

8 Ways to Screw Up Your Voice of the Customer!

*Gerald M. Katz
Executive Vice President
Applied Marketing Science*

Prepared for: Orasi Software, Inc. | May 11, 2004

**Applied
Marketing
Science, Inc.**

The logo for Applied Marketing Science, Inc. features the company name in a bold, blue, sans-serif font. To the left of the text is a circular emblem containing a stylized globe or network of lines.



“Who am I and why am I here?”



9

~~8~~ Ways to Screw Up Your Voice of the Customer!

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Trap #1:

Going to the A-List

“Let’s Go Talk to Some Customers!”



Edward F. McQuarrie



Customer Visits

Building a
Better
Market
Focus
Second
Edition



Trap #2:

Letting the Sales Force Pick the Customers

- You call your sales force to ask for some names, and . . .



- They panic!
 - “You techie nerds don’t know how to talk to our customers”
 - “You’ll screw up the deal we’re about to close”
 - “You’ll open Pandora’s Box”
 - “You’ll create new and unrealistic expectations”
 - “You’ll find out that I’m doing a lousy job with this account”



- What You'll get

- Your happiest customers
- Your most satisfied customers
- Those for whom your current products are already a very good fit

- What You Need

- Your most unhappy customers
- Your ex-customers
- Your competitors' customers, i.e. those for whom your competitor's products are a very good fit



- Warning!
 - Do not ask the sales force for their help in determining who to visit!

- My Advice:
 - Go Around Them !!

“It is easier to seek forgiveness than permission”

Mike Thoma



Trap #3

***Assuming that Team-to-Team Customer Site Visits
is the Only Way***



Group vs. One-on-One Interviewing

- **Group Interviewing – Advantages**
 - + Group dynamic – one member's comment triggers comments from other members
 - + Takes less time – several customers are interviewed in the time it would have taken to do a single one-on-one interview
 - + More entertaining, more fun
- **Group Interviewing – Disadvantages**
 - One or two people may dominate discussion
 - Limited air time for each participant
 - “Group think”



Group vs. One-on-One Interviewing

- One-on-One Interviews – Advantages
 - + Each respondent gets 30-60 minutes of air time
 - + More data is generated per respondent than in groups
 - + Easier to coordinate scheduling
- One-on-One Interviews – Disadvantages
 - More work for the interviewer/moderator
 - More analysis time required



THE VOICE OF THE CUSTOMER

ABBIE GRIFFIN AND JOHN R. HAUSER

*University of Chicago
Massachusetts Institute of Technology*

In recent years, many U.S. and Japanese firms have adopted Quality Function Deployment (QFD). QFD is a total-quality-management process in which the "voice of the customer" is deployed throughout the R&D, engineering, and manufacturing stages of product development. For example, in the first "house" of QFD, customer needs are linked to design attributes thus encouraging the joint consideration of marketing issues and engineering issues. This paper focuses on the "Voice-of-the-Customer" component of QFD, that is, the tasks of identifying customer needs, structuring customer needs, and providing priorities for customer needs.

In the *identification* stage, we address the questions of (1) how many customers need be interviewed, (2) how many analysts need to read the transcripts, (3) how many customer needs do we miss, and (4) are focus groups or one-on-one interviews superior? In the *structuring* stage the customer needs are arrayed into a hierarchy of primary, secondary, and tertiary needs. We compare group consensus (affinity) charts, a technique which accounts for most industry applications, with a technique based on customer-sort data. In the stage which *provides priorities* we present new data in which product concepts were created by product-development experts such that each concept stressed the fulfillment of one primary customer need. Customer interest in and preference for these concepts are compared to measured and estimated importances. We also address the question of whether frequency of mention can be used as a surrogate for importance. Finally, we examine the stated goal of QFD, *customer satisfaction*. Our data demonstrate a self-selection bias in satisfaction measures that are used commonly for QFD and for corporate incentive programs.

