

# PROFIT

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## How to really listen to your customers

By Kara Aaserud, Mon Sep 13 2010

When it comes to customer feedback, there's one reality that will never change: if you want to know what your customers think about your products or services, you simply have to ask them. But how you ask, listen and respond isn't quite so simple.

That's because one company's method for gathering reliable information it can use to become more successful can easily be another's pitfall. And tailoring the right system for effectively listening to your customers depends on a variety of factors, such as how many clients you have, who they are, whether your company is bricks-and-mortar or online and what resources are at your disposal to collect, analyze and implement feedback.

Choose the wrong strategy—or, even worse, no strategy—for your feedback loop, and you'll not only waste your customers' time, you'll waste your own while burning through valuable resources faster than you can say, "Are you happy with our service?"

### Why gather customer feedback?

"It's so important for business owners, especially those who run small to mid-sized firms, to make decisions that are in line with their customers' needs," says Jeff Mowatt, a Calgary-based customer service strategist and the author of *Becoming a Service Icon in 90 Minutes a Month*. New technologies are empowering customers, giving them more access to information, reach to communicate and choices, which means they're quicker to leave if they're unhappy. That makes gathering client feedback more crucial for your company's longevity than ever before.

"Your customers are in the know," says Mowatt. "Without talking to them, you could be spending all the time and money in the world on current business processes that are already obsolete."

Compound that situation with the fact that the average "wronged customer" will tell eight to 16 people about it—and more than 20% will tell at least 20—according to Lee Resource International Inc., and it's obvious: gathering (and responding to) feedback can create a significant competitive advantage for your business.

Some entrepreneurs—whether it's because they don't have adequate customer relationship management systems, lack the resources to do it well or operate in a "silo"—are undoubtedly bad at listening to their customers. But many business owners are proactively developing sound strategies that allow them to enable better communication with their customers. Methods for collecting and listening to customers can range from online and phone surveys to focus groups, face-to-face meetings and active social networking.

Deciding on the kind of feedback mechanism that's really going to help your business can be tricky. And since gathering feedback should be constant, not a one-off, it's important to develop a solid strategy for doing so in the most efficient way possible. "There isn't any one method that's the best," says Mowatt. "You have to decide why you are gathering the feedback in the first place and what's going to get you the most required information for the least amount of time and money."

### Make your customers feel served

The controversy over whether Statistics Canada's long-form census should be mandatory serves as evidence that people generally dislike filling out forms, especially when they're long and cumbersome. So why, then, do so many companies rely on surveys to gather feedback from their customers? "Sending a survey over email is the cheapest way to solicit feedback, but it also garners some of the lowest responses," says Mowatt. "People don't want to fill out a form. They want to talk to a human."

David Gratton, CEO of Vancouver-based [Work at Play Media Labs](#), which builds interactive websites for clients such as Mattel, BMW and MTV, used to use surveys and forms. But the results were mediocre at best: "Customers were giving us five out of five if they liked something and three out of five if they didn't," he says. "And most of the time, [the surveys] were completed too far after the fact. How reliable is that?" Instead, Gratton now relies almost entirely on biweekly phone interviews and on face-to-face meetings at least once every six weeks to gather feedback—a significant investment,

considering that most of Work at Play's customers aren't based in Vancouver. During these meetings, a project manager will sit down with both the main decision-maker and the contacts for each project, regardless of their location, and briefly touch on how they're doing before getting into the project at hand.

"We'll first ask our clients how they like working with us, and they generally will say they do," says Gratton. "But then we focus on the project, because we find clients are much more detached and willing to bring up any issues they might have with processes or results. This is the most effective way for us to keep communications and expectations from breaking down."

Gratton is onto something. According to Mowatt, the most powerful way to get reliable feedback from your customers is by asking this type of two-part question. The strategy is simple: The first question you should ask your customer is "How is our service?" The theory is that you'll get polite feedback, which isn't always the truth. That's fine, because it will leave your customer feeling open to tell you what they really think when you ask the second, more critical, question: "Is there anything you think we can do to improve our service?"

"Then, they're going to tell you the truth," says Mowatt. "They're going to tell you all sorts of things that perhaps you weren't aware of. Frankly, it doesn't even matter if you agree with them or not—it's their perception that's important."

