

# TREATING CONSUMER DEPRESSION TO CREATE INFINITI POTENTIAL

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## ABSTRACT

This paper suggests that normative marketing practices alone may be inadequate to reverse deeply negative, affect-laden perceptions of customer satisfaction, such as those commonly reported in traditional automotive purchase/ownership research. It theorizes that pervasive consumer dissatisfaction results, built on a chronic psychological condition long reinforced by a customer-negligent industry. It posits that a negative cognitive attributional cycle develops, creating in many automotive consumers an embedded condition of consumer depression partially analogous to the unipolar depression condition widely studied in psychology. It argues that extending the cognitive therapy template commonly successful in treating depressives to consumer depression could provide a managerial tool for dislodging and reanchoring the negative/dissatisfaction schema often exhibited by automotive consumers. This consumer depression theory is introduced to help explain early success in the untraditional, customer-focused launch of a new luxury automotive franchise in the U.S., for which preliminary findings are reported.

## INTRODUCTION

Traditionally, the automotive purchase-ownership experience has produced chronic, often acute, disaffection among many consumers. One factor may be that the negative consumer sentiment commonly reported across industries where a strong customer focus has not predominated is compounded in the automotive purchase experience by the adversarial price/trade-in negotiation that is endemic to the process. Another contributor appears to be the inverse relationship between length of ownership and satisfaction (Ortinau, 1980; Richins & Bloch, 1988), indicating that dissatisfaction increases as problems develop during the ownership period, which may result in reduced customer retention

because of dissatisfying service experiences (Bernacchi, Kono & Willette, 1979). Numerous other factors can serve to aggravate the problem, which results in only about four in ten customers rating industry salespeople excellent on such basic criteria as concern for customer needs, honesty in dealing with customers, sincerity, appearance and dress, and the ease of doing business with them (Power, 1987-1990).

As a result, consumers commonly report shopping for automotive products after hours to avoid encounters with sales personnel, rate the automotive purchase experience as one of the most unpleasant consumption activities they experience, and routinely place retail automotive salespeople in the bottom quartile among career people they respect. The results are little improved among luxury automakers or their consumers.

Consequently, numerous automotive manufacturers have sought to improve their treatment of customers. Bolstered by research indicating that post-purchase inquiries alone may improve customer satisfaction (TARP, 1986), many automakers have initiated programs conducting telephone surveys of or mailing questionnaires to every sales and service customer. Driven by reported desires for more humanistic customer treatment, some have instituted sales systems that purport to enhance a salesperson's perceived sensitivity and customer-focus, based on superficial psychologic systems. Responding to findings that some customers desire access to rapid status updates during vehicle service, some dealerships have instituted electronic telephone answering systems that provide callers with real-time responses. Anticipating that customers' dissatisfaction was caused by high service/maintenance costs, several manufacturers established multiyear, high-mileage warranties -- one even promising totally free maintenance for three years.

Despite such efforts, customer satisfaction scores and rankings -- and the resulting improved owner retention -- have not appreciably improved

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for those utilizing such one-dimensional efforts. Indeed, despite such efforts in at least one case, customer satisfaction scores actually declined in real terms and rankings declined relative to the industry, possibly because post-purchase, post-service customer contact alone actually raised consumer expectation levels, but because that contact was the only change instituted in an otherwise traditional consuming experience, actual behaviors went largely unchanged and customer dissatisfaction was intensified given the raised expectation from the customer contact.

Slightly more favorable outcomes have been reported by auto manufacturers implementing multidimensional programs aimed at improving customer satisfaction. While varying to great degrees, these multidimensional approaches differ from the one-dimensional efforts described earlier by seeking to enhance customer satisfaction by incorporating multiple methods, such as increasing customer contact, providing increased sales/service training, and employing more liberal interpretations of repairs covered by warranty. But while leading to higher scores in some cases, even these programs have had inconsistent and undramatic results.

Hence, real customer satisfaction improvement has been elusive and consumer satisfaction performance on key, customer-focused issues such as honesty, sincerity, concern for customer needs and the like has remained remarkably stable (Power 1987-1990), even among luxury franchises, as shown in Table 1. The failure of such efforts -- in many cases, efforts costing several million dollars -- to improve customer satisfaction has caused many executives and managers in the auto industry to be skeptical about the value of such investments, despite a wealth of theoretical and empirical literature underscoring the value of such "defensive marketing" (Fornell & Wernerfelt, 1987), especially at a time when traditional "offensive marketing" is experiencing significant cost increases and intensified questions regarding its economic value.

