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WHAT DO YOUR CUSTOMERS THINK ABOUT? TO GUESS OR TO KNOW?

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ABSTRACT:

The customer is central to any company's activity. Although this is the fundamental truth, many companies turn their attention to the customer only when sales decrease. This article tells how to prevent the negative changes. This article will not reveal the communication strategy elements for interacting with customers, neither will it consider building the necessary IT infrastructure for its implementation, it will rather address the basics of developing approaches to interacting with different types of customers. These approaches are based on customer needs and, most importantly, their expectations, which can be recognized and hidden, that is, those that cannot be reflected in a contract or similar regulatory documents. The global best practice of interacting with customers is based on application of different approaches to different customer types. Moreover: approaches to interacting with customers should bring not only immediate economic effect, but also work in all areas in the long term on a systematic basis - that is, help to turn potential and new customers into regular and loyal, the most valuable to the company.

Key words: Voice of Customer, VoC, Customer centricity, Customer requirements, Customer expectations, research, continuous improvement, quality function deployment, QFD.

JEL classification: M300; M110; O31; O33

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INTRODUCTION

Customers are different: new and constant, random and loyal, potential and adherents. All customers contribute differently to the total revenue, but they are all equally important. Existing ones generate regular income and affect the well-being of the organization at present. New ones affect the regular (but not radical!) renewal of the customer base and also play a major role in identifying the directions and development potential of the company.

It is the customer-oriented approach (Ernst & Young Global Consumer Insurance Survey 2012) that is an integral part of the corporate culture, focused on the company's products or services consumer. By the way, a

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special emphasis is placed on the organization's customer focus in the new generation of the system standard. Thus, ISO 9001: 2015 (ISO 9001:2015 Quality management systems– Requirements Standard), unlike its predecessor, ISO 9001: 2008 (ISO 9001:2008 Quality management systems – Requirements Standard), contains two new sections: "Understanding the needs and expectations of stakeholders". The purpose of these two sections is to identify problems and requirements that may affect the planning and development of the QMS. The requirements of the process approach are described in the new eponymously named section. "Customer Orientation of the New Quality Management System Standard." Following the requirements of the standard will lead the organization to a deeper understanding of both customer expectations and the possibilities for the organization to achieve the desired result.

METHODOLOGY

So, what is the way to identify customer expectations without waiting for the new generation of the standard release and significant spending? "Voice of the Customer" (Voice of the Client) - appeared in 1993 (Griffin & Hauser, 1993) as a set of methods for identifying, organizing and prioritizing customer expectations in addition to the quality deployment function.

The Voice of the Customer methodology provides 4 steps: customer identification – information collection, data processing and results interpretation, developing an improvement program, as shown in Figure 1.

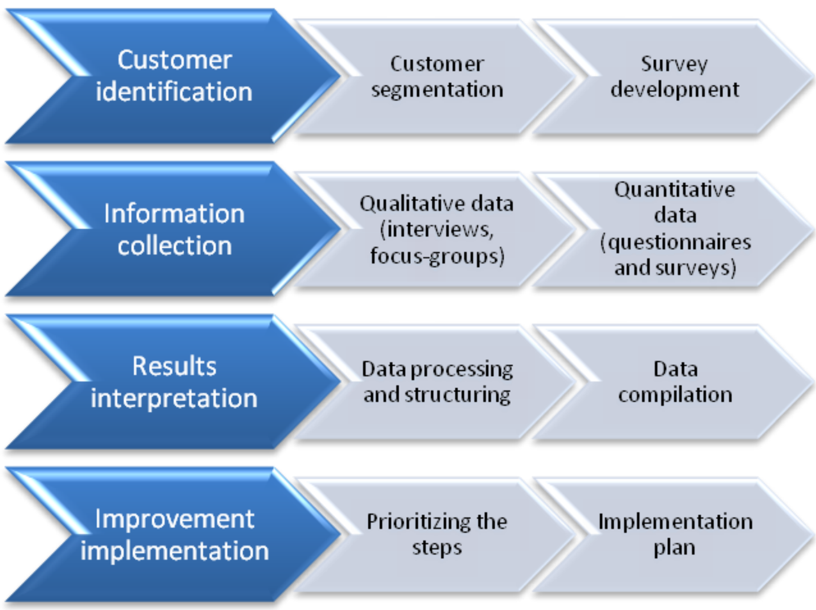

Figure 1. Four steps of the project to identify the needs and expectations of customers according to the "Voice of the Customer" methodology

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Before launching the Voice of the Customer project, in order to avoid unnecessary errors and cost, it is advisable to perform the following simple steps and answer some questions:

1) Define goals and objectives. What type of customers needs to be studied? Is there an understanding of the differences between a certain customer type from others? Does the project research relate to specific areas that require change, or should it cover the whole process? Is a new product launch is planned or existing products promotion program developed? It is recommended to write down the goals and objectives of the project for regular reference, in order to avoid deviation from the selected course.

