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# Importance-Performance Analysis

*An easily-applied technique for measuring attribute importance and performance can further the development of effective marketing programs.*

**F**IRMS conducting attribute research to measure consumer acceptance of particular features of their marketing programs frequently encounter problems in translating the results into action. Several factors may contribute to this situation, but two are particularly troublesome:

1. Management may find it difficult to understand the practical significance of research findings expressed in terms of "coefficients of determination" and "levels of stress."
2. The research may have examined only one side of the consumer acceptance question — either attribute importance or a attribute performance — rather than both.

Yet empirical research has demonstrated that consumer satisfaction is a function of both expectations related to certain important attributes and judgments of attribute performance.<sup>1</sup> In light of these considerations, importance-performance analysis has been found to be a useful technique for evaluating the elements of a marketing program.

The technique draws on conceptual contributions to be found in many places in the literature.

It is hoped that the specific example offered here will highlight the approach — to present a case where the technique was clearly useful.

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## About the Authors

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## An Example

An automobile dealer's service records indicated that only 37% of its new car buyers remained loyal service customers after the 6,000 mile service. The firm hoped to increase that figure to 50% as a means of improving service department profits as well as stimulating repeat sales of new vehicles. A literature search and conversations with service and sales department personnel and factory representatives identified 14 attributes which were felt to affect service department patronage.<sup>2</sup> Respondents were then asked two questions about each attribute:

How important is this feature?

How well did the dealer perform?

Questionnaires were mailed to 634 individuals who had purchased a new car from the dealer between one and two years earlier, and 284 usable returns (45%) were received after one follow-up mailing.

The mean importance and performance ratings for the 14 automotive service attributes are presented in Exhibit 1. It was confirmed that virtually identical results would have been obtained using median rather than mean values.

An attractive feature of importance-performance analysis is that the results may be graphically displayed on an easily-interpreted, two-dimensional grid. The 28 attribute ratings from Exhibit 1 are plotted as 14 points on the importance-performance grid in Exhibit 2. The numbers refer to the attributes listed in Exhibit 1. The labels of the quadrants A, B, C, & D refer to marketing effort.

For example, "Concentrate Here" denotes an area (A) where attributes are important and also

where performance can be improved. Concentrating constructive action in this area would produce maximum results.

### EXHIBIT 1

#### Importance and Performance Ratings for Automobile Dealer's Service Department

Attribute Number	Attribute Description	Mean Importance Rating <sup>a</sup>	Mean Performance Rating <sup>b</sup>
1	Job done right the first time	3.83	2.83
2	Fast action on complaints	3.83	2.73
3	Prompt warranty work	3.80	3.15
4	Able to do any job needed	3.56	3.00
5	Service available when needed	3.41	3.05
6	Courteous and friendly service	3.41	3.28
7	Car ready when promised	3.38	3.03
8	Perform only necessary work	3.37	3.11
9	Low prices on service	3.28	2.00
10	Clean up after service work	3.27	3.02
11	Convenient to home	2.82	2.25
12	Convenient to work	2.43	2.49
13	Courtesy buses and rental cars	2.37	2.35
14	Send out maintenance notices	2.05	3.33

<sup>a</sup> Ratings obtained from a four-point scale of "extremely important," "important," "slightly important," and "not important."

<sup>b</sup> Ratings obtained from a four-point scale of "excellent," "good," "fair," and "poor." A "no basis for judgment" category was also provided.

## Management Applications

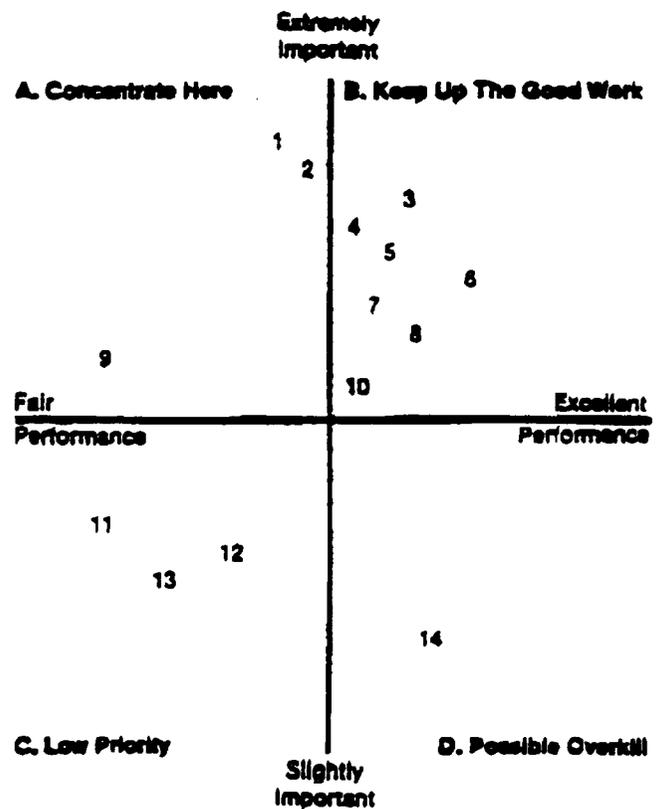
### Interpreting the Results

Interpretation of the importance-performance grid may be illustrated with examples taken from each of the four quadrants.