Against this backdrop, the Infiniti Division of Nissan Motor Corporation in U.S.A. sought to launch a multivehicle luxury franchise in Fall 1989, with the goal of becoming an industry leader in customer satisfaction initially and leading the industry to new heights thereafter. Infiniti sought

the counsel of the Sandy Corporation, a Troy, Mich.,-based education/communication firm with more than four decades of experience dealing in the automotive industry.

**Table 1**  
**J. D. Power Sales Satisfaction Index**  
**(Percent of Total Sample Rating "Excellent")**

	Industry Average By Model Year			
	1990	1989	1988	1987
Way you were greeted	54%	54%	52%	50%
Ease of doing business with	48%	47%	47%	44%
Appearance and dress	46%	46%	45%	42%
Sincerity	45%	45%	44%	42%
Knowledge of models/features	43%	42%	43%	41%
Honesty in dealing with you	43%	43%	42%	41%
Knowledge of vehicle's warranty	42%	41%	40%	39%
Concern for your needs	43%	42%	42%	39%
Knowledge of service requirements	39%	38%	37%	36%
Knowledge of financing options	31%	30%	31%	29%
Knowledge of competitive vehicles	31%	32%	30%	28%

It appeared clear from reviewing more than 20 years of customer satisfaction literature and research that real customer satisfaction improvement based on superior customer treatment could (1) differentiate Infiniti within the marketplace, (2) lead to customer repurchases and referrals, (3) be financially attractive in the long term, and (4) provide a solid foundation upon which to develop and build the upper-segment company's brand image, reputation, business philosophy and operating policies.

But distinguishing Infiniti from the rest of the automotive industry required moving beyond earlier superficial industry efforts at customer satisfaction, both unidimensional and multidimensional, which may have been based more on viewing customer satisfaction as the latest marketing rage than as the theoretical cornerstone upon which a progressive, customer-focused

business philosophy and long-term professional customer relationship could be built.

### THEORETICAL DEVELOPMENT

Interpreting the chronic dissatisfaction reported by some automotive consumers from a cognitive psychology perspective, those consumers had developed attributional anchors of dissatisfaction when it came to automotive purchases, ownership and service that were so reinforced by the long-term inattention to customer care across the auto industry that they became highly stable, negative affect-laden perceptions. Cognitive information processing theory (Tversky & Kahneman, 1974; Ross & Anderson, 1982) suggests that such stabilized anchoring points become so highly resistant to change that even in the face of conflicting information or behavior that challenges those schema, unless such new information/behavior is so dominant as to force total reevaluation of one's anchoring model, disconfirming information is likely to be undervalued and adjustment from that dominant anchoring point will be very gradual, at best.

Since none of the unidimensional and multidimensional automotive industry attempts at improving customer satisfaction prior to Infiniti were so comprehensive, pervasive and integrated as to create such a dramatic anchoring reevaluation, it is not surprising that previous industry programs met with mixed or unsuccessful results in their efforts to substantially improve customer satisfaction.

From a theoretical viewpoint, the resulting dominant customer dissatisfaction, consistent with Westbrook's (1982) finding that a factor comprising anger-rage, sadness-anguish, and disgust explained more emotive variance among automobile consumers than three other factors combined, may be analogous to the psychological condition of depression, which is characterized by a similarly negative mood alteration that approaches sadness, loneliness or apathy (Beck, 1967) and is often exacerbated by rumination (Seligman, 1991) of those feelings. As such, it may be possible to think of this condition among automobile purchasers as chronic consumer depression, the theoretical value of which might be that the depression model presents an established