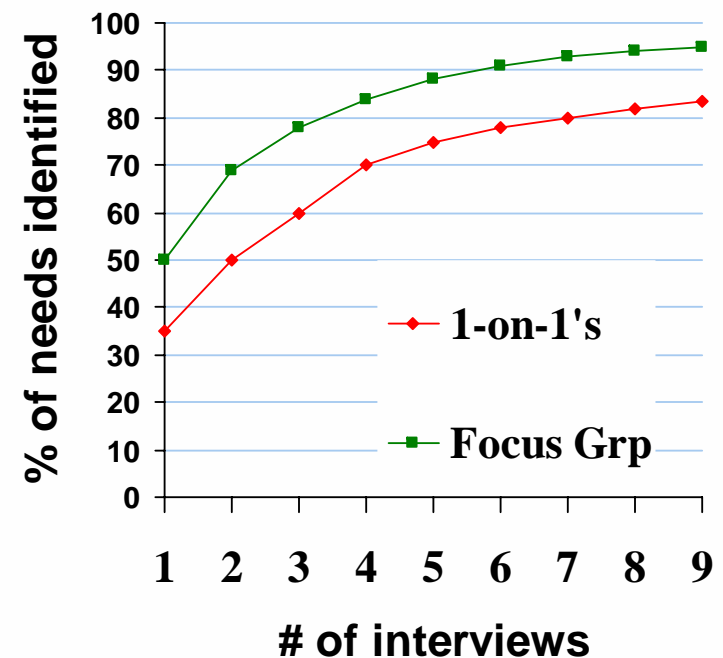
We close with a brief application to illustrate how a product-development team used the voice of the customer to create a successful new product.

(New Product Research; Product Policy; Measurement)

One-on-One's can be better than focus groups



- Research at MIT compared focus groups and 1-on-1's
- Ability to generate unique and useful customer needs
- 2 hour focus groups vs. 45 minute 1-on-1 interviews
- 1 hour of work in either setting yields similar results
- Focus groups were no more creative
- 1-on-1's are less risky, more cost effective, more representative





Trap #4:

Relying on Ethnography Alone

“Contextual Observation and Inquiry”





On-Site vs. Central Location Interviewing

- **On-Site Interviewing – Advantages**
 - + Get to see the product in action
 - + Get to understand the environment in which it is used
 - + A valuable “Customer Touch” opportunity

- **On-Site Interviewing – Disadvantages**
 - Harder to include competitor’s customers
 - May not actually be “contextual”
 - Customer sometimes misinterprets objectives
 - Deceptively expensive and time-consuming



On-Site vs. Central Location Interviewing

- Central Location Interviewing – Advantages
 - + More efficient use of time
 - + Can accommodate many observers
 - + Easy to record

- Group Interviewing – Disadvantages
 - Not “contextual”
 - Impractical if very few customers per city



Trap #5:

Doing A Frontal Assault on the Customer





Why I Avoid the Term “Customer Requirements”

- Must-Haves vs. Nice-to-Haves
- Current Solutions



Trap #6:

Confusing Needs with Solutions

Engineering Characteristics / Solutions



- Solutions To Customer Wants & Needs



- *“A Thermal Cup Would Keep My Coffee Hot”*



- *“Uninterruptible Power Supply” (hardware)*

- *“Automatic File Saving” (software)*



- *“Board Passengers From The Rear of the Aircraft”*



Target Values

(More the better, Less the better, Target is best)

- Amounts, Time Frames, Sizes (i.e. a numerical value)



- *“My Coffee Should Stay Hot For 20 Minutes.”*



- *“Mean Time Between Failure Should Be No More Than Twice Per Year”*



- *“Once They Begin Boarding, It Never Takes Me Longer Than 10 Minutes To Get To My Seat”*



