

Know your customers

The multitude of communication channels available today have, paradoxically, made it harder for organisations to carry out a satisfactory customer survey. **Ganesh Nayak** of Tata Quality Management Services, shares his insights on how to get it right

No company can expect to prosper in today's competitive market unless it knows what its customers want and where it is falling short in meeting their needs. For this, it is essential to obtain feedback from buyers and potential customers, which is why there has been a proliferation of market surveys in recent times.

With the advent of multiple modern communication channels such as the internet and mobile technology, the avenues to reach the customer have increased manifold. Yet most surveys seem to fall short of the expectations of the commissioning organisation, in terms of both the quality and relevance of the data received. This is all too often because the questionnaires are poorly prepared and / or targeted at the wrong persons.

Why customer surveys fall short

It is essential to remember that customers are looking for what they think will best suit their need, not what you want to sell. Moreover, after being bombarded with surveys from all sorts of organisations, customers are becoming increasingly antagonistic to being disturbed by cold calls and emails that add to their spam, asking questions to which they have no interest in replying.

Surveys usually rely on a standard set of questions, which the customer often may not relate to, or yield irrelevant results. For instance, the question about 'satisfaction' in most surveys is usually associated with the respondent's experience of recent events. A customer may be satisfied with your product on the whole, but a minor source of dissatisfaction just prior to answering the survey could skew his responses. In effect, the 'customer satisfaction' index mainly measures satisfaction with recent transactions or service experiences.

At Tata Quality Management Services, we have arrived at modes of determining customer satisfaction that factor in these problems.

Tests for effectiveness

Too often, companies that commission a survey don't get into the nitty-gritty of framing the questionnaire. They may not even pinpoint the exact profile of the target group. The survey agency just prepares a standard set of questions and presents them to people who may or may not be potential or current customers, delivering unreliable results.

Before commissioning a survey, an organisation should ask itself:

- ▶ Are the attributes for the survey decided by the external agency, or do you decide what you want?
- ▶ Have the attributes changed over the past two to three years or remained the same? Are these attributes common across all your customer segments?
- ▶ Are the attributes addressing only transactional related questions or are they also probing into relationship, loyalty, dissatisfying factors and improvement orientation?
- ▶ Are the attributes covering all the stages of the customer life cycle? (See Fig 1)
- ▶ Will the feedback tell you about changes in customer preferences, as well as competitor strengths and weaknesses relative to your performance?
- ▶ Will the feedback report give you specific pointers for process improvement, or will it just give an indication of high-low scores?
- ▶ Is the response rate well balanced across all key customer segments?

Total customer experience

The overall impression customers gather about an organisation is based on their perceptions and experiences at every touch point: the company personnel they interact with, the products, after-sale

The butterfly customer

Customers are no longer loyal to one brand. This is an age of wide choice and multiple loyalties. An individual, for instance, could have a loyalty status in more than one airline. An airline's customer satisfaction survey is unlikely to factor in the fact that the customer is spreading his travel to several airlines to gather mileage points from all!

In *Butterfly Customer — Capturing the Loyalty of Today's Elusive Consumer*, authors Susan M O'Dell and John A Pajunen summarise the characteristics of butterfly customers:

- ▶ They accept your invitation to be loyal.
- ▶ They move across market segments.
- ▶ They are intelligent, educated and informed.
- ▶ They are cynical and sceptical.
- ▶ They would rather switch to another product than fight.
- ▶ They are always interested in the experience of other buyers.
- ▶ They are not embarrassed to be butterflies.
- ▶ They know their own worth.

The above factors make it clearer where most surveys fail:

- ▶ Too many surveys try to reach the

customer from multiple contact points. This irritates the targeted person, and he or she will either not respond or give a perfunctory reply.

- ▶ The wrong persons might respond. Thus the profile of sampling for the survey is critical. According to studies, in many cases 60 per cent of the respondents to a survey do not buy the product or service for two years or more.
- ▶ The survey itself might add to the dissatisfaction of a customer, who may see no point in responding to certain attributes about which he or she has already complained but not received a resolution.
- ▶ If most of the questions relate to existing attributes of the company or product rather than planned improvements, the customer does not feel very motivated to respond.
- ▶ There is also scope for manipulation. All too often, the surveyor or sales manager puts subtle pressure on the respondent to give positive answers.

services, etc. This is known in marketing parlance as total customer experience. To gauge this, it is important to have an idea of the customer life cycle as illustrated below:

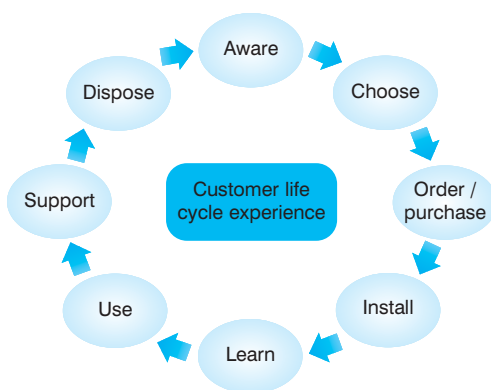


Fig 1: Total customer experience cycle

To ensure a survey captures the customer's total experience, you need to answer these questions first:

- ▶ Are your attributes addressing only transactional related questions or are they also probing into relationship, loyalty, dissatisfying factors and improvement orientation?