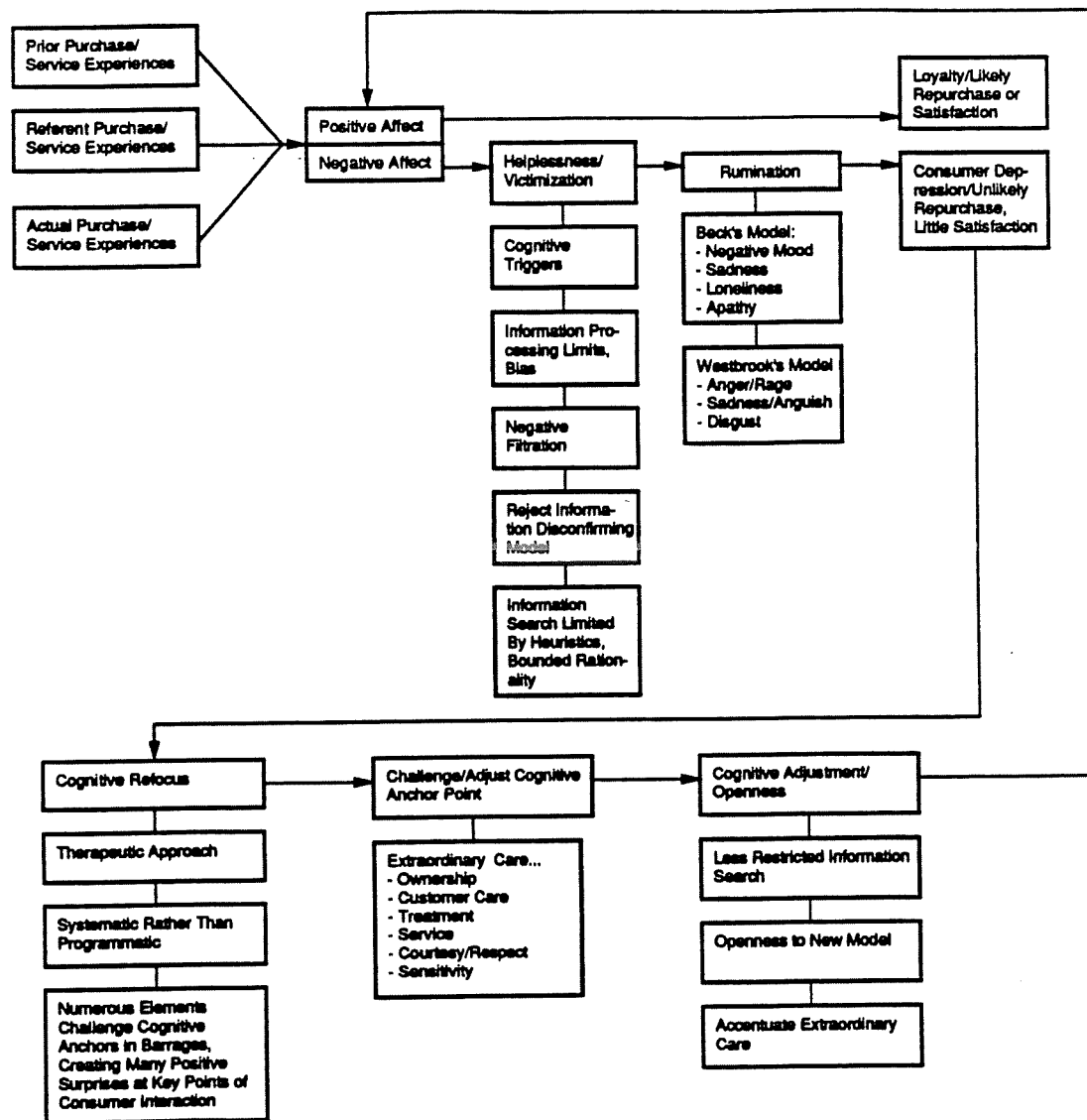
template for treatment that could be extended and applied to automotive consumers. This cognitive cycle is introduced and a theoretical approach to reversing it proposed in Graph 1, which depicts the depression-dissatisfaction linkage.

Just as cognitive theory holds that an individual's affect and behavior are largely determined by their world view (Sacco and Beck, 1985), so too would the extension of that theory to consumer depression posit that prolonged disenchantment as a consumer, say of automobiles, leads to a negative world view related thereto. Cognitive therapy assumes, however, that these cognitions can be self-monitored and that modifications in them will lead to changes in affect and behavior. Thus, by challenging patients to evaluate the reasonableness of automatic thoughts or attributions -- particularly dysfunctional or negative ones -- and substituting more reasonable or positive thoughts, explanations or attributions (Seligman, 1991), cognitive therapy seeks to break the depressive cycle by introducing more optimistic explanations of life. By extension, in our automotive example, if enough positive events and the consequent attributions of them can be introduced to consumers in the purchase/ownership cycle, consumer depression can be viewed as being therapeutically treated at every phase of the consumer cycle, at all key moments of truth (Carlzon, 1987), through a cognitive psychological approach.

Hence, the established successes of cognitive behavior therapy in treating unipolar psychologic depressives by breaking negative or problematic cycles by modifying automatic thoughts, improving a client's mood, working to eliminate recall-perception bias, and ultimately altering perception and behavior (Freeman, Pretzer, Fleming and Simon, 1990) can be applied to consumer depressives and help form the basis of their recovery, as well.

In this context, customer satisfaction, rather than being viewed as a lavish marketing ploy that merely requires consumer manipulation to be addressed, acknowledges the psychologic underpinnings of dissatisfaction -- the deep, intractable, long-reinforced fabric of the consumer condition -- and overlays upon it a therapeutic model for treatment and recovery similar to that employed in cognitive behavior therapy.