This is an effective practice for Work at Play. But, in an effort to get even closer to his clients, Gratton takes the process of gathering face-to-face feedback another step further: he invites clients to his headquarters—on his tab—for two to three weeks at a time to collaborate on current and future products.

"Most agencies would be horrified to do this," says Gratton, "but this type of knowledge-sharing does two things for us: one, it shows the client our processes and our work environment, which we're very proud of. And, two, it gets them involved so that we aren't just taking orders." And because Work at Play's clients are buying online assets instead of tangible objects, it gives them peace of mind.

It also allows Work at Play to manage issues as they arise—a strategy that is working. For example, one major client believed it was double-paying for the same service—a problem that arose because of multiple scopes of work occurring under one main project. Because there wasn't a single person responsible for the entire arc of projects this client was involved with, it became difficult to prove that the client was simply paying for what it had asked for. In turn, Work at Play assigned a single "architect" to oversee the project to completion. It continues to do this from start to finish with each client.

"We make mistakes," says Gratton. "But when we have ongoing face-to-face interaction with our clients, it allows us to close the feedback loop by showing our dedication to the client, that we're trying continuously to improve our relationship."

Has this method paid off? With \$2.5 million in revenue, Work at Play has grown by 1,173% over the past five years. "Our return on investment is the fact that our business has grown entirely due to word of mouth," says Gratton.

Another face-to-face feedback-gathering mechanism comes in the form of focus groups and advisory boards. This is where senior members of a company conduct roundtable meetings, usually with a dozen or fewer clients. It's a strategy that Chris Rasmussen of Markham, Ont.-based Doxim Inc., a provider of content management software-as-a-service for mid-sized financial services institutions, swears by.

"If our development initiatives aren't in sync with our customers', our product may be out of sync with the marketplace by a year, which would be a big miss for all of us," says Rasmussen. "It's in our best interest to ensure we're working toward the same goals, and the best way to do that is by meeting like this on a regular basis."

Like any advisory-board meeting, to be most effective, it should be structured with an agenda and should involve equal numbers of company reps and top clients.

So, how do you decide which clients to include in such meetings? According to Mowatt, companies need to target their "whales": "These are the customers who spend a lot of time and a lot of money with you," he says. "The greatest thing about whales is that they aren't as price-conscious as smaller customers, so they'll focus on the value that you bring to the table—and they generally know other whales."

For Rasmussen, that means bringing in the 20% of clients who give Doxim 80% of its business and conducting group sessions throughout the year. "It's an interactive, iterative process of gathering data, filtering internally and confirming with our clients, so that, ultimately, when we present a new product, it's exactly what our clients are asking for."

### **A smarter way to survey**

In traditional storefront businesses, customers can make immediate complaints or compliments about pricing, products and/or service. But as more businesses go online, gathering feedback isn't quite so clear-cut, as face-to-face communication is almost impossible.

For Naman Budhdeo, CEO of Oakville, Ont.-based [FlightNetwork.com](http://FlightNetwork.com), the second-largest online travel agency in Canada, the realities of his web-based business mean that he has to rely heavily on other methods—namely, surveys—to tap into the pulse of his customers. And because, as mentioned earlier, surveys generally have a bad reputation, he employs a number of best practices to help ensure he gets reliable and meaningful responses.

Unlike bricks-and-mortar businesses, FlightNetwork.com has access to a large sample to survey. Visitors can choose to participate in surveys when they make a booking online, subscribe to FlightNetwork.com's newsletter, visit the website's home page or send email queries. This has resulted in a generous list of 600,000 customers and potential customers that FlightNetwork can tap into, not to mention its 12,000 Facebook fans.

To get reliable feedback from this rather large group, Budhdeo uses [SurveyMonkey](http://SurveyMonkey), an online survey software and questionnaire tool. He focuses on building short surveys of about five to seven questions each. "It's a collaborative effort," he says. "We develop questions [regarding] improvements to the site, usually [ranked] on a scale of one to five, and we always incentivize with an opportunity to win a prize, such as a \$500 gift voucher."

