

I get inside your customer's head



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Putting the customer at the heart of your business

“The Customer is King” has been around as a concept since the first arrowhead trade fair. Are we getting nearer to living that belief or further away? What does the customer really think, and how can we harness their views to help rather than hamper our strategy development?

In this paper I examine some of the reasons why the customer often gets left out of the process, and offer suggestions for ways to reintroduce them.

How did we get here?

In the last century, customer-facing effort was focused on product development, resulting in an astonishing rate of progress and range of brands in every field of human consumption. Competition now is greater than ever, as is the rate of change and fragmentation of markets, products and media.

Yet the typical board of directors may still be living in the past.

When it comes to decision making, there can be more arguments around for marginalising the customer than including them. Let's eavesdrop on the **CEO's** rationale:

“Competition has increased and opportunities to differentiate or build customer loyalty have diminished, so cost efficiency is key. In the last century, mass production, mass marketing, mergers, takeovers and multinationals became the order of the day. We absolutely must have a space at the board table for **Operations** and **Finance**.”

As the pace of change has increased, and as mass marketing is yielding to tribes and segments and sub-segments, it has become more important to understand what the customer is up to. The **marketing manager** may not have managed his/her public image too well in the past, but many are learning the language of the established board members. For example: “36% of our female customers think they will switch brands in the next three purchases” is bound to get a reaction and lengthy documents on complex segmentation models can give marketing the air of credibility it has always envied in other professions. They are reluctantly invited along by the Chair:

“Let's face it, if Marketing doesn't get a seat at the table, then we'd be saying things about ourselves and our attitude to our customers that we wouldn't be too comfortable with.

“But remember that the board is about serious, tough business decisions, not your airy fairy customer stuff. There isn't the money around any more for hard-to-measure fancy advertising campaigns.

“Oh, and to cover our backs for when something goes wrong we'll have **PR** too. No, don't let them sit next to Marketing, they'll only squabble about who's the most important.”

And then someone might remember the **employees**, the human capital of the business.

“Ah yes, of course, how could I forget? Our staff. Core to the business. Our greatest asset. Luckily we have **Human Resources** to take care of them so we don't have to get too involved. Let HR come along and let's hope they don't whine too much.”

There may be some space left for **Sales** - unless that's part of marketing (or worse, the other way round), and these days **Health & Safety**, or Environment or Sustainability are on the board of more enlightened organisations.

“Now who are you?”

“The customer?”

“Awfully nice of you to pop in but I’m sorry, only you see this is a *Board Meeting*. Only the highly paid and extremely intelligent allowed in here. Yes, I know you have things to say, but the trouble is you’re not really dressed for the board room, and I’m sure a lot of it would go over your head anyway. I’ll tell you what, why don’t you wait outside and we’ll come and see you later? I’m sure someone can rustle you up a cup of coffee.”

How can the customer claim a seat in your business?

Needless to say, not all businesses operate in the way I have described. Some organisations are getting to grips with customer views in new ways, and developments in IT have made it possible for some of the biggest organisations to develop the kind of customer intimacy once only known by the corner shop or local bar. In today’s business environment, some of the most interesting growth stories are from organisations that place the customer at the heart of what they do.

For example:

- Mass customisation is becoming more possible with advances in technology and supply chain management.
- Customer and staff feedback is seen as a vital way to keep the offer fresh in new look retailers like Pret a Manger.
- The concept of copyleft is being used in the development of products, ideas and social change.
- The rise in influence of pressure groups, lobbying and customer action
- Community led concepts like barter systems and LETs

Let’s look at some of the options open to every business to bring the customer or user back into the heart of our decision making.

1. Formal market research

This is a vital tool in the system so long as it is used wisely. There is an ocean of difference between smart, applied, focused market research structured to maximise customer learning; and just doing another questionnaire. And that applies particularly when transplanting techniques from one side of the world to another. If the research doesn’t take the customer and local lifestyle / values into account, then the chances are the results won’t either.

The typical chain of communication might be something like this: Which leaves plenty of room for Chinese whispers to take control of the message.

Whenever my clients use my market research - and I would always advise that they do - we try to make sure it is:

- **Open minded** - not just trying to prove someone was right
- **Based on learning** and understanding not checking and testing (unless the research to understand has already been done so the measures of success are known)
- **Iterative and evolutionary**. I’d rather my clients and I amended the concept during the research process and always tested our latest best ideas to date, rather than keep everything the same so we can say we have rigorously tested - the wrong thing.
- **Joined up** . If the person developing the strategy lives with the research, they can see first hand what works and what doesn’t. If the copywriter hears potential customers speak he/she will know exactly what benefits and what language ring true for the target audience.
- **Fast turnaround**. I’ve recently completed a project for local implementation of a national strategy where the evening before each local area meeting we did a focus group. The next day

we gave everyone the transcript of the group discussion “hot off the press” which gave the planning meetings a unique and valuable immediacy and customer presence.

