Better Customer Surveys

Guide to getting more useful information from your survey program.

Implementation Guide

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Preface

In 2006 I started a small specialty food distribution business named W.A. Smith. It started with all the hopes, dreams and visions of success that all entrepreneurs have for their "unique" ideas. The idea originally sprang from a trip to the local farmers market one Saturday morning. I was walking the rows of small entrepreneurs selling their homemade jellies, candies, cookies, breakthrough salsas, soap that smelled like cherry pie and thought why not start a company that represents these fabulous products to the specialty retail market. The customer base, niche retail food markets, would absolutely find a need for this type of distributor. I will not only make significant money but I will be a hero to the small entrepreneurs of the farmers market. With all the guts of a small cub scout who is determined to sell enough Christmas wrapping paper so he can win a trip to Lake Potawanamee. I set off on my own personal crusade. Here is where the problems started:

Lack of basic research problem one: I know now why companies don't deal with Aunt Millie who makes the greatest jam this side of the Mississippi. It is because Aunt Millie is not a real business. She doesn't know the first thing about making this product on a large scale at a reasonable rate. She sits up in her kitchen on a Sunday and if she can make ten jars of jam it is a good day. My "customer" base is unwilling to pay the inflated prices and wait for Aunt Millie to produce it.

Lack of basic research problem two: Just about every new product idea that you can think of has an existing competitor base of thousands. What seems unique to me is not unique to my customer and anything too unique is too much of a risk for them to waste valuable shelf space. Strawberry flavored beef jerky is a unique item but my customers aren't willing to be a research lab for my fabulous new products.

Lack of basic research problem three: Successful food companies are successful because they have invested tons of money on packaging and advertising. Trying to sell Aunt Millie's jam that has a picture of her favorite dog Killer on the front doesn't work. Packaging and branding takes time and a ton of money. My customer's want product that catches the eye and sells quick.

Lack of basic research problem four: Distribution. Here is some shocking news: food spoils. Getting food products quickly from a manufacturing site takes logistics. Small quantities of products cannot be efficiently moved from Aunt Millie's kitchen to specialty food stores across Indiana cheaply. With a little

research, I may have discovered that my customers return product that is outdated, spoiled or just doesn't sell.

Lack of basic research problem five: Shelf space in all stores is like finding gold. My customers are in the business of selling product not displaying product. Any product that doesn't move quickly will get discarded for products that do. Turns out my customer's want at least a basic selling history on the product before they will assign shelf space. Selling a case at the local 4H fair last year doesn't seem to impress them.

Looking back on the 12 month project, it is easy to see the pitfalls. As I now work with companies on competitive analysis it is frustrating to see how a basic customer survey would have clearly identified the problems with this business concept and would have saved me thousands of dollars on a losing project. I meet successful business owners everyday who fail to realize that as you branch out, you are competing against other successful owners who have no intention of giving ground to a newbie. This book is designed to teach you how basic customer surveys may save your company thousands of dollars not only with your existing products but with new products that you plan to offer.

As a management consultant and quality system auditor since 1995, I have had the unique pleasure of visiting thousands of businesses and like the movie seen the good, the bad and the ugly. Over the course of my career I have seen some good customer surveys and they all have one thing in common. The company truly cares about getting objective information that can improve performance. It is that simple.

Introduction

Jim Collins in his bestselling book "Good to Great" states that the enemy of great is accepting good. Great companies are not satisfied with the status quo and are always looking to improve their products and service. Many companies have grown satisfied with mediocre customer research and accepted the fate that a 3-5% return on questionnaires is acceptable. This book will assume that you are good at what you do and you are interested in expanding your opportunities. Performing a customer research campaign is a positive technique to help you see how you match up with the competition. This technique may save you thousands if not millions of dollars by simply critically analyzing your strengths and weaknesses against the competition.

Second, this book will assume that as a business professional, you are willing to hear new ideas and try new techniques to improve your business operation. If the following statements are a regular part of your vocabulary then return the book for a refund: "I already know what my customer's think of me", "That will not work in our industry" "Don't tell me how to run my business", "there is nobody better than we are". This book is not for you.