Opinions / Reasons

- Opinions Are Personal Comments



- *“My Coffee Never Stays Hot Enough”*



- *“My Computer Always Crashes at a Crucial Time”*



- *“You Feel Like You Are Herded Onto The Jet”*

- Reasons Are “Why” They Want Something



- *“I’m Not Able To Finish My Coffee After I Get Dressed For Work.”*



- *“I Want To Feel Relaxed, Not Hot and Sweaty While Boarding.”*



Needs

- Phrases That Describe the Real Underlying Needs



- *“A Cup Of Coffee That Stays Hot Until I Finish Drinking It”*



- *“I Never Have To Worry About Losing My Work”*



- *“Relaxed, Stress-Free Boarding of the Airplane”*



Trap #7:

***Thinking That Once You've Done the Interviews,
You're All Done***

Types of Market Research



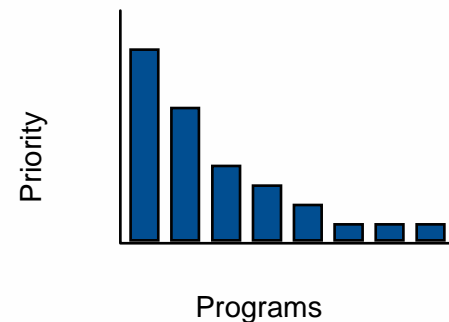
- **Qualitative**

- Reasons why
- Feelings
- Benefits
- Motivations



- **Quantitative**

- Who?
- How many?
- How much?



- Listening to Customers is both *qualitative* and *quantitative*



“The Voice of the Customer”

- A complete set of customer wants and needs
- Expressed in their own language
- Affinitized, i.e organized into a hierarchy
- Prioritized by importance and current performance / satisfaction