Graph 1  
A Depression-Based Model of Customer Satisfaction/Dissatisfaction



Just as cognitive behavior therapy seeks to treat the abundance of negative, intractable self-attributions that often lead to unipolar depression by gradually providing patients with more positive behavior interpretations, building more positive attributional schemas and anchor adjustments in the process, a cognitive behavior therapy application to consumer depression could cause managers to treat the condition by providing so complete an integrated approach to total customer focus and customer care that the stability

of the existing negative anchor would be challenged. Hence, a consistent barrage of elements that received positive attributions from consumers could have the effect of creating a more positive overall perception of automotive purchase/service/ownership by consumers, gradually curing their chronic dissatisfaction by moving them toward more positive cognitive anchors, or customer satisfaction.

But, to be effective, any such effort should be pervasive so that virtually every aspect of

automotive ownership that traditionally led to negative attributions is now designed to be positively interpreted by customers. To the extent that such positive behaviors can transcend virtually every aspect of automotive purchase/ownership, this extension of cognitive behavior theory would suggest that more positive consumer interpretations -- hence, improved customer satisfaction -- would result.

### THE INFINITI EXPERIENCE

This consumer depression model may help explain some of the early success of the Infiniti Division's new, luxury automotive franchise in the U.S. Applying a pervasive, cognitively based approach to the automotive consumer, Infiniti decided the cornerstone of its relationship with consumers would be a multifaceted Total Ownership Experience, a philosophic building block that became the guiding light in most Infiniti decision-making. The Total Ownership Experience (TOE) was defined as:

- "\* A superior product representing excellent value
- \* Presented in a unique environment
- \* To Honored Guests who are treated with respect during the buying process
- \* Who receive outstanding service throughout ownership
- \* And enjoy an ongoing relationship with knowledgeable people who are committed to ensuring their satisfaction."

To implement such a customer commitment, Infiniti executives realized that the traditional adversarial relations among manufacturers, retail dealers and consumers needed to be replaced with professionalism and teamwork.

As the Infiniti plan for delivering a Total Ownership Experience took shape in early 1989, Infiniti Vice President-General Manager William R. Bruce cautioned all to, "Put the customer first, trying to view things from his eyes. But always under-promise and over-deliver."

To ensure that Infiniti customers would receive and perceive a decidedly counter-expectation automotive purchase/ownership experience, a network of multiple, integrated elements was

developed, including:

**Product Selection.** Rather than equip vehicles with some basic component groups and a large variety of options, Infiniti looked to target-customer research showing that prospective buyers disliked haggling over option groups and prices and preferred to have their vehicles fully equipped. Consequently, Infiniti's first three models in the 1990-91 model years offered no more than three optional versions.

**Product Quality, State-of-the-Art Technology.** This is merely the ante in the luxury segment of the marketplace. Still, Infiniti was committed to producing leading-edge technology (the best performing four-door sedan and world's first full active suspension in Q45, the first one-touch convertible in M30, for instance), and providing maximum customer assurance against product failure and maximum customer care when service work was necessary. The result was an industry-leading four-year, 60,000 mile warranty (even longer for drivetrain components); a roadside assistance program that utilized an 800-number to dispatch a service unit to aid vehicle breakdowns -- or even running out of gas, anywhere in the U.S., providing loan cars or trip-interruption lodging if necessary; and the use of an Infiniti loan car during scheduled/routine service visits. In many cases these programs are supported by dealerships that pick-up cars for service at a customer's home or business, swap the loaner vehicles for the cars requiring service, and return the completed repaired vehicle to the customer and reclaim the loan vehicle.

**Vehicle Purchase Experience.** Infiniti sought to provide among the finest price/value relationships of any luxury automaker, create customer comfort through a unique, pleasing dealership environment design, and to deliver the human element of the Total Ownership Experience in the purchase, service and parts retailing operations by fundamentally altering the traditional behaviors of its retail employees. The dealership facility aspects were accomplished through an open design concept, including shoji screens, contemplation areas, and very natural surroundings. Customers were offered beverages,

allowed to browse without overzealous salespeople standing at their elbow, in essence allowing consumers to operate at the pace of their choice. Infiniti "sales consultants" were there to assist, answer questions, offer guidance, but in the spirit of their job title, sell consultatively rather than with the strong-arm tactics traditionally practiced in the auto industry; and if a client didn't buy, it was thought he or she would at least leave the dealership with a very positive, untraditional opinion of Infiniti -- something that could cause them to return in the future. Hence, the relationship was highly professional -- built on establishing trust, sharing information, providing a customer-driven process that even offered an extended five- to seven-day guest drive of a new vehicle if the customer desired.

