

Customer Feedback:

The Key To Stable Growth

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With the ever-increasing changes in the market, organizations are in a race to bring to market bigger, better, faster, feature-rich improvements in products and services. Often companies believe budgets cannot afford investing in the initial step at the foundation of every product - or service - related initiative. Getting customer feedback (insight) on a regular basis is one of the most valuable forms of investment a company can make. This generally available resource is one of the most underutilized sources of marketing. Done correctly, customer feedback holds the key to an organization's infrastructure, quality, product, or service initiatives. In today's competitive marketplace, organizations that believe in a "Build it and they will come" approach operate at their peril.

The potential for gain acquired from good customer feedback – when applied correctly – optimizes resources and investment and minimizes the risk of missing financial targets and delivering poor metrics. In every organization, obtaining customer feedback at regular intervals should be one of the most essential elements to planning. "You might say, customers have gone to the top of the organizational hierarchy."¹ Accurate feedback, obtained during the initial planning of each large program or project will have a prevailing impact on the entire program cycle. Strategic business goals focused on new horizons and cutting edge opportunities are highly correlated with feedback and potential payback. Failure to acquire and utilize customer feedback is like taking a step backward from the doorway of opportunity and allowing competitors to get ahead.

Often obvious is the understanding that feedback is fundamental knowledge about the customer's perception towards the brand and its related products and services. The value of feedback is that it enables insight into the views and preferences customers and non-customers hold regarding the organization's brand as well as their products and services over prevailing economic and competitive conditions. The influence of variables driving market conditions and the impact of projected fluctuations are key to accurate feedback, and under these conditions, will potentially have a positive effect on products and services. Consistent feedback is a barometer that is vital in the organization's planning, sales and marketing strategies.

Many organizations focus their solution on the traditional 4P's in marketing that directly impact the strength of their brand, feature rich products, pricing, and so forth. "It is not the product that keeps competitors out, nor is it the technical standard or the technology that protects an organization from rivals, but rather customers who lock on to a company or institution and become the barrier to competitive entry."² Getting the product right is only half the battle, here is a customer feedback excerpt shortly after the opening of a new mega-mall:

Well, I am one of the millions of people who shop at SM. I must admit, their cashiers are quicker, their employees friendlier, their merchandise more complete and cheaper than any other department stores in the country. As for the malls, one thing I'd like improved are their rest rooms. Their malls are huge but they have few rest rooms and they are situated from end to end of the malls. I wish they'd place them in strategic locations and make them more accessible.³

By asking the right questions, feedback taken from the customer target segment about other malls locally and regionally would have provided insight into the needs and perception of customers about mall design. Frequently, business and consumer products go to market lacking what the customer truly needs; eventually the competition provides for that need. During the April 2008 release of the redesigned laptop for business customers, Dell shared their source for ideas:

'Listening to customers and acting quickly on their feedback to improve our products and services sets Dell apart,' said Frank Muehleman, vice president and general manager, Dell Small and Medium Business. 'For example, customers told us in a recent global laptop study that data protection and pre-installed security software are, by far, the most important security features.'⁴

'They also said they wanted thinner and lighter machines, all at a good price,' Muehleman said. 'We paid attention. Customer feedback is important because it is vitally important in accelerating and securing customer loyalty. Customer loyalty is the most important element in driving market share and revenue growth.'⁵