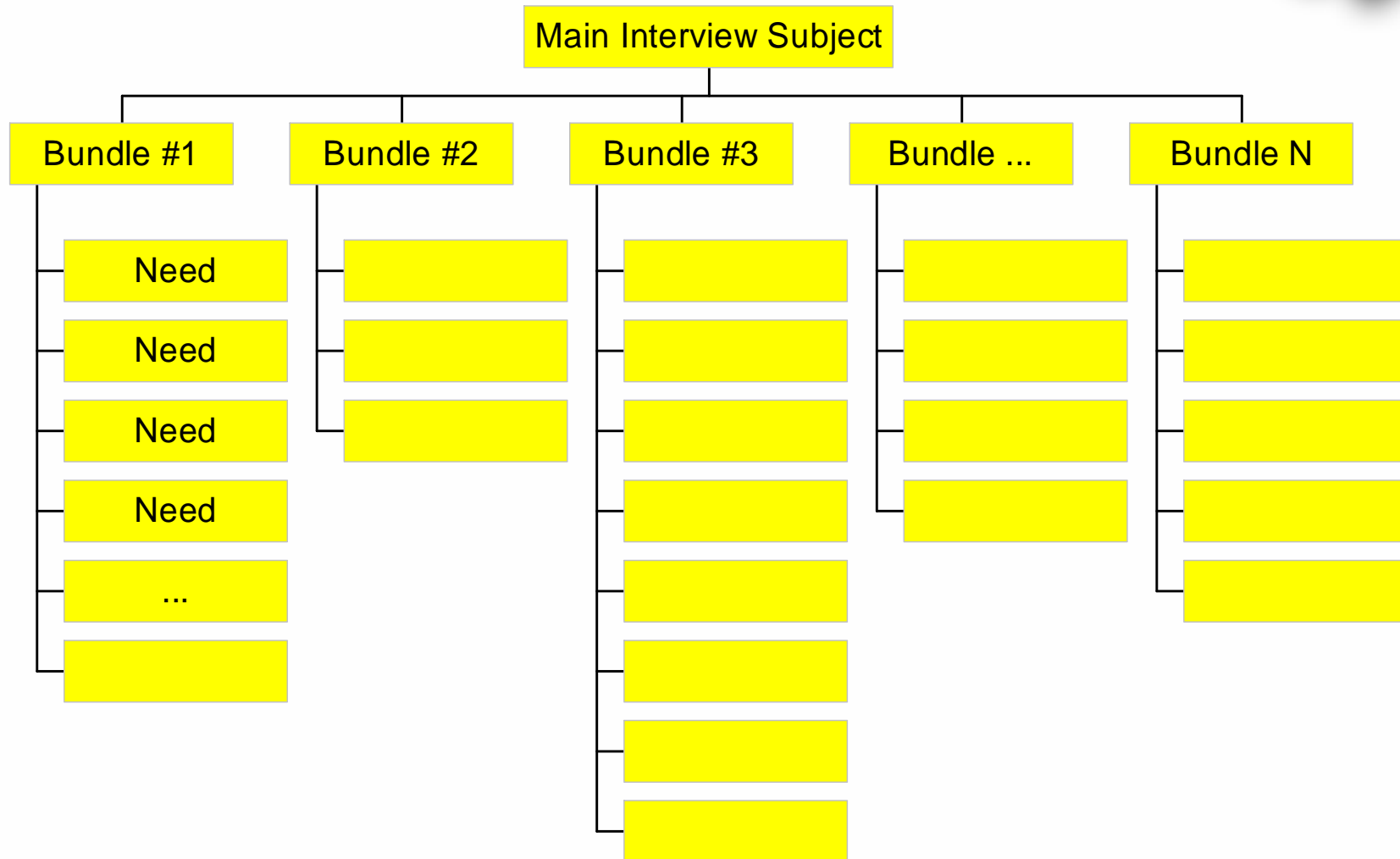


Trap #8:

