



Marketing Messages

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Customers really do know best, so talk to them!

Businesses compete to serve customer needs. To establish a strategic edge over your competition it is important for your business to clearly define the market and customers you intend to serve. But what do these customers actually think about your business? And how are you seen in relation to your competition? Answers to these questions can produce strategic insight in your quest for competitive advantage and increased market share. Lets look at some methods you can use to measure customer feedback.

1. **Mystery shopping.** What kind of experience is your customer having at your business? Mystery shopping can reveal the answers. Traditionally it has been used to pinpoint gaps in sales staff service that would contribute to customer dissatisfaction and to gather competitive intelligence by shopping competitors outlets. Representatives from a market research company are hired to pose as customers and then critically evaluate their experience on a survey designed to measure criteria such as customer service, product pricing, displays, and layout of store. **Elaine Hay, of Cambell Edgar**, a local mystery shopping research company, notes that the clients who use this technique most successfully do it on an ongoing basis. It gives them snapshots over time to obtain averages, from which they build training programs to address their weaknesses. She notes that when their marks start increasing so to do their average sales per transaction.

2. **Focus groups.** Focus groups are a form of qualitative research that aim to obtain insights into consumer behaviour rather than to draw precise conclusions. Conducting focus groups that result in useful information and valuable perspectives requires both science and art. A skilled practitioner is a must. Typically 8-10 people whose opinions are relevant to the subject are assembled in a central location to be interviewed by a moderator over a time period of about 2 hours. **Ellie Sykes of Market Explorers** notes focus groups are an effective way to pinpoint what is important to customers. To often, she notes, quantitative customer satisfaction surveys are conducted on what a company thinks customers value. To properly conduct a customer satisfaction survey, a focus group should be conducted first.

3. **Customer satisfaction surveys.** The self completed written or oral phone survey is one form of quantitative research, which attempts to rate the satisfaction level of customers. The purpose is to find out where gaps exist and where improvements could make the customer experience better. "Comb analysis" is a valuable technique to establish what gaps should be addressed. It involves surveying your customer base, ideally by an objective outside provider, to rate your business and whomever the customer perceives as your main competitor on a number of purchase criteria. By having the customer first rate the importance of each purchase criteria to them, you can establish where the gaps are between you and competitors. For example, suppose two criteria were product innovation and packaging. If results indicated the quality of the packaging was not highly valued, and yet your business scored high on this criterion, you could likely save money by lowering your standards to only slightly above your nearest competitor. If on the other hand results indicated product innovation was highly valued and your closest competitor scored higher than you, there is a gap that needs to be improved. This technique was used recently for the sales department of the **North Shore News**. "We were able to identify strategic areas to focus our sales efforts in 2003", notes **Dee Dhaliwal, Sales Director**.

4. **Customer intercept survey.** This technique can be applied at the retail level. Interviewers systematically intercept customers departing a store to ask them questions about their shopping experience. It can pinpoint gaps in service offerings, the reasons for shopping where they do and to gain a customer profile. A professional researcher can help to properly word questions that will deliver useful results. **Book Warehouse** has conducted this type of research at all 6 of its locations. "It's a great way to get feedback on our stores, profile our customers, and measure advertising recall", notes **Sharman King**, company President.

5. **Internet e-panels and on-line surveys.** Although still in its infancy, this is a growth area. Why the move in this direction? More people are on line, it's an effective way to reach difficult segments and since 1991 phone survey response rates have declined by 5% a year. **Steve Mossop, Senior VP of Ipsos Reid**, notes that on-line panels vary in size between 200-1,000 participants. Although the set up cost for an on-line panel of \$50,000 - 100,000 usually limits these to larger companies, results could be realized over a 2 year time period. The distinct advantage is having a ready-made list of people to consult. This is particularly good if it's a hard to reach segment (example: elite runners in major Canadian cities). On-line surveys offer quick turn around, low fielding costs, and the opportunity for visuals or virtual reality. Attrition, replacement, and respondent bias are the limiting factors.

6. **Employee feedback and talking to customers.** Front line employees and sales staff can provide valuable insights about your customers. Owners and management should meet with managers, staff and customers often. **David Goldman**, of **Boy's Co** a successful local men's fashion retailer says, "it's all about communication". He is at the stores every week talking to managers and customers. He keeps in touch with customers by keeping in touch with their culture. Making regular trips to New York, London, Paris and Milan, he taps into trends through people watching in stores, restaurants, clubs, meeting with designers, listening to music and reading magazines of his target customer. "It's our job to transpose the culture into the showroom", notes David. Quite simply, this is only possible if you are in touch with your customers.

In business knowledge is vital. Customer feedback can give you the necessary information to ensure your competitive advantage and strategic position in the marketplace. When did you last measure customer feedback?

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