Third, I refuse to use the words "Customer Satisfaction Surveys" using the word satisfaction implies that your customers are satisfied and all your trying to do is prove they are satisfied. The term customer satisfaction survey has been so overused that it generally strikes fear and immediate disgust. Typically a customer "satisfaction" survey generally has one focus which is to ask the customer to rate your performance over some infinite period of time in the areas of quality, delivery and customer service. Most of the questions are horribly written and essentially expect the customer do spend time doing their own research on your performance. That rarely happens which is one reason why the response rates are so poor. Asking existing customers about your performance at that moment is rarely a predictor of future behavior and the data is fraught with emotion that can be difficult to discern. If you just had a rejection, your quality is rated poorly. If you didn't have a product rejected your quality is rated higher. Too many companies have wasted enormous amounts of time and energy in pursuit of hard data simply to meet some perceived customer or industry requirement. The central focus of this book is that the only thing worse than not collecting information on customers is collecting bad information on customers. Negative or positive feedback if not collected and analyzed properly at best is wasting resources and at worst may be used in a way that has severe consequences to the company.

Four, This book is not going to take the time to provide reams of research on the value of customer surveys, the probability of error rates or the dangers that go along with making strategic business decisions with information that may not reflect the designated population. This book is making one huge assumption and that is you are going to use surveys as a customer research tool and you want better information and improved response rates.

Before embarking on a customer survey program the first step is to ask two key questions:

1. What is the objective of the research project?
2. What will be done with the information collected?
3. What do you want to know that you don't already know?

If you struggle answering the questions or any of the answers do not fundamentally address identifying and acting on customer expectations, then the survey process is a waste of time and energy. If you have decided to proceed than the next step is to develop a customer survey mission statement. A typical customer research statement would be: 1. Identify areas of satisfaction and dissatisfaction within the existing customer base; 2. Prioritize areas of dissatisfaction that have a negative impact on revenue and develop documented corrective action plans.

What is the purpose of a customer survey?

Before we define the purpose of a customer survey lets talk about what a customer survey is not.   A customer survey is not a technique to prove you have the best product or service available. If you discover that you are perceived as the best while performing the survey, fantastic feel free to use the information. Customer surveys can be defined as any technique which queries current, future or past customers on their experience with your product and expectations for your product. The intent of the survey process should be "what can be improved". As a society we have been inundated with survey requests to the point that we are simply immune to the request.

Do not utilize any customer research tools if:

A. You feel you are good enough and completely understand the buying needs of your customers;

B. You are sending off a meaningless survey to meet some imposed requirement or standard;

C. You don't plan to invest any resources in the collection of the data or to invest resources on improvement opportunities once the data is obtained.

Customer surveys generally fall into two categories: exploratory and confirmatory research. Exploratory is research that is conducted to "determine" the needs and expectations of your customer in both the present and future. Confirmatory is research conducted to see how your customer's perceive your product and "validate" any theories you may have about the marketplace. Many great customer surveys combine components of both. It is perfectly legitimate to not only ask an existing customer their perceptions of your product but also the types of features and benefits they expect in the future.

What Should We Be Asking?

Who among us has not suffered the endless assault of satisfaction surveys? You simply can't go to the store or visit a web-site without being asked to provide feedback. Society is surveyed out, however, that doesn't mean the pursuit of meaningful customer feedback is a waste of time simply the challenge is getting more difficult. Keep focused on the fact that time is precious and wasting your customer's time on meaningless questions should be avoided at all costs.

Before you start brainstorming on all the wonderful questions that you would like answered, ask yourself why they should take even a minute out of their day to answer your questions? Would you take time out of your day even for a minute if you didn't feel there was some benefit to you or your company? When you start making your list of questions try to identify how gaining this particular information can better serve the customer. For example, if you already have a good handle on your quality performance and you are making strides to improve that performance, why waste their time asking how they feel about product quality? If your delivery performance is poor and you are working to improve don't ask the customer to rate your quality performance. If you start the project with a goal of no more than ten questions, it will help you weed out questions that simply aren't valuable.