2) Decide what exactly needs to be learned from customers. It is necessary to remember that focus groups and surveys do not allow answering all available questions. There is no need to ask customers what is already known, or can be found in other sources. For example, to understand how long customers are waiting in line, it makes sense to use a stopwatch, but in order to find out customer emotions in relation to it, it is worth asking them directly.

3) Obtain manager's support. The lack of such support may discredit any efforts aimed at improving, especially if the results of the study become the basis for serious changes, especially in processes owned by the boss.

4) Assemble a team. Customer needs research is too conspicuous and too complex a project to be implemented by one person. The project team must include employees directly interacting with customers and experts on the studied issues (these can be technical specialists, marketers, finance and tax specialists, product managers). It is important to consider the willingness of all team members to devote sufficient time to the project.

5) Get advice. It is necessary to be in a constant dialogue with customers on the research subject and inform them of how the research results will be used - to improve product characteristics or the quality of a particular service. All interview questions or questionnaires should be tested on a small group of people before launching them en masse. Upon completion of the information collection, the obtained results must be compared with data obtained from other sources in order to avoid inconsistency. It would be wise to adhere to a realistic approach to all changes and improvements implementation.

So, the Voice of the Customer project implementation is a four-step process that is passed in the following sequence.

Identify the target customer audience

Who is your organization's customer? Write down everything you know about customers: who contacts you, with what requests, what attributes can be assigned to customers. Highlight the opportunities and challenges that the organization faces. Determine what specific information you need to get from customers.

The value of this stage: obtaining a clear understanding of why it is necessary to study customers' needs, why it is necessary to investigate the needs of a particular customer type, knowledge systematization, thinking through questions for research.

The sequence of steps at customer identification stage:

1. Documenting the goals and objectives of the study: this step helps to identify different types of customers, the problems faced by the organization and opportunities for improving its work. The structure of the suggested document with goals and objectives is shown in Table 1. In general, it consolidates, for the most part, the assumptions about clients that the project team members have and sets the direction for the entire study. In the course of receiving new information in the framework of the project, it is advisable to review this document.

Table 1. Goals and objectives of the research, executed according the Voice of the Customer methodology must be documented

GOALS AND OBJECTIVES OF THE RESEARCH		
Who are the consumers of our products/services?	What problems and opportunities does our organization face?	What information about customers do we need?
Target question: Why do we study our customers?		

Source: prepared by the authors

2. Customer segmentation: the main tool for segmentation is the profile matrix shown in Table 2. It helps to describe each segment in detail and enter all available information. The areas where information is not available will be the basis for asking questions to customers in the next step of the study.

Table 2. Customer profiles matrix for their further segmentation.

Profile matrix			
Segment / Description	Segment 1	Segment 2	Segment 3
Name			
Share of total amount			
Share of total turnover			
Questions of the study			
What do they want?			
What do they get?			

Source: prepared by the authors

3. Development of research questions: this step is necessary to check the research objectives and identified customer segments, identify possible gaps and check theoretical assumptions. The template for developing the question is shown in Table 3.

Table 3. Template for research questions development

Questions of the study		
Target question: Why do we study our customers?		Customer segment:
Assumptions:	Questions to study:	

Source: prepared by the authors

So, the results of project stage 1 accomplishment are: the goals and directions of the project to study the Voice of the Customer are defined; it is clearly established what should be done and for whom; customers are grouped by their needs (segmented); knowledge about customers is consolidated and structured; research areas are identified.

Information collection

What are the needs and expectations of your customers? How do they perceive your company? This stage provides the opportunity to get answers to these questions by directly asking customers. At this stage, interviews and focus groups are conducted, during which written notes are continuously made - qualitative data, as well as written surveys (questionnaires), based on which quantitative data can be obtained for subsequent interpretation.

The value of the stage: the needs of customers, their expectations, concerns and perceptions are expressed in their own words. Possibility to research assumptions, trends and test new ideas. Identification of the most important characteristics of the product/service for the customer. Identification of changes in customer expectations. Assessment of satisfaction level.

Sequence of step at the information collection stage:

1. Collection of qualitative (linguistic) data: the expectations and needs of customers are investigated during an interview or focus group (Akao, 2004). To conduct them, it is recommended to prepare appropriate scenarios, a schedule and instructions for their interpretation. As part of the interpretation process, notes made during the interview and focus groups are recorded in the so-called “Customer Voice Cards”, containing identification information and the contextual component of the interview or focus group. At the end of the interview/focus group, it is useful to highlight a key comment on each issue and record it in the appropriate cards.