- **Focused.** It sounds very obvious, but a lot of research is conducted in a rather vague and hopeful way. Having clear research objectives from the start makes it much more likely to be useful.
- **Remembered.** Shelf full of dusty research reports? No time to integrate the learning? This approach keeps market research companies in business but means that many organisations are squandering their intellectual property. Every research project has an immediate objective - and it also has a role to play adding to the organisation’s overall understanding. Interpreting the data may cost a little bit more, but if it generates documents and articles that are of immediate practical use to staff in customer service roles (and therefore improve customer satisfaction and retention) then that is money well spent.

2. Informal customer research

As well as paying agencies to talk to your customers for you, you may be able to improve the way you use existing in-house information.

A retail website can track all the things customers ask for that which you DON’T sell. If you know everyone wants that shirt in blue then you can use that information to reduce business risk in stock management.

And it is possible to collect similar data manually from staff on retail outlets. Your bank tellers in the branches probably know the top three questions asked by customers. Does your marketing manager? I have always wondered why airlines don’t look through the rejected food on trays to tailor their offer, rather than using a questionnaire out of context. The data is there, just waiting for someone to collect it.

A useful starting point for identifying what and how to collect is to imagine that your business was very small again - a one man or one woman band. What would you automatically know about customer needs and opinions?

eg Busy times of day, bottlenecks, personal preferences, differing service requirements (eg super efficient versus chatty), new trends (suddenly they’re all asking for something new)

Now how can you adjust your culture and your systems to capture that same kind of information in your actual business?

Get the staff involved in working this out too. They know what will be possible or painful for them to log - and what data they’d like to be able to access in return. If it’s approached in the right way, they may well feel motivated by the involvement - it raises their status and value to the company from dispensers of products and services to a critical link in customer understanding.

3. New technology

A website might only handle 4% of your turnover today and so is easily overlooked. But it can also be a valuable tool for understanding your customers. Where else do you get to find out instantly things like:

- Today’s most popular product.
- You sell more books on Fridays and pens on Mondays.
- Your customers search by brand first and item second (or the other way round).
- First time visitors spend twice as much as on subsequent visits.
- 84% of your customers leave without buying anything.
- Half of those customers that put items in the shopping basket give up on page 3 of the ordering process.

- Changing your homepage from blue to green increases sales to women by 30% but loses 50% of your more profitable male customers.

And that's just the start. Imaginative businesses with the right technology can turn their website into their most important bit of R&D. Make sure your online presence is set up to help you learn - not just respond to enquiries.

Other areas where new technology can help include

- Communicating with your customers (email, webzines, chat rooms, SMS and so on).
- Tracking individual customers (CRM - customer relationship management - tools that work).
- Just in time stock management (Dell being the best known example).
- Allowing customers to track the status of their own order (eg UPS, BT).

4. Role play

There's nothing quite like stepping into someone's shoes to see how it feels to be them. You can

learn some interesting new approaches to the business by organising a workshop for a range of managers, front line staff, suppliers and partners (maybe even customers too!) where they can role

play different types of customers such as:

- first time
- loyal
- betrayed
- commodity purchasers

Or you could represent different consumer segments. An interesting twist to this is to invite ACTUAL customers to come in after members of staff have had a go and compare the two sets of opinions.

5. The new democracy

Perhaps the strongest move, is to just open your doors and let the customers come right in.

- Restaurants with open kitchens are trusted more by their customers.
- Emailing the president gives citizens a sense of empowerment that may help counter growing cynicism.
- Having a customer seat in the board room - and any customer can apply to sit in it - sends a powerful message of openness and trustworthiness (you may have to coach the board first to manage this!).
- Admitting mistakes, rather than glossing over them, can turn angry customers into ambassadors.
- Allowing customers to vote on what is important to them. Eg the Co-operative Bank in the UK bases some of its ethical criteria and donations policy on customer voting.

Conclusion

Bringing the customer into the heart of your business may mean some changes in corporate culture.

It certainly requires a new level of courage and commitment. Its reward can be sustainable competitive advantage through better customer understanding and improved staff morale. Try it!