



TOOLKIT 16 – CONDUCTING A CUSTOMER PERCEPTION SURVEY

- ❖ **Review your business through your customers' eyes.**
- ❖ **Prioritise issues for improvement.**
- ❖ **Gain competitive advantage by giving your customers what they really want.**

Successful businesses take the pulse of how well they are performing by conducting regular customer perception surveys. Standing in the customers' shoes in order to provide objective feedback is the way to ensure that you keep up with customers' expectations and ahead of your competitors.

Customer perception surveys also prevent businesses becoming complacent and even arrogant; sometimes eventually losing the plot.

There are many benefits to conducting customer surveys including:

- Tells you what your customers want
- Provides feedback on how they see you
- Highlights areas for improvement
- Shows customers you care about their opinions
- Helps you listen to your customers
- Keeps you abreast of competitors' strengths and weaknesses
- Provides the basis for a business plan based on objective evidence
- Provides sales people with ammunition to sell your business

STORY – NORTH EAST ENGINEERING Inc.

'We must be OK with customers because we don't get many complaints,' said the CEO of an engineering company in the North East.

He was persuaded to find out the facts. A customer attitude survey, with a random sample of 100 customers in each of his key market segments, was conducted by telephone. The main survey revealed:

Priority of purchase	Rating	Competitors' Rating
1. Price	6	6
2. Delivery	2	8
3. Sales and service support	3	8
4. Technical support	5	5

Clearly the priority was to improve delivery and sales and service support.

He acted immediately and set up a project to identify ways of improving delivery performance. This became a major project that resulted in a significant improvement in deliveries on time from 60 to 95%.

The sales and service support team were trained in customer care and service, new standards were established.

This also resulted in a significant boost to the service performance. 'In a difficult market we need to do all we can to stay attractive to customers and to beat the competition.'

'A follow up survey in 1999 demonstrated that the service ratings had been maintained,' said the CEO, 'and that is good news.'

Customer surveys produce invaluable data but this story demonstrates it's what you do with the information that is important.

Here's how to do it

STEP 1 Decide your preferred method of survey to your customers. Here are the pros and cons of the different methods.

A POSTAL SURVEY

ADVANTAGES

- Cheap
- Does not take much time
- Possible to survey large numbers of customers

DISADVANTAGES

- Often a very limited response level i.e., 5%
- Bias due to type of people responding
- Impossible to gauge levels of feeling or probe for more information

FACE TO FACE SURVEY

ADVANTAGES

- Allows for probing questions
- More detailed answers
- Increases customer contact

DISADVANTAGES

- Very time consuming
- Can be very expensive

TELEPHONE SURVEY

ADVANTAGES

- Good for B to B
- Allows for probing
- Larger response than post
- Detailed perceptions can be obtained
- Can provide reasonably deep insights into customer perception

DISADVANTAGES

- Consumers fed up with telephone survey
- More time consuming and more expensive than post

Pick the survey method you believe is best suited to your business.

STEP 2 Determine who is best suited to conduct the survey. There are two options, your own staff or a third party.

SELF OR OWN STAFF

ADVANTAGES

- Good knowledge of the business
- Can sort facts from opinions
- Cost effective

DISADVANTAGES

- Inexperience in conducting surveys
- Customers may think you are selling
- May be biased

CONSULTANTS OR OTHER THIRD PARTY

ADVANTAGES

- Objective, no 'axe to grind'

DISADVANTAGES

- Unfamiliar with the nuances of your business
- Less cost effective

STEP 3 Decide which customers you want to contact.

Points for consideration:

- A) You need to survey a broad cross-section of customers in terms of:
- The size of their business
 - Volume of business they do with you
 - Type of business
 - Geographic location
 - Length of time they have been customers (include both old and new)
 - Ex-customers (you need to know why they went somewhere else)
 - People who asked you to quote but who did not choose to buy from you
- B) If you have a customer base of up to 500 names, then you should aim to survey between 30–50 responses. If your customer base is 500+, then we suggest 80–100 organisations should be involved in the survey.
- If time or resources are limited, then we suggest you talk to your major customers, for example the top 20% and/or the 'hottest' prospects for the future.
- C) The selection of which customers to contact should be made randomly to prevent people picking 'their favourites' which obviously biases the results. Random sampling also allows you to sample a much smaller number of customers and still have confidence in the results.
- D) You need to think about which people in your customers' business you want to talk to, e.g. buyers, accountants, MD etc.

It can be helpful to review the decision-making unit in your customers. Who actually makes the decisions? Who is the M.A.N? i.e., the person with the M = Money, A = Authority, N = Need. These are often different people.

Make sure you survey the right people in the decision-making unit in your customers. As a guide, in businesses up to 500 employees there can be up to 3 people involved in the process, but over 1000 employees 6+ people can get involved in influencing buying decisions.

- E) Before starting the survey, check all your customer details to make sure that they are up to date. This will also highlight any deficiencies in your customer records system, e.g., a newspaper business found that 20% of its customer list was out of date. They even called up 3 customers who had been dead a year!