Affinitizing and Prioritizing the Needs by Yourself

- Affinitizing the Needs

Affinity Diagrams Help Organize the Needs



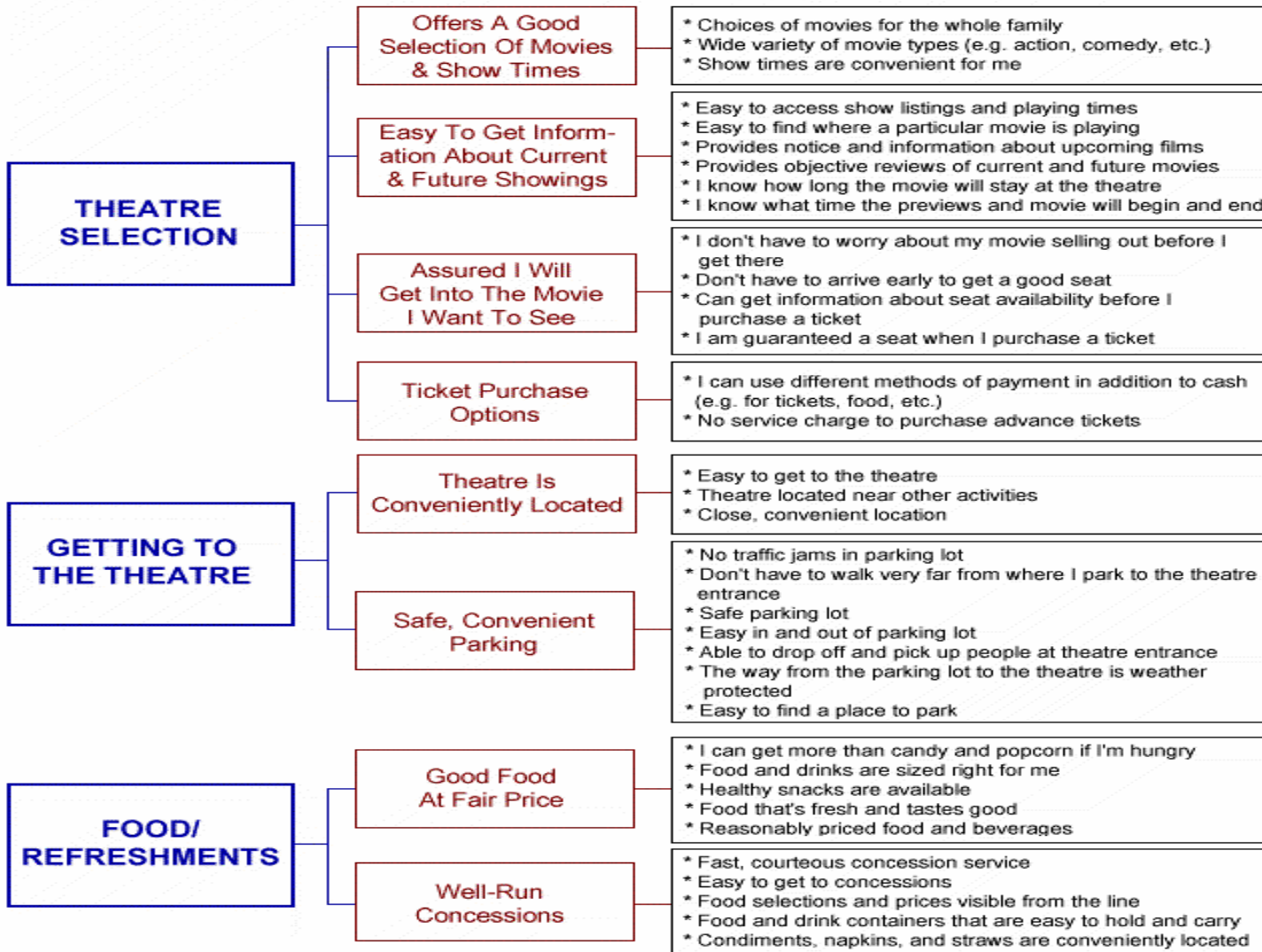


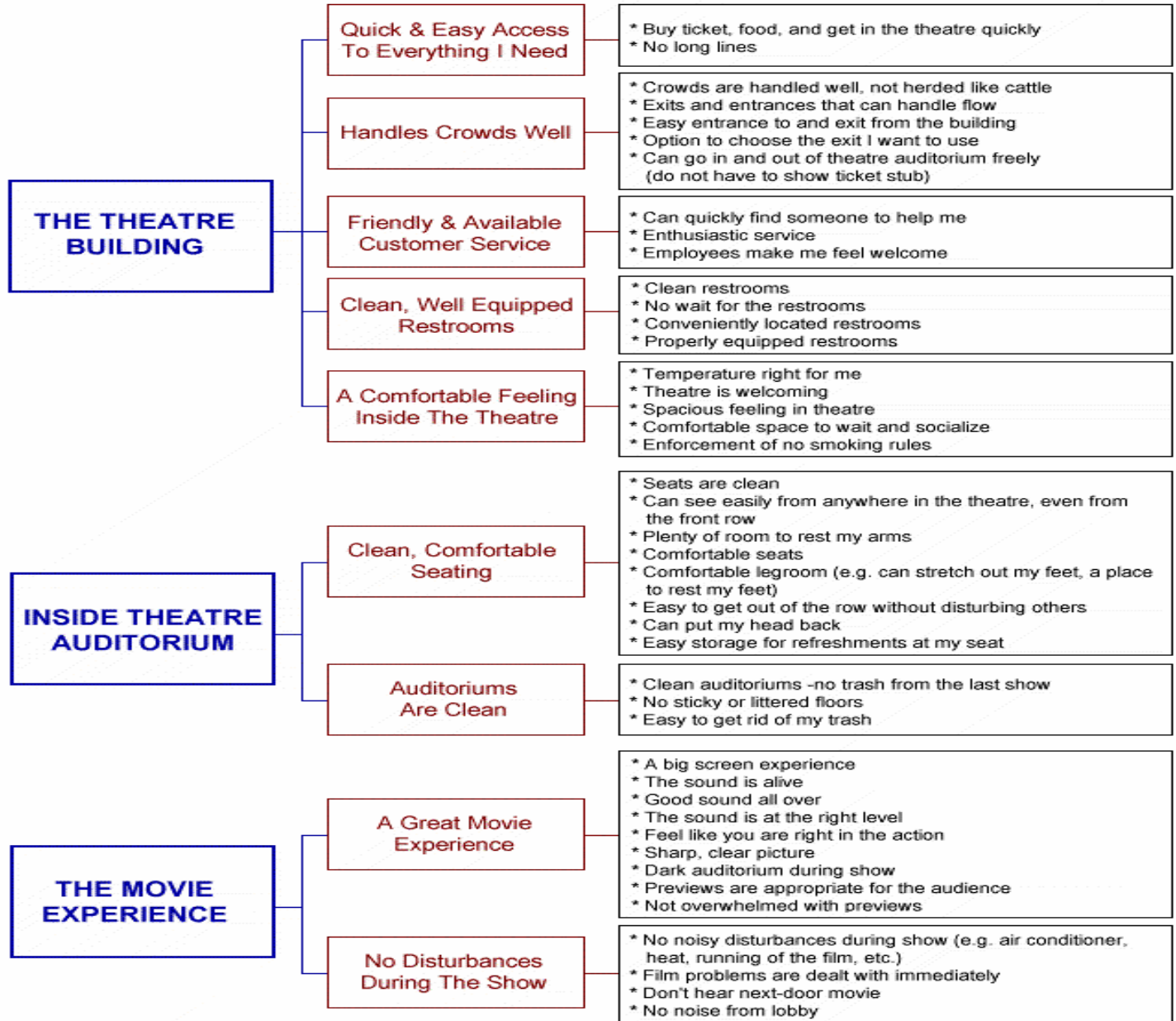
The Voice of the Customer for Movie Theaters

