



Transform Your Business with Voice-of-Customer

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Many companies are now utilizing Voice-of-Customer (VoC) programs to gain valuable insight about customers and what is important to them -- a vital step in transforming any organization into a truly customer-centric operation. As a qualitative and quantitative market research tool, VoC can produce and prioritize a detailed set of customer wants and needs -- and ultimately, enhance the customer experience.

VoC research is often conducted at the start of any new product, process, or service design initiative in order to better understand the customer. The research is usually more than a customer satisfaction study designed to measure how an organization's products and services meet or surpass customer expectations -- it should enable marketers to make customer-focused decisions.

VoC involves an investment of time and money, but the results directly impact a company's bottom line with incremental purchases from existing customers, lower churn, and new sales from referrals. 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.

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

What questions to ask and how

Most VoC research is conducted using in-depth interviews with a pre-defined discussion guide

Framing the questions

Studies should involve both qualitative and quantitative, open and response option-based questions. Quantitative questions help with ranking, rating, and comparing choices. Qualitative questions help with capturing the actual language, phrasing and nuances. Use ranking and paired comparisons to aid to prioritizing customer needs.

Selecting and notifying customers

How many customers you need to talk with 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. Your first source when addressing your current market should be current customers. 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 competitors' customers.

Conducting interviews

The participants should be offered confidentiality, so it is best to use a third party. A third party will not 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 study, which means customers will know the study is about your company but you will not know their individual responses. An incentive is not necessary but a thank you and sharing your action plan as a result of the feedback is essential.

Data capture, analysis, and reporting

The diversity of customer voices may present a challenge. Most organizations have multiple consumer voices -- even those that work in only one market, such as the voice of the 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 is to set different priority ratings associated with each customer voice before the study is conducted.

Good VoC research itself is not an objective. VoC serves as a tool for helping make strategic and tactical decisions. Therefore, your VoC program needs to be designed and implemented with your business objectives in mind. The goal of the VoC study is to derive actionable insights from the results. So once the findings are reported, a key step is to develop an action plan. And of course, to measure your progress and the improvements once the action plan is implemented.

After you define your objectives and the purpose of the VoC research, follow these steps to successfully implement VoC:

1. Secure an executive sponsor.
2. Design the research to capture what matters to customers in their voice in relation to the objectives.

3. Design and control the critical inputs. This includes determining the sample, population and timing, developing the guide/instrument, and deciding on how you collect the data.
4. Use the results to understand and improve what matters the most.
5. Use the results to drive change and improve. Track, validate and quantify the results and link back to business objectives, which usually are expressed in terms of financial outcomes and/or customer behaviors. The most meaningful linkage to your data and performance metrics is to quantify the value of improvements; fund initiatives; and build the business case for your company's C-suite.

The objective of your VoC program should be to understand how satisfying particular customer needs, wants and desires will influence the purchase decisions and improve the bottom line, resulting in more rapid adoption of new products, increased repeat sales and loyalty, and lower cost of sale or cost to serve.

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