**The Human Element.** Such behavior change did not occur by fiat. Before Infiniti could counteract the protracted cognitive experiences of automotive consumers, the behavior habits of many retail automotive employees needed to be upended through a cognitive approach similar to that being applied to customers. This process was initiated through Infiniti Launch Training, a comprehensive retail training-certification academy held in Scottsdale, Az., lasting from six to twelve days depending on an individual's job. Every employee of every Infiniti dealership -- dealer principal, sales manager, service manager, parts manager, sales consultants, business manager, finance and insurance manager, greeter-operator-receptionist, technicians -- attended nine separate, concurrently run courses designed to provide job skills built upon elaborate research-based standards and procedures developed for each dealership position, intensive product knowledge of Infiniti and competitors, dealership teambuilding, and an immersion into the customer-satisfying treatment and behaviors that luxury consumers expect. The Launch Training program, which certified more than 3,000 graduates between October 1989 and November 1991, is reinforced by periodic regional training programs focused on job skills, product knowledge and customer care, attendance at which becomes the basis of annual recertification for a dealership and its employees.

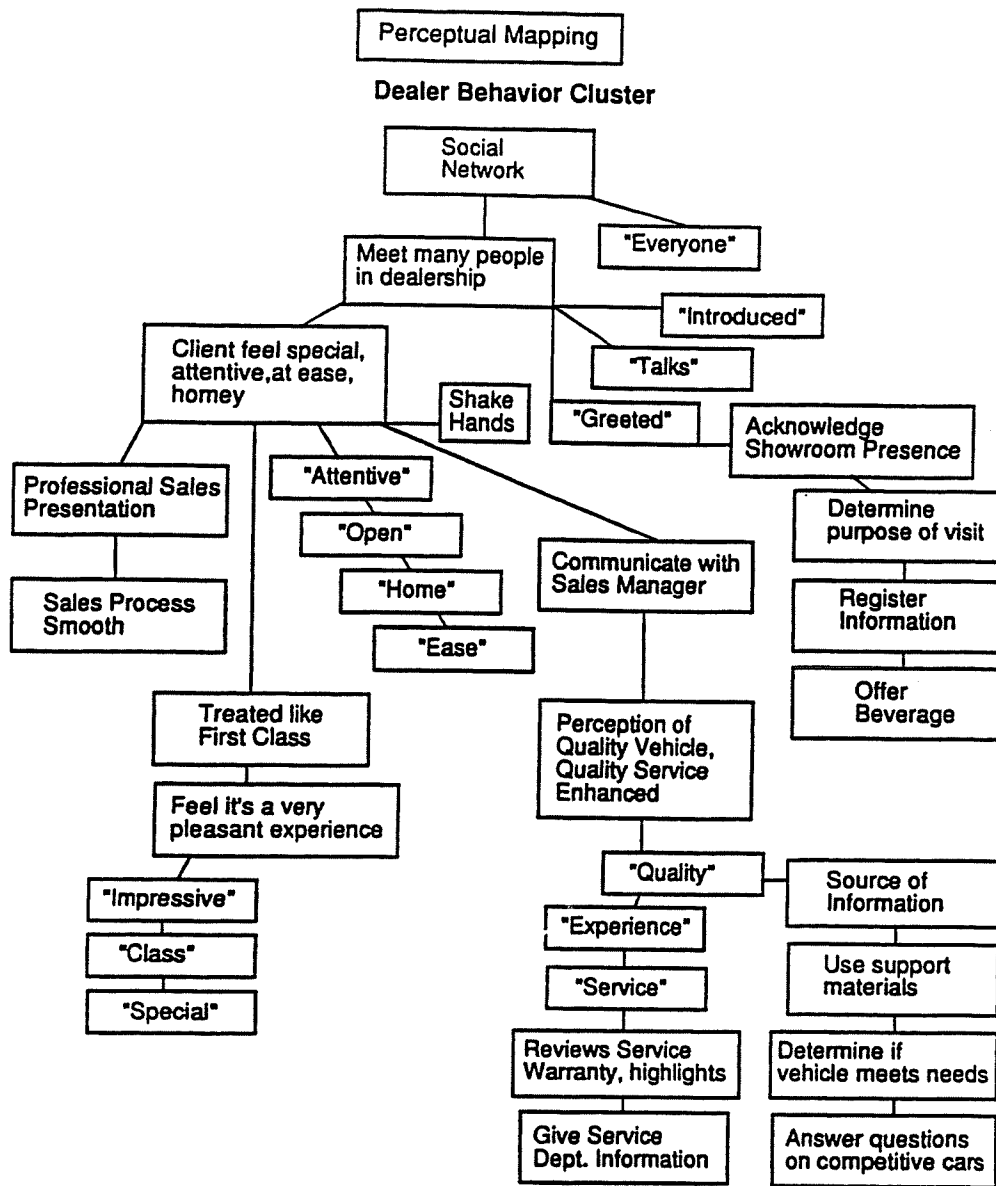
This educational effort is among the most

comprehensive recorded to support the launch of any new product. Of course, such an effort was essential if Infiniti was to achieve its goal of fundamentally altering the behavior of its retail personnel, and subsequently create the cognitive shift in consumer perceptions.

