



Listen to the Voice of the Customer and Reap the Rewards
By: Laura Patterson, President

Would you like incremental purchases from existing customers? Would a lower churn rate help your bottom line? Would referrals from existing customers help reduce the cost of sale for your company? We hope you answered a resounding yes to these rhetorical questions. And if you did, our next question which isn't rhetorical at all is, "Do you conduct Voice of the Customer (VoC) research?"

If you do, fantastic, you're among the few organizations that do. According to a study by Temkin Group last year only 57% of large North American firms have a formalized VoC program and many medium to small size organizations don't. The premise of VoC is to collect and analyze customer data to transform an organization into a truly customer-centric operation.

VoC is a market research technique designed to help a company better understand customers' wants and needs and to be able to prioritize these in terms of importance and satisfaction with current alternatives in order to positively affect the customer experience. When executed well, a VoC program enables you to acquire business insight about customers and what is important to them. You can then use this information to enhance the customer experience. Research by Forrester shows that a better customer experience drives improvement for three types of customer loyalty: willingness to consider another purchase, likelihood to switch business to a competitor, and likelihood to recommend to a friend or colleague.

VoC takes an investment of time and money but the results directly affect a company's bottom line with incremental purchases from existing customers, lower churn, and new sales from referrals. Hopefully we've convinced you to conduct a VoC study. VoC research is typically more than a customer satisfaction study which is designed to measure how an organization's products and services meet or surpass customer expectations. VoC research should enable you to make customer-focused decisions.

Most firms turn to experts for help. Whether you decide to move forward solo or with the help of an experienced third party, you should know the basics.

[The Basics of VoC](#)

1. **The first decision is what questions to ask and how.** Most VoC research is conducted using in-depth interviews with a pre-defined discussion guide. The questions in the discussion guide typically cover these topics:

What are your customers “saying” about your company, brand, product/service? And where are they saying it?

How do your customers “feel” about your company, brand, product/service? And how does this affect their intent to buy?

Why do they feel the way they do and what is the root cause of this sentiment?

Are there differences among different types of customers and if so, what are they and which customer segments?

What influences your customers’ perceptions and feelings?

What are your customers' needs, wants, desires and intentions and how do these relate to your company, brand, products/services?

What are my customers saying and feelings about your competitors and what are their perceptions of your competitors and how well do the competitors meet their needs, wants, and desires?

2. **Framing the questions.** While many VoC studies are qualitative in nature, we firmly believe these studies should consist of both qualitative and quantitative, open and response option-based types of questions. The quantitative types of questions help with ranking, rating, and comparing choices. The qualitative questions help with capturing the actual language, phrasing and nuances. Use ranking and paired comparisons to aid in prioritizing customer needs.
3. **Selecting and notifying customers.** How many customers do you need to talk with? While there is no hard and fast rule because the number will depend upon the complexity of the product, diversity of market, product use, and the sophistication of customers, experts in the field suggest that with 20 customers you can capture 90-95% of your customer needs. The first source of information if you are trying to address your current market should be current customers. But it is also a good idea to talk with prospective customers, especially if you are hoping to address a new market. And we often recommend talking with competitor’s customers.
4. **Conduct the interviews.** The participants should be offered confidentiality which is why it is best to use a third party. The third party won’t know who to interview, so it is up to the company to provide the contact list and pave the way. This is a single blind type of study, which means customers will know the study is about your company but you will not know their individual responses. An incentive isn’t necessary but a thank you and sharing your action plan as a result of the feedback is essential.

- 5. Data capture, analysis, and reporting.** One of the challenges of analyzing the results of a VoC study is that customer voices are diverse. There are multiple customer voices for most organizations, even those that work in only one market, such as the voice of the procuring organization, the voice of the user, and the voice of the supporting organization. These diverse voices must be considered, reconciled and balanced during the analysis of the study. One technique to accomplish this is to set in advance of the study different priority ratings associated with each customer voice.

The point of the VoC study, or any research for that matter, is to derive actionable insights from the results. So once you the findings are reported a key step is to develop an action plan. And of course, measure your progress and the improvements once the action plan is implemented.

To succeed VoC studies, you need a minimum of two things. First you need a robust voice of the customer (VoC) process. Second, you want to implement the initiative with people who are properly trained. As you embark on your VoC initiative, keep in mind that the objective is to understand how satisfying particular customer needs, wants and desires will influence the purchase decisions and improve the bottom line. There are numerous benefits from listening to your customers such as faster adoption of new products, more repeat sales and loyalty, and lower cost of sale or cost to serve. Engage in VoC and reap the rewards.

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