What is the most important question that you want answered? Once you have figured out the most important question and continue to rank questions by priority. You may find duplication and wasting a customer's time with unnecessary questions is a killer for surveys. In 2003, the Harvard Business Review spent two years researching the best survey question and the answer is-add drumroll please- "would you recommend this company to a friend." The conclusion is based on the concept that willingness to talk up a company or product to friends, family, and colleagues is one of the best indicators of loyalty because of the customer's personal reputation in making the recommendation.

Good surveys may focus on questions relating to the competition. What do you hear about your competition in the way of strengths or weaknesses? You know the industry if a new technology is being offered there may be valued in gaining some customer perspective on that new technology. Just because a competitor is offering a new product that doesn't mean the customer's perceive value in that product. History is full of half- baked new products that were introduced with incredible fanfare and died a painful death, remember "New Coke".   What do you emphasize as a strength and a reason to do business with

your company? A common sales cliché is "What is your 30 second commercial"?   A good customer survey may help you better understand whether or not you are truly strong in those areas. A key point is to target the questions to the right person. Many companies generate one generic questionnaire and end up getting false or unanswered information because that person doesn't have the information. The purchasing department may not be the best department to ask about your product quality performance. This is discussed further in the next section.

Identifying future customer expectations may help you if you are planning on a new product offering or want to get the jump ahead of the competition. It is in the customer's best interest that you have an ability to identify their future expectations. Apple Computers seems to have a crystal ball with all the new products that they develop. You may want to get a better understanding of future buying needs, areas that would make their jobs simpler, engineering concepts that are needed, new systems for ordering and product tracking, new projects that will need to be quoted, regulatory requirements that my impact their product lines.

Who should we ask?

Many companies often confuse who the real customer is with who issued a purchase order for the product. A one size fits all survey rarely works and it is important to recognize that a customer may have multiple buyers within the organization. It is important that as you ask the right question to the right individual or you have wasted the question. Purchasing questions should be directed to the agent. Product quality questions should be directed to the customer's quality assurance team, design related questions should be directed to the customer's engineering department and so on. If you think purchasing is going to pass it along or do some research on their own, you are wrong and all you get is "not applicable" responses or worse a completed question by someone who doesn't have all the right information. Both will skew your data and put into question the overall validity of the survey.

A. **Current customers**: Good participants for both exploratory and confirmatory research. Current customers have a vested interest in your products performance and directly benefit when you improve. Sometime companies will only target their largest customers during the survey and find they will get a certain bias with the results. This base can be tricky when you just perform confirmatory research. You will generally find that your top customers really like you and the bottom layer of customers find your product acceptable. Your largest customers buy your product because it satisfies an existing need. In addition, most companies inherently jump when their biggest customers bark so the data received may be of little use when trying to improve performance. If you are going to research current customers, pull randomly from each group to avoid bias. If you are interested in discovering information that "validates" a perceived strength, Interviewing lower tier customers may give you a better understanding of areas that can be improved.

B. **Past**: Good if you really want to find out what went wrong and areas that need to be improved. It is likely that you will need to offer some type of an incentive or apology to entice this group to respond but the information obtained can be extremely valuable. As the book "Good to Great" implies, trying to please the most difficult of customers can help your company become great instead of just good. However, The fact of life is that there are bad customers and their needs and wants can be an excessive burden to your company. Some people simply cannot be pleased so you will need to filter the negatives to determine if it is just a disgruntled customer or a pattern of behavior which could impact your company in the long term.

One former customer complaining that your service department is not polite should be thrown out but if ten former customers complain that the department is not polite than you have a problem.