**Customer Satisfaction Fund.** Both goals also required reinforcement and feedback, so Infiniti instituted a Customer Satisfaction Fund to provide both. Every Infiniti new buyer is surveyed by telephone on an eight-item questionnaire capturing on a 10-point scale their overall level of satisfaction, satisfaction with the dealership, with their individual sales consultant, plus specific ratings on providing product information, being sensitive to customer needs, the ease of doing business at the dealership, and their likelihood of recommending the dealership to a friend. Open-ended comments also are solicited and recorded. A comparable telephone interview is conducted utilizing a service-related questionnaire after each service visit. In addition, four-to-six times each quarter every Infiniti dealership is mystery shopped by privately recruited purchase contenders meeting the demographic-psychographic criteria of Infiniti buyers. The mystery shops include both in-person and telephone scenarios and utilize structured questionnaires ranging from 20 to 80 items.

In all, 22,249 survey interviews or mystery shops were conducted with Infiniti customers or in Infiniti dealerships in 1990. Along with providing results from each individual survey-shop to each dealership for operational feedback, each quarter, these data are combined to determine overall customer satisfaction scores. Dealerships scoring above 85 on the 100-point scale receive cash awards from the Infiniti Customer Satisfaction Fund, growing to a maximum award of \$25,000 per quarter for dealerships scoring 95 or above. In all, Infiniti distributed more than \$10 million to dealers from this fund in its first twenty-one months. And in most cases, these monies are shared with dealership retail personnel, as well -- hence, providing reinforcement of Infiniti's customer focus and rewards for achieving excellence on those measures. While some industry executives and critics call the customer satisfaction payments a disguised subsidy, Infiniti's Bruce

