



# The Art of Listening to Your Customers

The voice of the consumer is growing louder and bolder. Can you recognize your customer's voice?

Effective communication is a key component in all successful relationships, including those with your customers. An effective communicator not only speaks, but more importantly, understands the importance of listening. An accomplished listener not only hears, but understands and responds.

Ninety four percent of the respondents in a 2010 survey by Market Tools stated that satisfied customers are very important to their company's bottom line. Yet, only 43% solicit customer feedback on a continuous basis and only 26% use feedback to change business practice.

A Voice of the Customer program (VoC) is more than just collecting feedback. An effective program paints a picture that reveals the needs and wants of your customer. These insights can be translated into objectives and integrated throughout the organization.

# Effective Communication

## Hear Your Customers

The use of social media continues to explode as members freely share their product usage and customer service experiences. But, more traditional methods of providing feedback also remain in use.

“How Consumers Complain about Poor Service”, a study released last year by Forrester Research, indicates consumers still favor private feedback channels such as calls and emails. Customers demand anywhere, anytime accessibility. Companies must align strategies with their customers’ communication preferences.

## Treat Your Customers with Respect

Customers want to know they are not only heard, but also respected. Listening tactics include:

- A social media strategy for monitoring, categorizing and responding to comments and complaints.
- Empathetic, courteous and knowledgeable customer service representatives to handle calls and chat available 24/7.
- Easily found and user friendly channels available to provide feedback.

## Understand Your Customers

Forrester's Q1 2011 Global Customer Experience Peer Research Panel Survey reveals 65% of respondents admitted that their VoC programs don't systematically take action based on customer insights, nor are they easy to access. Another 52% said insights are not tailored for different internal groups.

Customer feedback needs to be methodically collected, categorized, and analyzed for meaningful reporting of issues and root causes. The results can provide actionable insight for marketing and sales, operations, customer service, product development and other units within the organization.



## Personally Respond to Your Customers

- *Invite a social media customer offline into a private conversation to better understand their issue.*
- *Route negative feedback to field personnel for a personalized response.*
- *Escalate feedback to upper management when appropriate or necessary.*
- *Provide coupons, discounts or other enticement to encourage repeat visits or purchases.*
- *Measure response times and incident closures.*
- *Test recovery offers.*

## Identify the Root Cause

A quick serve restaurant aggressively advertised a new breaded shrimp product. Initial feedback indicated consumers were discontent with the portion size. Additional analysis revealed the customers were unhappy with the “shrumpy” size of the shrimp in proportion to the breading. The company changed the recipe to better satisfy customer expectations and responded with a new advertising campaign assuring consumers their voices were heard.

Often underlying facts, not easily uncovered, result in negative feedback. Genuinely listening to the customer means identifying the root cause and changing business practice to avert additional complaints. The focus may be on a specific retail location that needs improvement. Or, as in the example above, a change may be required in a product or service.

## Respond to Your Customer

Healthy communication is a two-sided conversation. Personal and collective responses engage the customer and demonstrate he/she has indeed been heard.

Personal responses acknowledge the conversation and provide the means for recovery. It also is the opportunity to exceed the customer's expectations and convert them to loyal fans. Remember, recovery is always less expensive than customer acquisition.

Customer centric companies use consumer insights to rework, or even to reverse business decisions. In October, 2010, The Gap introduced a new logo that survived less than a week. After days of heated social media criticism and a belated attempt to obtain consumer acceptance the old version was restored.

The opposite end of the spectrum is illustrated by Dell Direct. Last year while rolling out the new Vostro V130 laptop, Dell introduced the Trade Secrets program to actively solicit small business users for feedback. The V130s were sent to influential bloggers for review.

Dell also asked for advice on reaching its target audience and the bloggers own "secrets" on how to create a good first impression. Soon the online small business community was talking to Dell and to one another about the V130 laptop and best business practices.

## Measure Results

To fully understand the value of VoC program key indicators can be measured frequently. ROI calculations facilitate understanding of the

economic benefits of a VoC program. Customer satisfaction metrics can be linked to revenue and average order value. Electronic couponing can measure customer recovery rates. Brand loyalty can be linked to future buying intentions.

A VoC program enabled a leading quick serve restaurant to establish a direct correlation between superior customer satisfaction ratings and significantly higher revenue per store than lower performing units. Customer feedback ratings can be integrated into management objectives to align performance with VoC goals. Granular reporting can verify consumer issues have been resolved.

## Summary

The surge in social media usage makes it is all but impossible not to "hear" the voice of the customer. Implementing an effective VoC program can be challenging. Management support, internal ownership, and diffusion of the objectives throughout the organization are all key elements.

The best measure of success is again in listening to the voice of the customer. Are perceptions changed? Does your product or service more closely match the customer's expectations? If the answer is yes, your company has mastered the art of listening to your customers.



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