- Concentrate here** Customers feel that low service prices (Attribute 9) are very important but indicate low satisfaction with the dealer's performance.
- Keep up with the good work** Customers value courteous and friendly service (Attribute 6) and are pleased with the dealer's performance.
- Low priority** The dealer is rated low in terms of providing courtesy buses and rental cars (Attribute 13), but customers do not perceive this feature to be very important.
- Possible overkill** The dealer is judged to be doing a good job of sending out maintenance notices (Attribute 14), but customers attach only slight importance to them. (However, there may be other good reasons for continuing this practice.)

### EXHIBIT 2

#### Importance-Performance Grid with Attribute Ratings for Automobile Dealer's Service Department



### Developing Marketing Strategies

Importance-performance analysis provides management with a useful focus for developing marketing strategies. In the case of service prices, for example, at least three strategies, or combinations of strategies, might be considered:

**First** The dealer could meet the price issue head-on through informative advertising showing that the dealer's rates are lower than service station prices or by running coupon specials for service work performed slack periods of the week.

**Second** Given the high importance attached to doing the job right the first time (Attribute 1) and fast action on complaints (Attribute 2), the dealer might attempt to make customers feel that his service rates are worth paying by improving his performed during slack periods of the week.

**Third** The dealer might lessen the impact of his perceived high service prices by selling customers an extended warranty which would reduce out-of-pocket repair charges and encourage their returning to the dealer for regular maintenance.

## Tips on Using Importance-Performance Analysis

Determining what attributes to measure is critical, for if evaluative factors important to the customer are overlooked, the usefulness of importance-performance analysis will be severely limited. Development of the attribute list should begin with identifying key features of the marketing mix. Previous research in the same or related areas, various qualitative research techniques, such as focus groups and unstructured personal interviews, and managerial judgment, all are useful in identifying potentially important factors which might otherwise be missed. These sources can also provide guidance for screening the attribute list down to a manageable size in order to avoid low response rates and unnecessary data manipulation.

Separating the importance measures and the performance measures helps to minimize compounding and order effects. If the respondent were asked in one question about the importance of price and in the next question about his satisfaction with current price levels, his answer to the first may influence his response to the second. By grouping all of the importance measures in one section and all of the performance measures in a later section, the respondent moves in a natural progression from general to more specific questions with a distinct separation between his ratings for each attribute.

Positioning the vertical and horizontal axes on the grid is a matter of judgment. The value of this approach lies in identifying relative, rather than absolute, levels of importance and performance. Frequently a five- or seven-point scale will yield a good spread of ratings, and the middle position will constitute a useful division for the grid. Occasionally, as in the above example, the absence of low importance and performance ratings may argue for moving the axes over one position on the scale.

Median values as a measure of central tendency are theoretically preferable to means because a true interval scale may not exist. However, the investigator may wish to compute both values and, if the two consistently appear reasonably close, use the means to avoid discarding the additional information they contain. Since tests of significance are not being used, distortions introduced by minor violations of the interval-scale assumption are unlikely to be serious.<sup>3</sup>

Analyzing the importance-performance grid is systematically accomplished by considering each attribute in order of its relative importance, moving from the top to the bottom of the grid. Particular attention should be given to the extreme observations since they indicate the greatest disparity between importance and performance and may be key indicators of customer dissatisfaction.

Differences between loyal and disloyal customer ratings may reveal important strategy implications as well as provide validity checks. In the above example, both groups rated low service prices as being high in importance and low in performance, so this attribute by itself would not appear to explain differences in dealer patronage. Prompt warranty work, on the other hand, was also rated high in importance by both groups, but loyal service customers rated the dealer's performance considerably higher than the disloyal group. In general, when differences are present between the ratings of loyal and disloyal customer groups, there is greater confidence that the research provides valid attribute measures influencing the buying decision.

## Summary

Importance-performance analysis offers a number of advantages for evaluating consumer acceptance of a marketing program. It is a low-cost, easily-understood technique that can yield important insights into which aspect of the marketing mix a firm should devote more attention as well as identify areas that may be consuming too many resources. Presentation of the results on the importance-performance grid facilitates management interpretation of the data and increases their usefulness in making strategic marketing decisions.

## ENDNOTES

1. James H. Myers and Mark I. Alpers, "Determining Attributes: Meaning and Measurement," *Journal of Marketing*, Vol. 32 No. 4 (October 1968), pp. 13-20, and John G. Swan and Linda Jones Coombs, "Product Performance and Consumer Satisfaction: A New Concept," *Journal of Marketing*, Vol. 40 No. 2 (April 1976), pp. 25-33.
2. Walter J. Salmon and Stanton G. Cort, *Implications of Car Owner After-Market Preferences for Car Dealer's Future Role in Automotive Distribution* Boston, MA: (Harvard U. Graduate School of Business Admin., 1971).
3. John A. Martilla and Davis W. Carvey, "Four Subtle Sins in Marketing Research," *Journal of Marketing*, Vol. 39 No. 1 (January 1975), pg. 10.