

A splash of thought

SATISFACTORY SATISFACTION

Try this

Is it a product or a service? Imagine you are in a bar and a stranger walks in and says “Wanna buy a souvenir?” And you look and consider the purchase. Then you’re buying a product. Now imagine the stranger comes in and says “Wanna haircut?” You’re unlikely to buy a haircut from such a stranger. This is a service. The purchase carries a risk and so relies on trust. Some products such as a meal out, are more like services, and some services such as car insurance are more like products. Which are your customers buying?

We spend a lot of time and money going to customers to ask them about the product or services they buy. For the most part customers provide us with their time and information free of charge either because they like to be helpful, or because they feel something might be improved on the basis of something they’ve said and that their opinion is worth something.

But there is also a degree of cynicism creeping in—questions about what the information is going to be used for. Concerns not just about privacy but that providing time and opinions that don’t get the customer anywhere—responses that disappears into a research ‘black hole’, or don’t address what the customers want to say.

Increasingly when designing research studies we are reminding research buyers to consider the customer’s agenda, not just the internal business priorities. If the customer feels they have something valuable to say, then not allowing this to be said, or leading the discussion down the wrong path will lead to exasperation and ultimately a dissatisfied and potentially disloyal customer. It seems like you don’t really want to listen.

For instance financial service satisfaction studies may find the customer is entirely satisfied with the staff at the counter, yet still dissatisfied with the company as a whole because of other factors such as junk mail. Not allowing this dissatisfaction to be voiced can leave



Are your customers really happy? customers feeling hurt and ignored

In business markets with very close business relationships even using an outside interviewer can be resented. It can be better to provide tools and training so day-to-day contacts collect customer opinions in a structured way. If designed correctly, you get survey results, but with a representative able to listen and respond to the specific needs of the individual at the micro level.

Did you know?

- Dexterity, eyesight and hearing diminish with age. With increasing numbers of wealthy older people in the UK, have you checked your product or service meet the needs of these customers, or do you just test market on the young?

BUILDING LONG-TERM MARKETING SUCCESS

How do you check that you really are getting return on your marketing expenditure. Yes it does make sales, but does it make a few sales, average, or more than average?

And how much due diligence work did you do before spending your promotion budget? Focus groups to test the concept, pre-tests to see if the ad was liked, test and control

areas to really measure response rates and sales uplift?

Good marketers are good researchers whether intuitively or by training. They get in touch with their markets by being out day-to-day with customers, watching the competition, looking out for new technology and techniques to help customers and ensuring they de-

pend the company’s reputation.

Marketers must also be fervent experimenters, testing new approaches and monitoring effects. But with changing customer tastes and aggressive competitors the challenge is not to be lucky once, but how to build marketing processes that continue to deliver the goods year on year.

USING THE INTERNET TO DISCONNECT CUSTOMERS



Protect the channel or fight for the customer?

It is no longer the case that the Internet is going to change the way we shop. It already has, particularly for high value products.

But companies are still getting their knickers in a twist over online sales. You know you have to have an online presence—obviously. Customers will look at your website for information about your product. But then you run into the hoary old chestnut of channel conflict. You can say anything you like online so long as you don't mention the price, or if you do mention the price you can't actually sell the product because you'll annoy your

channel partners. What are customers to think—you don't actually want to sell to them?

Even companies that do sell online and through their own high street stores can end up frustrating their customers. As customers research more and more products online prior to purchase, what are the same customers going to think when your on-line deal is not available in store. What is more when shop staff are on commissions, what are they to think when they can't sell your best products to a willing customer in store, but have to turn them away because they

can't match their own company's on-line deal (and yes we have found this experience).

From the customers' point-of-view the internal politics that drive these decisions are irrational. Customers have multiple choices over channels and do not see the internal silos or negotiated compromises in the channel.

Managing products, prices and promotions across multiple channels requires an holistic view. Companies working across channels either have to develop differentiated brands or unify their products pitch online and offline.

PRICE SETTING UNDERSTANDING TRADE-OFFS

Everything is a trade-off "You can have it cheaper and better, but not tomorrow"

Professional purchasers have a model. Everything is a trade off between cost, quality and time (service). You can have it cheaper and better, but not tomorrow.

When setting prices you need to understand what the customer is looking to pay for and how much they are willing to pay, and not least how this compares to what they would pay for a competing product.

Getting the price right means maximizing the total return on your sales and is a function of having the right price to attract the right number of purchasers. Skimming, with a higher price may put the majority of buyers off, but might be more profitable than a lower price and a bigger market share.

Consequently price decisions cannot be taken purely on the basis of research, but require some under-

standing of product or service costs and be married to the strategic direction of the business. Growing share in the long run may be more important than maximizing short-term profits.

So pricing research needs to provide tools in the form of interactive market models to play out different scenarios to assess the impact of pricing on choices and demand, but also on profit generation and growth in customer numbers.

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