Table 4. Sample of Voice of the Customer card.

Voice of the Customer card
Question:
Short-hand notes of response:
Key words:

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Source:
Interviewer:
Date:

Source: prepared by the author

Upon completion of the interviews, all cards are collected and grouped into clusters with similar comments/answers/ideas. Each cluster is assigned a name. In a professional language, this process is called decomposition by an affinity diagram.

Table 5. Template for Voice of Customer cards decomposition by affinity diagram

Affinity diagram					
NEED					
	Voice of the Customer card 1				
		Voice of the Customer card 2			
			Voice of the Customer card 3		
				Voice of the Customer card 4	
					Voice of the Customer card 5

Source: prepared by the author

The next recommended step is building a tree diagram in which clustered comments/answers/ideas are posted in the first, second, and third level of detail. These characteristics will become attributes for quantitative evaluation in the next step.

Table 6. Grouping customer needs according to the tree diagram method

The tree diagram		
1^{st} level need	2^{nd} level need	3^{rd} level need #1
		3^{rd} level need ##
	2^{nd} level need	3^{rd} level need #1
		3^{rd} level need ##

Source: prepared by the author

2. Collection of quantitative data: at this step, as a rule, a customer survey is conducted in a questionnaire format. The questionnaire itself should contain the following information:

- introduction: why and for what purpose the survey is conducted

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- rating values of importance and satisfaction: the customer is invited to assign numerical values to the product/service criteria important to the customer, as well as the degree of his satisfaction with these criteria at present;
- overall satisfaction rating: the customer is invited to evaluate the overall level of satisfaction.
- explanations: the customer is invited to comment on why he/she assigned the highest or lowest value to the criteria.
- additional questions: clarifying questions are a good opportunity to get ideas for improvement.
- Gratitude for participating in the survey.

So, the results of stage 2 accomplishment are: the needs and expectations of customers are identified, the important criteria for the product/service and the degree of customer satisfaction are determined.

RESULTS INTERPRETATION

At this stage, the data collected during the interview, quantitative survey and from other sources is structured and collated.

The sequence of steps at the results interpretation stage:

1.Data processing and grouping: the received questionnaire data is consolidated, for each criterion of a product/service the average value of importance and satisfaction is calculated.

Table 7. Quantitative assessment of product/service characteristics importance level

Importance evaluation									
Customer / Characteristic	1	2	3	4	5	6	7	Total	Average
A	2	3	5	1	3	3	3	20	2,8
B	2	1	1	1	5	4	4	18	2,6
C	2	5	5	5	1	4	5	27	3,8
…	…	…	…	……	…	…	…	…	…
Total value of importance									3

Source: prepared by the authors

Table 8. Quantitative assessment of product/service characteristics satisfaction level

Satisfaction evaluation									
Customer / Characteristics	1	2	3	4	5	6	7	Total	Average
A	2	5	5	5	1	4	5	27	3,8
B	2	2	1	3	5	5	4	22	3,1
C	5	5	5	4	1	4	4	28	4
…	…	…	…	……	…	…	…	…	…
Total Value of satisfaction									3,6

Source: prepared by the authors

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Further, the values are distributed in a two-dimensional matrix, where the vertical axis corresponds to importance, and horizontal axis - to the level of satisfaction.

The intersection of importance and satisfaction in the upper right corner means the following: everything you do is right. The upper left corner (high importance, low satisfaction) means the need for immediate improvement. The presence of characteristics in the field of low importance and low satisfaction is not a cause for concern, but in the bottom right corner - a signal for additional communication with customers or reduction of non-essential characteristics.

