merely a threshold that must be met in order to play the game. Automobile companies don't get extra credit for supplying two spare tires. The only way suppliers can hope to differentiate themselves via basic features is by providing them with minimal trade-offs of other features, such as the temporary use spare tire, which minimizes cost and expended trunk space.

One can only dissatisfy customers by failing to meet basic expectations. Thus, because they are not differentiating, basic features should not be marketed. Imagine driving down the highway and coming across a hotel sign advertising "Free HBO." The sign basically screams, "We haven't updated anything within the last 40 years!"

Kano identified a second category of features as performance features. These features are directly responsible for customer satisfaction. Returning to our vehicle example, if fuel efficiency is important to customers, the higher the mpg delivered, the happier they are. If they are price conscious, happiness is directly related to the sticker price.

It's important to realize that each customer has his or her priority list of performance features for a product or service. Often there are trade-offs between various features (e.g. increasing storage space might negatively impact fuel efficiency and cost). Understanding how various customer segments prioritize performance features is critical to the future success of any new product or service. This information will drive the design focus and later the marketing focus.

Performance features can be effectively marketed

if they establish new benchmarks (e.g., fuel efficiency with hybrids) or they surpass the levels provided by competition.

The final category acknowledged by Kano is excitement features. These are innovative ideas that most customers haven't even thought of yet. At best, customers might have identified a problem or inconvenience that they would like solved.

I vividly recall driving home from a high school girls' basketball game 10 years ago in a friend's car on a night when the temperature was near zero. When he

switched on the electric seat heaters it was a near religious experience. My opinion of electric seat heaters went from a frivolity to a near necessity in the time it took the seats to heat up.

Because excitement features are unique to your product or service, they also represent a marketing opportunity. Depending on the degree of novelty, the marketing effort might have to take extra care to explain the feature (who really understood Bluetooth when it was first introduced?).

The lack of excitement features doesn't cause customer dissatisfaction, so these only add to satisfaction — assuming they perform as advertised. They also attract the early adapter crowd as customers, those folks who have to be the first to own an innovation.

Obviously with time, excitement features become basic features. The standard for performance features also continues to rise.

OK, this all makes sense when designing a car; but what about those of us providing services? Let's look at an example for a tax accountant:

- A basic feature is the ability to e-file.
- Performance features might be the experience and knowledge to legally minimize taxes within a given area of specialization (e.g., farmer, small-business owner), the ability to quickly process someone's taxes or complete them at minimal cost.
- An excitement feature would be the service my accountant (also my wife) provided for her clients by spending the already busy last week of the year analyzing whether each of her clients would benefit by pre-paying 2018 property taxes in 2017 after Congress passed the tax bill on Dec. 22.

Spending time face to face with your customers is vital to understanding their needs, wants and issues so that you can effectively design, deliver and market products and services that hit the mark.

## RICK SAYS

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