C. **<u>Competitor's</u>:** You will probably need outside expertise to research this group. It can be difficult to obtain good research from groups that have no incentive to help you. Before you attempt to pursue this type of research check to see if any of the industry associations already have this data. Many times trade organizations will perform surveys on their readers that can be very useful. When you research competitor's customers your focus will be on what they see as the benefits of using their products. Is it based on pricing, availability, certain engineering features, ease of purchase, etc.

Sample Questions

- Purchasing: A large majority of buyers are facilitators for engineering or production departments who specify specific types of features and benefits. Most buyers are interested in a supplier who supplies a quality product, on-time and at a cost competitive rate. They are generally "notified" by other departments if your product is non-conforming. Most are concerned with filling production schedules and finding/retaining the most cost affective products available. Focus your attention on this group with areas concerning delivery performance and product cost analysis.

  Examples:
  a) How well does Smith Manufacturing <u>respond</u> to quote inquiries?

  b) How well does Smith Manufacturing <u>react</u> to emergency orders and schedule changes?

  c) Could you please rate how the pricing of machined items produced by Smith Manufacturing compares to our competitors

  d) What is your level of satisfaction with the Smith Manufacturing delivery performance?

  e) Do you have any suggestions on how we can improve our performance?

  f) How do you see your purchase quantities in the next six months on the …. project?

  g) What is our level of satisfaction with Smith Manufacturing lead times?

  h) Would you be willing to recommend Smith Manufacturing to a colleague?

  i) How long did you have to wait on the telephone before the customer support representative was available?

- Engineering: This group will usually define the benefits and features needed in a product. They are rarely involved in competitive cost analysis, quality control or delivery issues. Focus your attention on this group with areas concerning new product offerings and the future needs of the marketplace.

  Examples:
  a) What is your level of satisfaction with the Smith Manufacturing technical support?

  b) What is your level of satisfaction with the Smith Manufacturing engineering support?

c) Are there any new products, such as Class "C" products, or services that we can provide to better serve your needs?

d) Are there additional features that you would like to see in the Smith Manufacturing products?

e) Do you have any suggestions on how we can improve our performance?

f) What is your level of satisfaction with the quality of Smith Manufacturing products?

g) Would you be willing to recommend Smith Manufacturing to a colleague?

h) Were you satisfied with the help provided by our engineering support group?

- Quality: Any questions regarding how your products meet the defined specifications. A good group to determine how the quality of your products compare with the competitors. Since this group is more concerned with the quality of the product and not the overall cost they will be open.

  Examples:
  a) Compared to other suppliers of similar products would you say that the quality of Smith Manufacturing products are:

  b) Overall do you feel the quality of Smith Manufacturing products meets your expectations?

  c) Do you have any suggestions on how we can improve our performance?

  d) Overall, how well does Smith Manufacturing respond to any quality related concerns?

  e) When you think about suppliers who have quality related problems with their products, how do you rate Smith Manufacturing?

  f) Would you be willing to recommend Smith Manufacturing to a colleague?

- Manufacturing: This group will help you identify the performance and ease of use of your products to use or assemble.

  Examples

  a) Do you have any suggestions on how we can improve our performance?

  b) When assembly Smith Manufacturing products how would you rate their ease of use

c) Does the packaging of Smith Manufacturing products meet your needs?

d) What is your level of satisfaction with the quality of Smith Manufacturing products?

e) Would you be willing to recommend Smith Manufacturing to a colleague?

- <u>Distributors</u>: Good group to get real time feedback on customer issues, concerns and buying patterns.

    Examples:
    a) Have you visited our web-site? Did it provide the information that you required?

    b) What is your level of satisfaction with the Smith Manufacturing engineering support?

    c) Would you be willing to recommend Smith Manufacturing to a colleague?