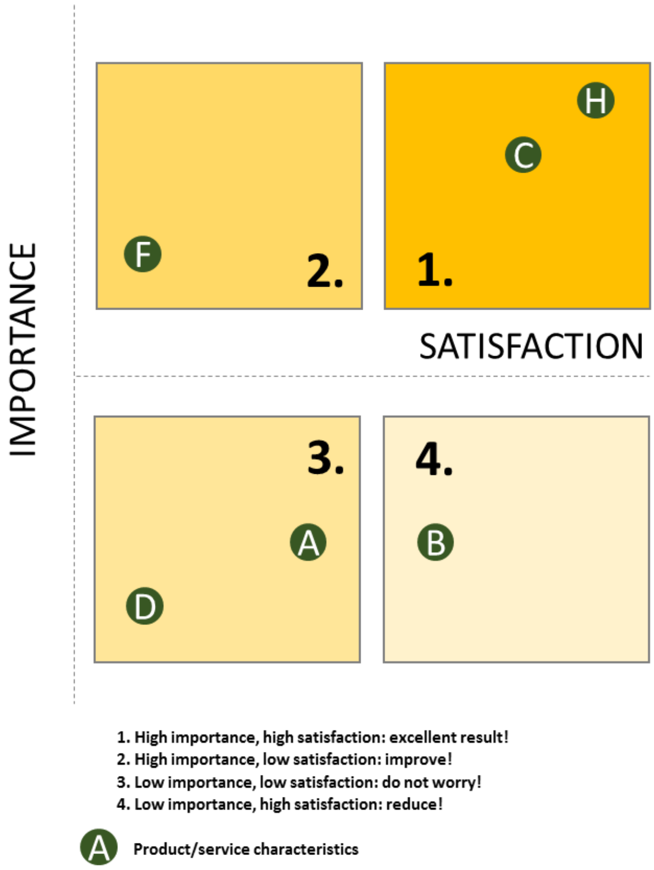

Figure 2. Grouping importance and satisfaction level values in order to determine next steps.

RESULTS APPLICATION

Grouping customer needs according to the tree diagram method and interpreted results grouped importance and satisfaction level is the first step for Quality Function Deployment (QFD) process, developed by Yoji Akao (Akao, 2004) in the late 1960s. QFD is a method to assure customer or stakeholder satisfaction and value with new and existing products by designing in, from different levels and different perspectives, the requirements that are most important to the customer or stakeholder.

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These requirements should be well understood through the use of quantitative and non-quantitative tools and methods to improve confidence of the design and development phases that they are working on the right things. In addition to satisfaction with the product, QFD improves the process by which new products are developed. Reported results of using QFD include improved customer satisfaction with products at time of launch, improved cross-functional communication, systematic and traceable design decisions, efficient use of resources, reduced rework, reduced time-to-market, lower life cycle cost, improved reputation of the organization among its customers or stakeholders (ISO 16355-1:2015).

So, QFD is a must for a successful TQM program (Berk & Berk, 2000) and nowadays it widely spread all over the world. Retail outlets, apartment layouts, cars, computers, software, printers, cameras, airline services, paints, surgical instruments, diagnostic instruments, office equipment, consumer products, tools, retirement plans, movie theatres, health insurances, financial services, telephone services, gas and electrical services, distribution networks are some examples of products and services which are developed with the help of QFD (Benner et al, 2003).

CONCLUSIONS

As often happens, after conducting a study using the Voice of the Customer methodology, the organization stops and does not take any improvement steps. Having received valuable information from customers, having analyzed it, comparing it with opportunities and barriers, you should not stop until an improvement plan is developed.

The sequence of steps at improvement implementation stage:

1. Prioritization: after studying the final table, it can be seen that the improvement steps must be taken in completely different areas. In order to prioritize the improvement program elements, first you need to work out the following situations:

1) A high score was received from customers. If the answer is yes, this is a significant news item that can be conveyed to employees, the press, partners, shareholders and other stakeholders.

2) Specific problems identified. Very often customers point out a specific process or program that requires improvement. This need should not be ignored.

3) Insufficient informational transparency of the company. Often, customers do not understand the true value of their participation in such studies, and sometimes they are even disappointed that their wishes (possibly unrealistic) were not taken into account. Regardless of the scenario, feedback results should be communicated.

4) Customers do not care. Sometimes an indifferent attitude to a service or product is revealed, and the cause of this phenomenon cannot be established. This is the case for the resources reallocation, the layoff of a product or service.

5) Confusing answers received. Sometimes research can lead to a possible problem, but not to a deep understanding of it. Clients answer questions vaguely and confusingly, which creates certain difficulties for a clear understanding of their needs. The way out of this situation would be the collection and execution of research within the focus group.

6) Numerous problems were identified. An organization may encounter such an incredible amount of negative feedback that it is difficult to decide where to start. In this situation, the internal systems evaluation tool can help to evaluate the organization and give an understanding of its effectiveness.

2. Development of a plan for improvements implementation: if the project team has reached consensus on the next steps, it is necessary to prepare an appropriate plan taking into account the answers to the following questions:

- What actions need to be taken to implement the intended step, and in what time frame?
- Are approvals required?
- What resources are required?
- Who will be responsible for the results, deadlines and quality of implementation?
- How will the obstacles to complete the steps be overcome?
- How will the result be measured?
- How will the implementation of improvements be monitored?

Having implemented a time-consuming but very valuable for the organization project according to the Voice of the Customer methodology, it is worth continuing activities of interacting with customers and examining their needs. After all, they never end. As well as efforts to improve organizations (Croll & Power, 2009), they should never run out.

CONFLICT OF INTERESTS

The authors declare no conflict of interest.

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