STEP 4 Design and pilot the questionnaire.

- The questionnaire should be short i.e., no more than 10 questions and should not take your customer more than 10–15 minutes to complete maximum.

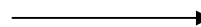
I once received a 284–part postal questionnaire from BMW, which I reckon would have taken me over an hour to complete. Guess what I did with it...

- Create one questionnaire per customer with a space at the top to record their name, organisation, date and the name of the interviewee.
- Type the questions and leave a space for the interviewee to record the customer comments verbatim. They must be instructed to write down exactly what the customer says and not re-interpret i.e., not: customer says 'I think you are OK on deliveries' – interviewer writes down 'Customer very satisfied with the delivery performance ...'
- Here are the primary customer perception questions to ask:

Q1. What do you look for in a supplier?

Probe:

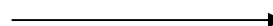
- If they say 1 or 2 things ask what else until you get their full list.
- Check by asking is that everything?



Gets their shopping list

Q2. Which of these factors in Q1 is most important to you?

- Put them in order say 1–5.



Prioritise their shopping list

Q3. On a scale of 1–10 (1 = awful, 10 = perfect)
how do we rate on the factors in Q2?

- Don't disagree with them, just record their observations.

How they rate you
on their prioritised
shopping list

Q4. How do our competitors rate on the same scale?

- They will not always give you this information.
- If you are doing well, ask them for the names of who they see as your main competitors.

Competitive
benchmarking

There are some additional questions you can ask but if you get Q1–4 in detail you probably have most of what you need already.

Here are some additional questions businesses sometimes ask. Pick any that suit you:

- What annoys you about us?
- What would we need to do to do more business with you?
- What disappoints you about suppliers generally?
- What three things should we focus on to improve?
- Please sum up your impression of our business in just three words.

STEP 5

Analyse the information

Using a rating scale of 1–5 or 1–10 allows you to summarise the customer feedback in a useful format for discussing internally

STEP 6

Take action to improve the business based upon customer feedback.

In undertaking the survey you will have raised your customers' expectations that you will be improving your service so you had better keep your promises.

Here is an example of an action plan for a newspaper group.

EXAMPLE – ACTION PLAN

Many of the customers' issues reflect the improvements currently being sought and made in the ad booking and customer service system.

The 'X' needs to ensure we provide consistent 8+ service levels in the areas identified by the customer survey:

Media Buyers

Accounts Personnel

Good customer support and service.

Invoices correct.

Good contact and communication.

Good contact/communication.

Accuracy/Good process/Getting it right.

Problems solved quickly.

Adverts placed in right place.

Adverts correct.

The real test of the action plan is whether it consistently delivers 8+ standards of service against the criteria identified by customers. 'X' standards can be set and agreed for these service elements and included in the 'X' Newspaper way e.g., problems resolved within 24 hours.

Specific actions that should be considered for inclusion in the 'X' Newspaper way include the following:

- Order numbers, named contact and extension number on every invoice.
- A process to ensure invoices are sent out correct to the 'X' standards:
 - Details correct
 - Order number
- Agreed standards for returning telephone calls within a given time.
- Standards agreed and set for dealing with queries quickly and effectively i.e., within 24 hours.
- A process to ensure ads are placed in 'right place'.
- Improve quality of colour and reproduction.
- System for ensuring proofs are sent out correctly.
- A system to ensure voucher copies are sent out correctly to the right people in recruitment sector.

Footnote: The actions taken based upon the customer survey improved customer satisfaction levels from 68% to 92% in 3 months and led to a significant boost in advertising sales to existing clients.

CONDUCTING A CUSTOMER PERCEPTION SURVEY – SUMMARY OF THE PROCESS

1. If you are conducting a telephone or face-to-face survey send a letter to customers explaining what you are doing, and asking them to expect your call to arrange a mutually convenient appointment.
2. Compile the questionnaire, but keep it fairly short.
3. 'Pilot' the questions on two or three colleagues to check whether they are easy to understand and respond to.
4. Review the questions to make sure they give you the information you require.
5. Decide who is the best person to conduct the survey.
6. Make the telephone calls to arrange the face-to-face appointments.
7. Arrive on time and agree, before the meeting starts, how long you will spend with the customer or make the call.
8. Try to obtain as much information as possible and, if a problem is uncovered, assure the customer that it will be thoroughly investigated and dealt with by your company.
9. Analyse the data.
10. Take actions to improve your business.

TROUBLESHOOTER

POTENTIAL PROBLEMS

SUGGESTED REMEDIES

The customer information on the data used is out of date.

This happens in 95% of cases. This provides an opportunity to update it before undertaking the survey.

The customers will not answer the questions.

Very rarely happens if you follow the process outlined.

Customers are sometimes reluctant to discuss your competitors with you. If they do then see this as a bonus.

Management are nervous about the feedback.

You will get balance sheet feedback. Some credits, good things you do and some debits, opportunities to improve.

The feedback suggests we may need to change the way we have always done business.

That's the reason for doing it.