- ▶ Are your attributes covering all stages of the customer lifecycle?
- ▶ Does the feedback tell you about changes in customer preferences, as well as competitor strengths and weaknesses relative to your performance?
- ▶ Does the feedback report give you specific pointers for process improvement, or does it just give an indication of high-low scores?
- ▶ Is the response rate well balanced across all your key customer segments? Have your key customers responded?

The next step in preparing an effective questionnaire is to analyse the individual elements of the stages of the customer lifecycle. This helps to frame the survey attributes in a more relevant manner.

Tips for designing customer satisfaction surveys:

- ▶ Design the 'outcome report out' first — finalise what you eventually want to see.
- ▶ Review your attributes, and update as per current customer preferences.
- ▶ Design 'cause-effect' linkages in multiple surveys — if you have more than one survey running in your organisation, try linking the hierarchy

(detailed below under 'Integrating the survey results with business performance').

- ▶ Understand customer lifecycle stage propositions.
- ▶ Try mixing open and closed questions.
- ▶ Separate loyalty / relationship / transactional attributes.
- ▶ Understand key dissatisfiers, especially behavioural attributes. Ask questions where you can expect unfavourable responses.
- ▶ Scale the survey attributes so that you get a neutral point or mid-point.
- ▶ Vary the attributes based on segment specific requirements — don't ask the same questions in different words.
- ▶ Avoid the trap of standard packages offered by agencies.
- ▶ A 'can we call you' question might be useful, as some customers may like to talk to you.
- ▶ Where possible, the respondents should be given the opportunity to rank the questions in the order of their preferences.
- ▶ Include questions related to your competition.
- ▶ Try to make the surveys personalised — make the customer feel that his inputs are valuable.
- ▶ If done in enterprise accounts, ask for an account-wise feedback.
- ▶ Allow an option to the customer to add his attributes / comments.

Integrating the survey results with business performance

An explanation of a best practice being followed by a leading multinational company is explained below. Apart from multiple product / service offerings, the company has several enterprise accounts, as its customers are segmented into categories like key accounts / large / medium / small businesses and consumers. The multiple customer feedback mechanisms are designed on a certain hierarchy. The feedback is based on cause-effect linkages as well.

Level 1: End-to-end customer experience (B2B and B2C)

This is a pan-country survey which covers all types of customers, ranging from key enterprise customers to individual consumers. The focus is on stage-wise customer lifecycle performance, and is compared with competitors. It is like an annual report card. A certain percentage of the bonuses of senior executives are tied to the results.

Level 2: Enterprise relationship (B2B)

At this stage, the survey is at an enterprise account level where important elements of strategic

intent / relationship / competition are measured. The feedback can be tracked account wise and also by the respondent. One can get accurate feedback from "multiple customers" in the same account.

Another feature is that within the same account one can administer different survey modules. For example, the chief executive officer would respond to the 'strategic module', the manufacturing head might respond to the 'relationship module', and the maintenance head could be sent the 'operational module'.

One can, thus also understand the competitive performance in that particular account, which gives a good insight into reasons for 'share of wallet' performance. This is then followed by account management processes, in which a joint action plan is drawn up between the customer and the organisation.

Level 3: Event / transaction experiences

These are multiple, short three-minute telephone surveys capturing feedback on recent events / transactions experienced by specific customers. The sampling is done on actual service calls and events which have happened in the last one month.

Some examples are satisfaction on complaint management resolution / service effectiveness at site / service centre experience / contract renewal / pre-sales experience, etc. The results of this feedback, received on a monthly basis, can be easily correlated to level 1 or 2 scores. Moreover, the respective managers are geared to achieving these scores.

Level 4: Internal process metrics

The process measures form the level 4 stage and the point where they can be correlated with the customer feedback. If the metrics show good levels of performance and the customer feedback at level 3 shows poor scores, then there is an opportunity for either process improvement or looking at the deficiencies in the process measures. The process measures are also specifically studied by the segment (B2B or B2C or key accounts, etc) so that the cause-effect can be seen in level 1 and 2 processes as well.

In addition to process there are service standards in place to monitor softer aspects such as behaviour and responsiveness. The customer feedback then forms an input to training requirements for the customer facing employees or modification of service standards itself.

Ultimately, success depends on the organisation's passion for enhancing the customer experience. If customer centricity is a part of its DNA, not just customer satisfaction surveys but sales also will reflect this. ●