Survey Types

1. Mailed survey: typically the most widely used and least effective approach. The general rule of thumb is 10-15% return rates is considered exceptional. Mailed surveys are typically an inexpensive way to reach a broad audience, however, the proliferation of junk mail and the ease of discarding the piece makes response rates minimal. If you are going to use a mailed survey try some simple techniques:

a. Send an introductory e-mail so the recipient knows the survey is coming;

b. Hand write the recipients name on the envelope to distinguish the piece from junk mail;.

c. Consider including a small gift (i.e. pen, key chain) to improve the chance the survey is opened;

d. Include a return, stamped envelope with the survey to make responding simple

Pros:

- Allows you to reach a broad audience

- Relatively inexpensive

- Takes minimal time to administer

Cons:
- Minimal response rates

- Not a good technique to obtain more complex information

- Requires personnel to input the data which can increase error rates

2. In-person survey: typically one-on-one interviews with key stakeholders in your customers' organization. This type of survey is typically conducted with salespeople who visit the customer's location or in-house sales people bringing the customer directly to them. To minimize interviewer bias make sure the survey does not address areas that are the direct responsibility of the interviewer. Having a salesperson ask the customer about the value of the information received from their sales representative can result in skewed data.

Pros:

- Allows the interviewer to better analyze non-verbal communication

- Provides more flexibility to discuss concerns with stakeholders

- Better response rates

- Permits more "open ended" questions

Cons:
- More expensive to administer

- Potential bias from the interviewer

3. Telephone survey: contacting the customer directly through the telephone or direct typically one-on-one interviews with key stakeholders in your customers' organization. This type of survey is typically conducted with salespeople who visit the customers location or in-house sales people contacting key stakeholders directly via the telephone or electronic.

Pros:
- Able to get more complex answers to questions

- Permits more follow-up on responses

Cons:
- Customer resistance to relentless telemarketing

- Difficult to get responses

4. Electronic survey: contacting the customer directly through electronic mail or social media.

Pros:
- Inexpensive and easy to administer

- Can be used to drive web traffic

Cons:
- Unreliable data as the customers have more opportunity to be anonymous

- Responses are quicker so more emotion is typically involved

- No control over the pool of respondents

- Questions must be simple and direct

Sampling Techniques and Structure

Let's start with a simple case study. One of our Chicago clients was receiving report cards from an automotive customer that indicated delivery performance between 60-70% on-time. The problem with the report card is that it didn't take into account all the break-ins the customer issues that delays product delivery on the additional orders. The client decided to perform their own survey of this customer but the question was not traditional. Instead of asking "how is our delivery performance" which would require the buyer to research the published data since it would be difficult to expect the buyer to have delivery performance memorized they decided to measure the buyers overall perception of their delivery performance. They asked:

"When you have an emergency order and need to break into the schedule, how well do we respond to your request?" On a scale of one to five with five being outstanding each response received from four different buyers rated them in either a four or five category.

Good surveys are looking for good results. We all know how politicians can take a known fact and twist it to meet their specific agenda. For example, "At Smith Manufacturing we strive to produce the best quality parts in the world. How would you rate our success in these efforts? With that type of statement how could you possible indicate their products aren't as good as they think. The best survey questions are neutral so as not to bias the results. If you are looking at your performance over a period of time, try to utilize words like "overall" performance instead of questions that force the respondent to review the last experience. For example, "Please rate the quality of Smith Manufacturing products" versus "Overall how would you rate the quality of Smith Manufacturing products." The first question measures a particular moment in time. The second question forces the responder to think in terms of the cumulative effect of your performance vs. an individual incident

Structure

1. What type of questions will get us the most effective information:
    - Open ended
        - Best used for probing. Hard to tabulate in a statistical format but the information received will be the most useful.

- Grading Scale (A-F)
  - We all went to school so there is a universal understanding of end points. Scales can be confusing and it can be easy to mix up where a positive or negative experience relate on the scale. When someone grades you an F there is no doubt about the respondent's perceptions.

- Forced choice (yes/no)
  - Best used for determining whether or not a performance area has met an expectation

- Ordinal (ranking most important to least)
  - Good at measuring level of desire. Good for new product/service questions to better evaluate "hot" points with the customer.