Graph 2

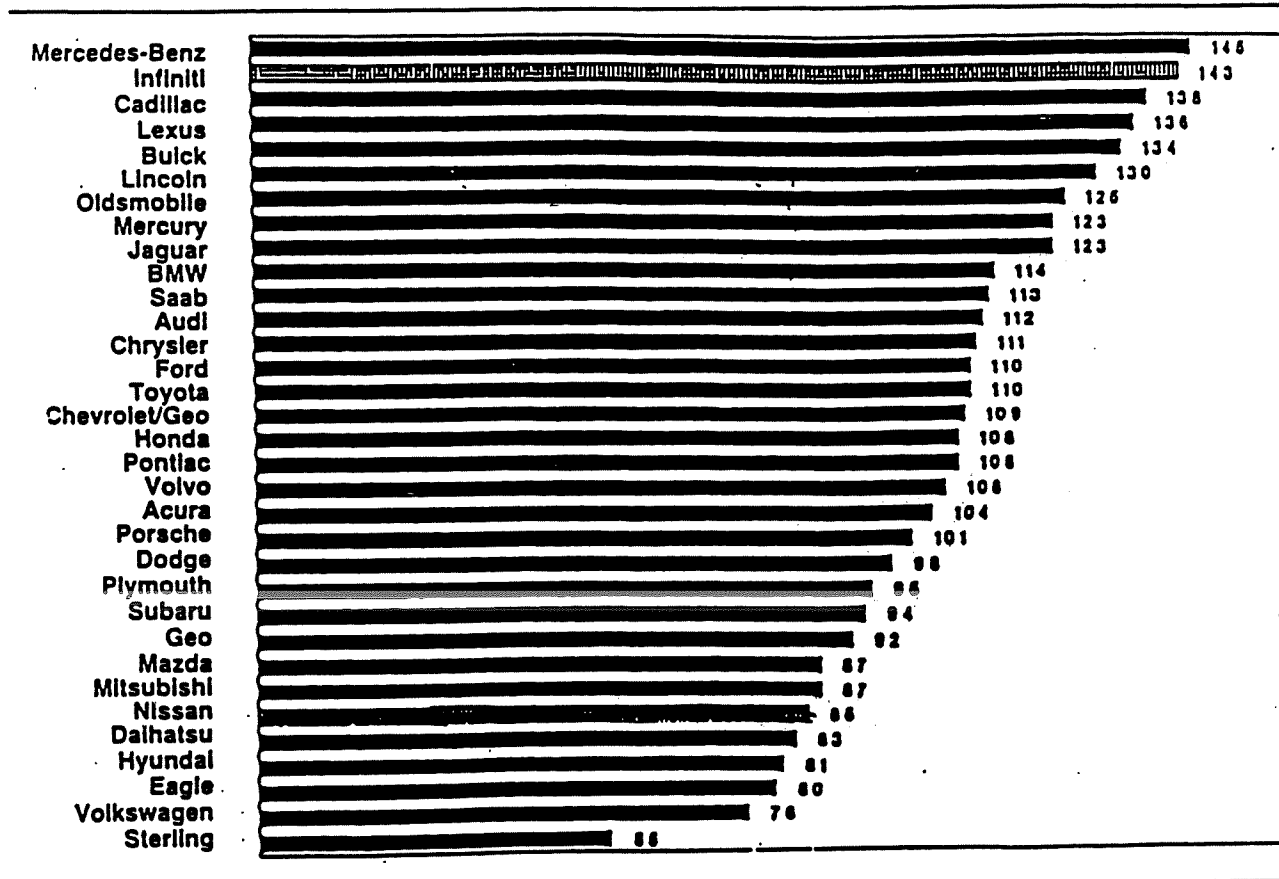


responds, "My competitors call it a subsidy; I call it investment in the brand."

In summary, Infiniti sought to develop a contrary, multidimensional approach aimed at shattering the mistrust/dissatisfaction common among automotive manufacturers, dealers and

customers -- and sought to build instead a new cognitive anchoring point for Infiniti dealers and customers, a point aimed at leading to real, long-term customer care and the satisfaction and buyer retention that results.

Graph 3  
1990 Sales Satisfaction Index



Total SSI Score

Source: 1990 J. D. Power New Car Sales Satisfaction Index

## THE RESULTS

While it will take years to judge the results of such a long-term program, the interim results Infiniti has achieved are encouraging. Drawing any conclusions about Infiniti performance, however, would be premature. At this stage, the most that can be expected is some convergent effect from a variety of data.

In terms of how the Infiniti approach to behavior change has influenced customers, anecdotal data -- from unsolicited letters of praise, to free-form comments during Customer Satisfaction Fund telephone surveys, to sagas of outstanding customer treatment -- is rich and voluminous. A summary of those data is depicted in Graph 2, a perceptual map based on a content

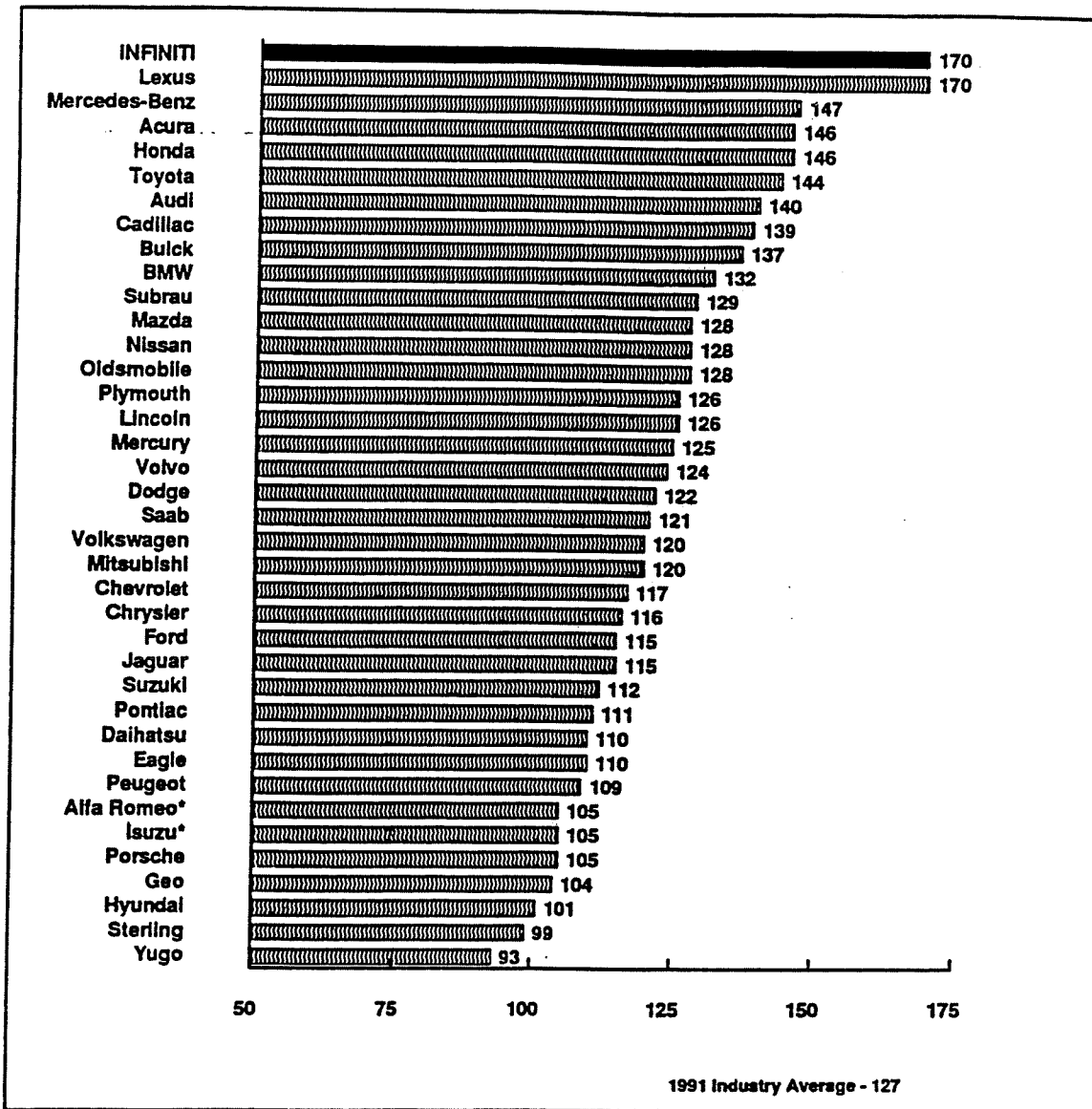
analysis of open-ended comments gathered during Customer Satisfaction Fund interviews. The map tracks actual behaviors that occur in Infiniti dealerships and the affect-laden words (contained in quotes) used by consumers to describe them. But such findings do not lend themselves to empirical assessment.

