Based in Beaverton, Ore., Tektronix Inc. provides test, measurement and monitoring solutions to the communications, computer and semiconductor industries, enabling customers to design, build, deploy and manage next-generation global communications networks and advanced technologies. The company operates in 19 countries and is a market leader in four core product categories: oscilloscopes, logic analyzers, video test and network management and diagnostics.

A key part of the company’s efforts to enhance shareholder value is its commitment to continuously improve its understanding of its customers. The goal is to anticipate customer needs and to serve them better. Thus, capturing customer insights is always top-of-mind at the company.

Tektronix currently conducts primary research among its top customers as a way to gain this insight. The company had a lot of anecdotal information regarding customers and secondary research on brand preference and awareness. However, to support its sales teams, the marketing organization needed to be able to make recommendations and decisions based on specific customer data, information that helps understand customers’ supplier preferences and purchasing intentions.
Develop customer metrics
Co-author Etherington and his team reviewed their current data and realized that while many of the metrics they tracked were designed to make his group more efficient and effective, they were focused internally on marketing operations. The company decided it needed to conduct research to develop some customer metrics that would complement its well-developed internal metrics. The results of this research would be used to drive marketing and sales strategies aimed at its global customers.

Additionally, the company wanted to better understand its current and potential share-of-wallet (the percentage of the customer’s budget allocated to Tektronix’s types of products and services) among its customers and create a baseline net advocacy score (the percentage of customers who are advocates of the company and its products minus the detractors) and benchmark this score against its competitors as a driver to continuous improvement.

Tektronix decided that an outside firm with experience and track record in this area would be needed for the work. The Tektronix team reviewed several companies—both those that provide research and those that provide tools for customer study and analysis. In each instance, Tektronix objectively evaluated each potential provider’s level of expertise to enable final selection. In the end, Tektronix chose VisionEdge Marketing (VEM), Austin, Texas, as its partner in the study.

VisionEdge Marketing employed its QuickStart Intelligence Service to conduct a share-of-wallet and customer loyalty study. The company also incorporated select metrics-related tools and techniques from its Metrics First Service to develop the customer metrics that were necessary to the study.

Personal approach
Since the questions were going to be in-depth and designed for probing it was decided that this project called for a personal approach. Given that the participants were geographically dispersed, a telephone interview methodology was chosen.

VisionEdge Marketing and Tektronix developed an interview guide designed specifically for the Tektronix customer base. The discussion guide consisted of 25 questions, covering test and measurement equipment purchase process and preferences; supplier strengths and weaknesses; loyalty
and advocacy; budget process for test and measurement equipment; and demographics.

Questions were designed to help Tektronix learn which test and measurement manufacturing companies customers purchase from along with their perceptions of these companies’ strengths and weaknesses, which manufacturers they spend the most with and which manufacturers they considered to be their company’s primary test and measurement equipment provider. Participants could indicate the primary reason they buy from each manufacturer, how they allocated their purchases across the various manufacturers and whether they planned to make any changes in their allocations in the future. They were also asked to provide the top three factors that influence their decision to change the budget allocation from one test and measurement equipment supplier to another. To help gain insight into the degree of loyalty and advocacy, participants were asked about their likelihood to recommend and buy again.

Advocacy vs. satisfaction

Much has been written on the topic of customer advocacy recently and findings from such work directed Tektronix’s approach. Advocacy is a measure of behavior, while satisfaction is a measure of attitude. Tektronix wanted an advocacy score because it decided advocates or promoters were a better measure or predictor of future growth potential vs. customer satisfaction, where there is no direct correlation to growth.

The interview guide was tested and recruitment began. Individuals from Tektronix’s top customers within the United States were recruited to participate in the single-blind study. Senior marketing people conducted all of the interviews. Each interview lasted approximately one hour.

An ancillary component of the process required Tektronix to have access to IT and data and to work closely with its sales organization. The company discovered even in these early stages of the process that it didn’t know as much as it thought it did about its customers and that it had some major gaps in its data. The process facilitated some welcome conversations with operations, sales and customer service and enabled all of the groups to focus on a shared goal.

Baseline score

The results from the interviews were compiled and analyzed to determine share-of-wallet and net advocacy score amongst many other insights about the customer base. The findings from the research provided Tektronix with a baseline net advocacy score and leading indicators related to share-of-wallet. The share-of-wallet information for participants surveyed indicates which of these accounts are most likely to increase their budgets and

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### Ten tips for researching your customers

1. Always remember marketing is about the customer. We really only rent space in our customer’s mind. It is our job to understand why customers buy and don’t buy. If you don’t know, ask. We also need to remember that customers have choices, and it is our job to give them a reason to make our company their first choice.

2. Never assume you know what your customers will say or that what they tell the sales team is what they would tell a third party. Set aside budget to do more than just an annual customer satisfaction study.

3. There is tremendous value in knowing who among your customers are your advocates.

4. There is tremendous value in knowing who among your customers are your detractors.

5. Brand and loyalty are built one transaction at a time.

6. Focus on the growth drivers.

7. Marketing and sales are two sides of the same coin and must work collaboratively for the company’s success. Make the sales organization a part of the solution.

8. Make accountability and metrics a mantra. Only measure what you will manage and no more. There are both good and bad metrics. Good metrics help you make strategic decisions/recommendations, demonstrate how marketing is moving the needle and show the value of marketing from a financial perspective. Create a dashboard that helps you achieve these objectives.

9. While customer acquisition is important, customer loyalty is just as important. Consider investing in developing and implementing a formal customer loyalty program. In addition to lead-generation metrics remember to include customer metrics.

10. Seek advice. Be humble enough to recognize you do not have all the answers.
their spending with Tektronix, enabling the company to decide how to best allocate its resources. Tektronix was also able to look at the analysis and take appropriate actions where it did not have a high advocacy score and to examine accounts and its selling methodology where it had very high advocacy metrics. It’s a good example of the maxim “If you can’t measure it, you can’t manage it.” As a result of the research, Tektronix has a picture of the ideal customer account as well as a picture for a key account-at-risk. With this kind of information, Tektronix can develop plans of action for the latter and replicate the former.

The data is enabling Tektronix to ensure the company is more relevant to the customer and the channel. The data provides insight into what messages are getting through to customers and is being used to direct Tektronix’s future marketing efforts. Tektronix discovered the average number of products typically used by a customer in its markets and is developing specific plans to increase its presence in each market segment.

Finally, Tektronix was also able to use this research to identify the three most critical factors to its buyers when purchasing this type of sophisticated electronics equipment. The firm left the study with a new and more developed understanding of its competitive advantages and the places in which it needs to focus its efforts for improvement.

**Strong brand**
The results revealed that Tektronix clearly has a strong brand and strong preference and awareness. However, the firm learned that market share and brand preference are earned one transaction at a time. The more Tektronix understands the needs of its customers, the more the company can increase its relevancy and empower its customers to make informed purchase decisions to help them solve their test and measurement problems better, faster and more accurately.

Another key outcome of the project is that it initiated all the right conversations between sales and marketing. As marketers, there is a tendency to focus on the customer acquisition side of the equation. We must not forget the rest of the equation - keeping and growing the value of existing customers - and remember that every company should have metrics that reflect this aspect of the equation.