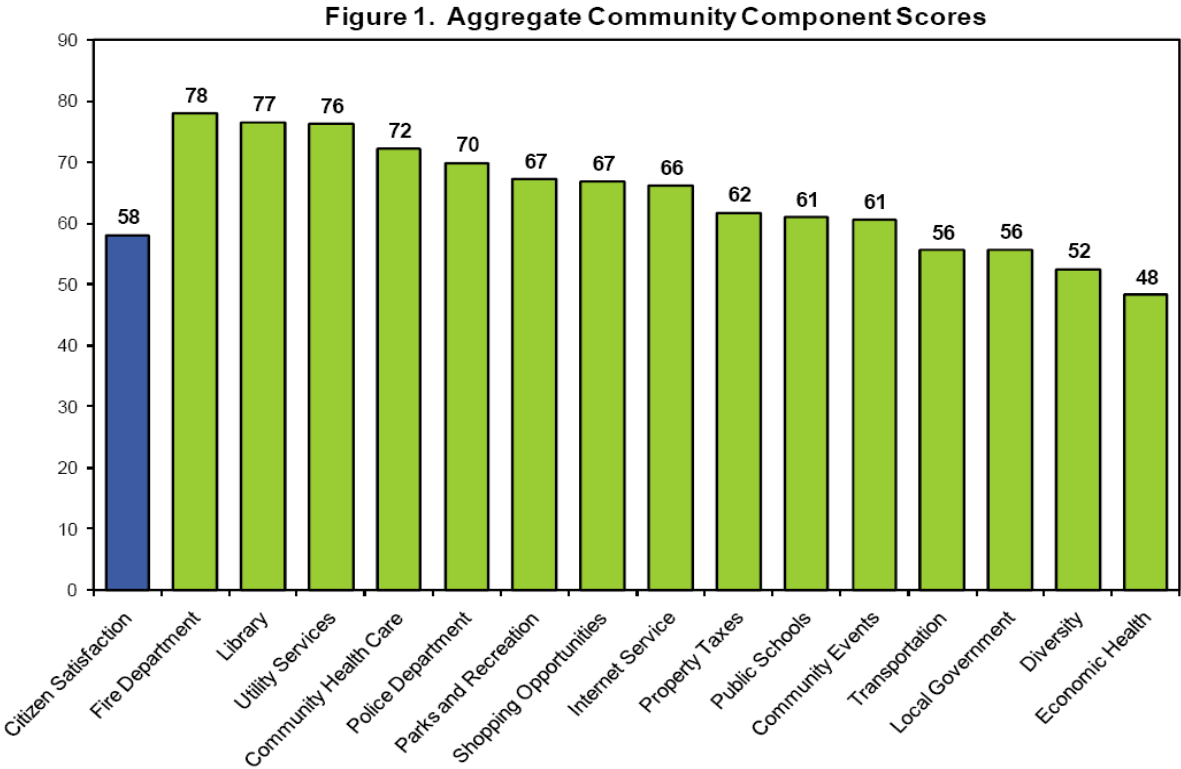
Marketing consultant to Fortune 1000 companies, Susan Plourde explained, "Customer feedback is essential in all cycles of product development and the marketing process. This powerful information allows an organization to strategically plan and market their companies as well as identify trends, enhance performance, define market opportunities and select areas for growth and expansion."⁶ The opportunity exists in continuously seeking to understand customers by mining their collective wisdom for competitive advantage. The feedback you receive could potentially tell you many things:

- Strategic opportunities in new and existing markets
- Product and services development
- Strengths and weaknesses in business, product, and customer service processes
- Identify unique product value for all sales and marketing communications
- Brand awareness, strengths, and weaknesses

Smarter use of customer feedback can differentiate your brand, products, and services in a tough market. It is likely the best opportunity to gain stable growth while competition experiences massive customer losses.

Using a selection from the results of one question in the annual 2009 Cobalt City, CT, Citizen Satisfaction Feedback Study, officials incorporated input from local residents to help make decisions and set local policy. The study helped local government understand the needs of residents in managing