Early quantitative findings suggest Infiniti made the most impressive showing of any new franchise (Power, 1990), placing second overall and just two points behind established Mercedes-Benz in the J.D. Power Sales Satisfaction Index for 1990 (Graph 3).

Infiniti reached new heights in that segment of the Power study, placing first on all seven of the



Graph 4  
1991 Car CSI Nameplate Ranking



\* Sample below 100

Source: J. D. Power 1991 Car CSI, Spring 1991

key issues relating to customer-contact:

<u>% of Customers Indicating "Excellent"</u>		
	Infiniti	Industry Average
Way you were greeted	72%	54%
Salesperson appearance/dress	71	46
Ease of doing business with	68	48
Salesperson sincerity	65	45
Salesperson honesty	63%	43%
Concern for customer needs	60	43
Handling purchase/financing	53	34

In addition, in 1991, its first year of eligibility, Infiniti placed in a tie for first in the J.D. Power Customer Satisfaction Index (Graph 4), with first places in 15 of 21 categories -- more than any other manufacturer. To cite some specifics, Infiniti set new heights in service personnel promptness, helpfulness, understanding customer problems, and fixing problems right the first time, the study showed.

Similarly, Infiniti's internal Customer Satisfaction Fund reporting reflects sustained high scores on sales and service, as well as the independently conducted mystery shopping, with averages over the seven quarters from January 1990 through September 1991 of 95/100 each for sales and service, mystery shopping scores averaging 85/100, and combined overall satisfaction scores averaging 94/100.

While Infiniti's early performance has provided initial support for the validity of its approach, the longer-term value of the Infiniti approach can only be determined with sustained achievement and, ultimately, customer loyalty and repurchase. While achieving a notable beginning, the greater challenge for Infiniti is to sustain and enhance performance as it matures.

## DISCUSSION

If supported over time, this paper's thesis -- that customer satisfaction is an a priori psychological construct -- could impact how organizations in general and automakers in particular address customer-related issues in the marketplace.

In such circumstances, if one views a prospective consumer as suffering from a depression-like condition because of actual/

prior/referent experiences, the value of a cognitively therapeutic approach rather than an advertising campaign is apparent. Yet, traditional management approaches to customer satisfaction/dissatisfaction view it largely from marketing/advertising or measurement/statistical perspectives -- in large part, a phenomenon to be manipulated.

We posit that such careless classical approaches would tend to reinforce rather than treat and reverse consumer depression.

Only by understanding and reversing the affect-laden, negative attributional cycle that we theorize is common to consumer depressives, can organizations overcome such information processing limitations and begin to address such issues.

Practical solutions alone, absent consideration of the cognitive burdens underlying consumer depressives, may only serve to consume large amounts of money while not improving customer-based affective satisfaction. However, concurrent approaches to treat both the cognitive condition and the practical product-related issues that impact most automakers may be far more effective.

This theory requires much further study. While it may be intuitively appealing, the depression-based theory needs to be rigorously evaluated. So, too, does the value of the resulting managerial behaviors that would be employed to treat consumer depression.

The broad-based approach undertaken by Infiniti to shatter and reframe the expectations of luxury automobile consumers provides an early opportunity to test this thesis over time. Its ultimate test, however, will come in time.

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