

How to Know When You’re Keeping Your Customers Satisfied

By Eric Hayashi

Every successful business wants to satisfy its customers, but not every business knows how to do it. The key to satisfying customers is knowing what your customers want. This, however, is not so simple for three reasons. First, customer needs and expectations change over time. Second, your clients change over time, and new clients might have different priorities than your current clients. Third, if you ask your clients if they are satisfied, they are likely to tell you what they think you want to hear, rather than tell you what you really need to know. You expect your salespeople to understand their clients, but they have the same challenges; plus, your salespeople might filter the information that comes back to you.

In addition, markets are not static. By next year, your current competitors will have improved and broadened their offerings, new competitors will have entered the market with innovative products and services, and the priorities of your customers’ customers will have changed.

Market research is the process of gathering and analyzing information about your customers, competitors and market. You can learn a lot from industry publications, surveys, statistics, etc., but the best way to learn about your customers is to ask them directly. The challenge is to ask the right people the right questions in the right way.

The Right People

To understand your customers, competitors and market, you should talk to four market segments:

- Your **past market** consists of customers who have done business with your company in the past. They can tell you what you did right or wrong in the past and possibly what you could do to get their business back.
- Your **current market** consists of your current clients. Your current clients can tell you what you are doing right or wrong now.
- Your **target market** consists of new clients you are currently trying to acquire or reach. You can serve them if you can just establish the relationship. Your target clients can tell you what you need to do to get their business.
- Your **expansion market** consists of potential clients where your business might grow, e.g., with a product that you do not currently offer. Your expansion customers can tell you where you can grow your business in the future.

The Right Way

One-to-one customer satisfaction surveys, commonly conducted on the telephone, are a very effective way to gather information from your customers. These surveys work best when conducted by an external party that (a) understands your business and (b) can assure the client that their identity will be kept confidential, so they can feel comfortable in a frank and open discussion.

The Right Questions

You want to know, of course, how satisfied your clients are with the quality, timeliness and value of the products you provide, but there is a lot more to a client satisfaction survey than that. You also want their input on potential new or improved products and ways of doing business with them. You further want to understand how their business is changing and what your competitors are doing to win their business.

You can't ask your clients every conceivable question. Nor can you expect them to know the answers to many of the questions you really want the survey to answer, but you can ask them a limited number of questions that can help you answer the important questions, such as the following:

- What is most important to the client?
- How are we doing in those areas?
- What is our position relative to our competitors?
- What new products, tools, capabilities or services should we offer?
- Where are our best growth prospects?
- What are the trends in the market?

By asking these questions periodically ("longitudinal research"), you can detect trends that would not be apparent in a single survey.

Net Promoter Score

The net promoter score (NPS) is gaining popularity as a useful quantitative measurement of client satisfaction. An NPS score is a measurement of client loyalty with a value between -100 and +100. The score is based on the answer to the question: "On a scale of 0 to 10, how likely would you be to recommend our company to a friend or colleague?" This question sheds light on your ability to grow your business through word of mouth.

A score of 9 or 10 is a "promoter," a score of 7 or 8 is a "passive," and a score of 0 to 6 is a "detractor." Thus, any score less than a 9 or 10 should have you worried about how solid that client is. A score of 0 to 6 indicates a dissatisfied client who is actively looking for an alternative to your services. Even a client who gives you a score of 7 or 8 is expressing some doubts.

The full NPS methodology requires "closing the loop" to better understand and address the customers' concerns. To do this, the surveyor would have to obtain the customer's permission to share their responses with your company.

Gap Analysis

Gap analysis compares customer *satisfaction* of various aspects of your relationship to the *importance* of those aspects to the customers. If customers are relatively satisfied with aspects of low importance but relatively dissatisfied with aspects of high importance, you might have an important gap in how you allocate resources.

To conduct gap analysis, we ask two questions:

- On a scale of 1 to 5, how important are the following aspects of our service to you?
- On a scale of 1 to 5, how satisfied are you with our service in these areas?

The specific aspects vary by business, but we ask about areas such as the following:

- Timeliness of proposal response
- Staff turnover
- Online management reports

- Price
- Geographic coverage

Market Trends

Your customer satisfaction survey does not need to be limited just to questions that are specifically about customer satisfaction. You can also ask questions about things that will affect customer satisfaction and your business more generally:

- **Your competition.** How do you compare to your competitors? What are your competitors doing that you should know about?
- **Changes in the market.** What are the new technologies, new business models, and other innovations or trends in the market?
- **Your customer.** How is their business changing? What areas are they expanding into? How are *their* customers' needs changing?

You can also ask questions that are useful for marketing but not related to customer satisfaction, e.g.: What tradeshow do you attend? What trade publications do you read? What websites do you visit for industry news?

Open-Ended Questions

Open-ended questions (e.g., "How do you choose a service provider?", "What can we do to serve you better?", or "What do you think about....?") give your customers the opportunity to elaborate on their previous answers and offer insights into areas that you did not think to ask them.

Survey Conclusion

You probably do not want to ask you customers to spend more than 20 minutes in the survey, although they might want to talk much longer. You might want to offer them a small but thoughtful gift in appreciation for their contribution to the success of your business. Offer the gift at the end of the survey as a token of appreciation, rather than at the beginning as an inducement to participate.

Customer satisfaction surveys do not only gather information; they also communicate to your customers that you care about their thoughts and opinions, and that you will try to improve your performance based on their needs. State this explicitly to make sure they understand. Then, if appropriate, ask if someone from the company can follow up on the call to address any concerns or opportunities.

Words into Action

Once you have invested your time and your customers' time in the survey, analyze the data quickly and develop (or, preferably, refine) your plan for using the results to benefit your company. Share the results with people in your company who can benefit from them. Reassess your priorities, strengths, weaknesses, strategies and tactics. Attack any deficiencies that have been identified. Follow up on opportunities. Share positive results with contributors. Obtain customer testimonials for public use.

It's essential to do something with the survey results. Take negative input and use it to start discussions within your company about how to prioritize client issues and find fixes for problem areas. At the same time, spread the positive feedback around. Testimonials from clients about your performance are powerful and help you build a client-inspired client culture.

Regardless of the nature of your business, your customers are the engine of your prosperity, and their satisfaction is essential to your success. Also vital to your success is the satisfaction of your employees and the companies that provide products and services to you. You can also apply the same survey methodology to them.

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