Primary/Strategic Needs

Secondary/Tactical Needs

Tertiary/Detailed Needs







Trap #8:

Affinitizing and Prioritizing the Needs by Yourself

- Affinitizing the Needs
- Prioritizing the Needs
 - Importance
 - Performance / Satisfaction

Traditional surveys can collect the information needed for prioritization

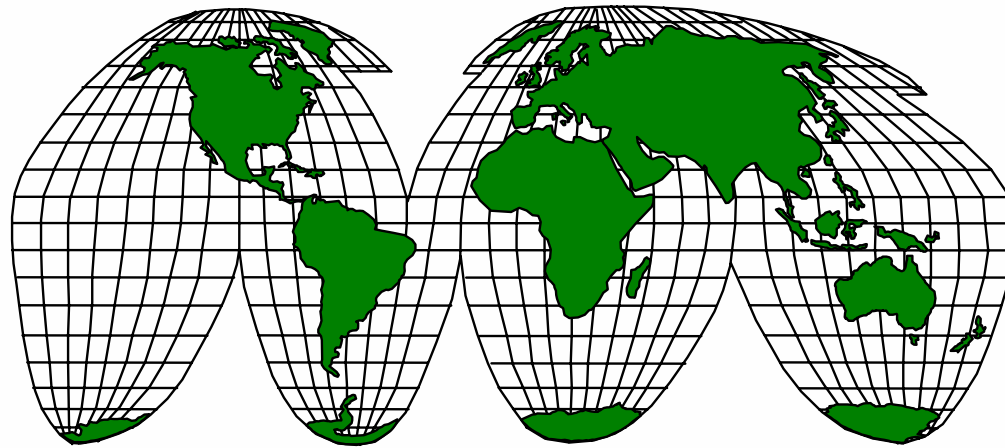


- Use the bundles to survey respondents
 - Use bundled attributes (15-25 secondary needs)
 - Sample size should be at least 50-100, if possible
 - Limit survey to about 10 minutes"
- Key questionnaire elements
 - Importance of bundles
 - Current satisfaction with Performance on each bundle
 - Overall satisfaction
 - Classification Data – e.g. demographic and usage information



Trap #9:

Assuming that Everyone Speaks English



- Environmental Differences
- Internal Politics



Conclusion



- **Seek Out Professional Help!**
 - Fast and Easy?
 - Inexpensive?
 - Worth it?



To ask any additional questions, or to obtain a copy of the Griffin-Hauser paper:

1. E-mail me at: gkatz@ams-inc.com
 - Please provide your mailing address
2. Go to our website: www.ams-inc.com