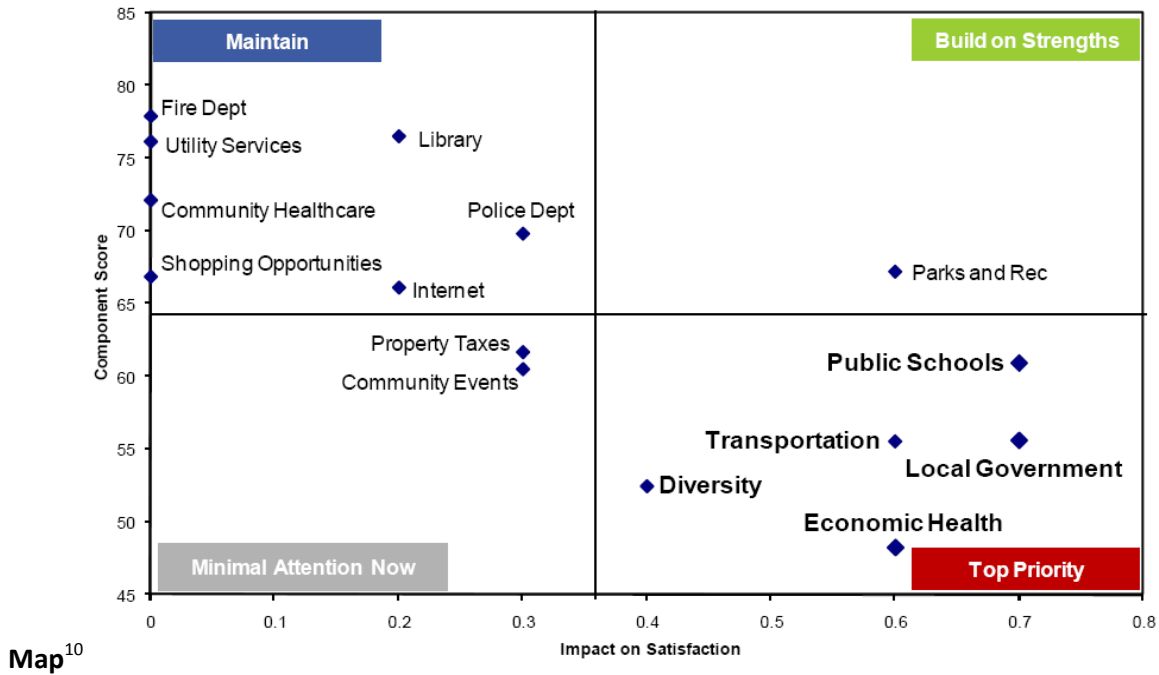
resources and setting priorities and direction for local programs and services. "Citizens' assessments of their community's performance across a variety of areas serve as key drivers of citizen satisfaction."⁷



In Figure 1⁸, the community residents scored their level of satisfaction for a range of public services much like products and services in the business and consumer market. The highest satisfaction rankings were given to the Fire Department, the Library, and the Utility Services. The lowest rankings were Local Government, Diversity, and Economic Health. Among the implications of this chart are the behavioral intentions including the likelihood of recommending the city of Cobalt as a desirable place to live with better quality of life, higher property values, and the ability to attract business. Added to that is the potential to increase taxes for revenue growth and expenditures. In the business and consumer market this could be compared to the opportunity to grow market share, increase brand perception, and prices.

"Customers provide invaluable insight to what an organization is doing right and wrong. Truly strategic companies understand the importance of consistently seeking feedback from their customers and know how to respond to the information in a way that strengthens their organizations and enhances their competitive edge."⁹

Figure 2: Improvement Priority



Insight from this study will be used to drive local government strategies. Based on the potential impact to the community, the quadrant labeled Top Priority reflects services with a rating under 65% where Cobalt City officials need to make significant improvement. This would likely include Public Schools, Transportation, Diversity, and Economic Health. The clear message is that local government is failing in its current level of important services and should “Focus resources where they have the greatest potential impact on satisfaction and desired behavioral outcomes”¹⁰ for the Cobalt community.

Susan Plourde concludes, “In today’s competitive market, companies seeking to thrive and expand should make a significant investment in obtaining and evaluating customer feedback to help determine their direction for growth and expansion. New product development and increased service opportunities that are strategically planned to address the needs and wants of a targeted audience have the best opportunity for success and reduce the chance of costly mistakes.”¹¹

Understanding customer needs, preferences, and probability to consume and recommend your organization’s products and services is vital to the survival and growth of your business. A good customer feedback program includes qualitative and quantitative marketing research, along with comments and complaints from Customer Service, Inside Sales, and the Sales Department.

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