2. Rating scales:
   Numeric (Rate 1-10)
   - Best for raw data collection. Note: Higher numbers tend to get better information as there are more choices to clarify the experience.

   Alpha Numeric (Rate A-F)
   - Best when you want to grade how a performance area has met an expectation.

   Sample response tables:

A:	(Satisfied), (Somewhat Satisfied), (Satisfied), (Unsatisfied)
B.	(Not Satisfied), (Satisfied),(Very Satisfied)
C.	(Strongly Agree), (Agree), (Neutral), (Disagree), (Strongly Disagree)
D.	(Never), (Sometimes), (Always)
E.	(Better), (Same), (Worse)
F.	(Good performance), (Better than most suppliers), (Same as most suppliers) (Worse than most suppliers)

3. Phrasing:
   - Do not make questions overly complicated. An average college student should be able to read the question and understand what is being asked.

   - Be realistic in expectations of how long or how much respondents can be expected to remember about past performance.

   - Avoid leading questions

   - Keep in mind: "How will this data be collated and presented in a consistent format"

Improving Response Rates

1. **Provide an incentive**: A recent client sent out a survey with a brief letter attached that stated any person who completes this survey will have a $25.00 dollar contribution sent to the "Children's Make a Wish" fund in their name. His response rate? Close to 90% of the surveys were returned and a tremendous amount of goodwill was generated among the customer base. Research has shown that typically you can improve the response rate by 10-15% by offering an incentive. Additional research has shown that there is no appreciable difference between offering a significant incentive versus a token incentive in improving response. The key is a simple acknowledgement of their time will go a long way to improve participation.

    a. Gift (charity)
    b. Specialty Items
    c. Discount on Service
    d. Information Shared

2. **What's in it for them**: Aren't you personally tired of completing the same survey that asks how are "we" doing on quality, service and delivery. Shouldn't the company already know that? When you develop a survey keep the participant in mind. What do they care about? Numerous companies are moving more towards a market research driven survey where a customer's future expectations are more fully explored versus their perception of your company performance. Participants will be more likely to participate if they feel some impact on the direction of your product/services.

3. **Tailor the questions to the specific department or manager who is getting the survey:** Most companies generate one survey with multiple facets and mass mail that survey to the buyers of a company. If you want to improve response rates, develop specific surveys. Don't ask the purchasing department about the quality of your products or the quality department about your delivery performance. Tailor the surveys to the individual groups and you will increase participation.

4. **Personalized short introduction letter that is hand signed from the company**: I get it we all love e-mail but it is impersonal. According to Miss Manners, a handwritten note is still the acceptable way to thank someone. A brief introductory note from the senior manager indicating the importance of the survey, how it is going to be used and a simple thank you for their time goes a long way in improving

response rates. Pre-Letter are used to explain the purpose of the survey and increase the likelihood of customer response.

- Time involved

- Why you are interested in their opinion

- How will the information be used

- How will they benefit from participation

<u>Sample Introduction Letter</u>

Dear customer:

Smith Manufacturing is currently embarking upon a program to better understand the needs and expectations of our valued customer base. We have developed a customer satisfaction survey, which will analyze the level of quality and service, provided by Smith Manufacturing. In addition, we would like feedback on your expectations in the areas of customer service, delivery and product quality. We have selected a small but diverse group of clients to participate.

The survey contains less than ten questions and should take no longer than five minutes to answer. This survey is a key component in the process to improve our business relationships and level of service. The survey results along with our reaction plans will be documented and forwarded to each participant. In addition, as a sign of our appreciation of your time and participation, a check for $25.00 will be sent in your name to the "Children's Make A Wish Foundation".

Thank you for your participation and cooperation.

5.   **Less is more**: I realize you want information but thinking you are going to tie someone up on the telephone for twenty minutes or asking someone to fill out a two page questionnaire is foolish. Better to get a large response to a handful of key questions than to get a small response on a large amount of questions. One of our clients sent out a survey with one simple question: What could we do better? He came up with a dozen good ideas and he had an almost fifty percent response rate.

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