Budhdeo also times these surveys with respect for potential respondents: "We try to treat our list with care and don't over-send to it," he says. FlightNetwork.com sends a survey and an opt-in email once each quarter. "The biggest thing is not to be flagged as spam," he says. "We want to make sure the people getting our emails really want them."

Still, the strategy that Budhdeo is most proud of—and the one that gives FlightNetwork.com the most results—is a survey it sends to any would-be customer who has abandoned its online-purchasing process.

"Our major focus is online conversion," says Budhdeo, who admits that almost 20% of the people who visit his site go through the effort of choosing a flight, type in their contact information and then exit the system without making a purchase. Within eight hours of abandonment, FlightNetwork.com sends a survey to find out why tickets weren't purchased, along with a time-sensitive coupon code that will give potential customers a discount on their flight if they choose to return.

"It was through this process that we realized our biggest obstacle was brand recognition, since we've only been in operation for four years," says Budhdeo. As a result, FlightNetwork.com introduced more trust indicators on its web pages, such as a privacy policy and a guarantee that its fares are the lowest. (The company promises to beat any lower fare by \$10.) Not only does Budhdeo gain his best actionable feedback from this mechanism, it has raised the conversion rate of customers from about 2% to 6%.

Like Budhdeo, Peter Day relies on surveys. But the president and CEO of Oakville, Ont.-based Endo Networks Inc.—a face-to-face marketing firm that serves large companies such as Scotiabank, Telus, Rogers, LG and Canadian Tire—does so not because his business is online. Instead, he prefers surveys because they're the best way to reach his firm's massive number of clients—and its clients' customers.

At the most basic level, Endo Networks conducts online surveys of the consumers who come to client events to make sure they're satisfied. "If the consumers are enjoying the experience that we're producing for our clients, then our clients are going to be happier," says Day.

When it comes to Endo Networks' direct-to-client interaction, the most essential component is its three-stage phone survey that is strategically timed to generate reliable feedback. A client will be contacted immediately after a program is launched to get her take on preproduction, budgeting, design and the creative processes. Then, after a period of a few weeks, depending on the length of the program, there is another survey. And when a project is completed and the wrap-up has been presented to the client, there is a survey covering the project as a whole.

"These stages have allowed us to rectify smaller issues before they become a significant problem," says Day. "This survey process, which is conducted in a personal manner and with immediate followup action, has fostered an open dialogue between our clients and our client-service team."

Finally, Day wraps up every project by having a face-to-face meeting with the client.

Of course, with so much feedback pouring in, it's easy to see how companies such as [FlightNetwork.com](http://FlightNetwork.com) and Endo Networks could get lost in a never-ending cycle of responding to customer requests. Just as it's important to gather the feedback in the first place, it's vital you don't let it lead you astray from what you set out to do in the first place.

For Day, separating meaningful from meaningless information comes down to posing smart questions. For instance, instead of asking what type of music you like, Day might ask you to specify whether you like country, rock, pop or classical. This way, you reduce the chance a respondent will lie simply to impress you. Also, once the answers are classified, they tend to be easier to organize into the categories of information that you're looking for.

Budhdeo, on the other hand, has built a system whereby FlightNetwork.com's feedback is first filtered through its management team, and only if it makes it past them is it discussed in a weekly management meeting.

“We test everything first before [any changes are] implemented,” he says. “And although the goal is to enhance and build customer relationships so that we can ultimately improve our business, we never just take the customer’s word as gospel.”

### **Go where your customers are**

The best companies don’t sit and wait for a complaint or compliment to make its way to them. Rather, they put their ears to the ground and actively go looking for feedback. Today, this generally means scouring the web for comments concerning your company. Work at Play’s Gratton tracks clients online using social-media tools such as Facebook and Twitter, as well as [Google Alerts](#) and [Analytics](#).

[FlightNetwork.com](#), on the other hand, has a 12-person team specifically for this purpose. “Using a reputation monitor, our team picks up on reviews about us on other sites, such as TripAdvisor.com,” explains Budhdeo. “We can then use the immediacy of the web to respond to them in real time.”

In addition, FlightNetwork.com uses a tool called Quick Tail that takes pictures of how users behave on its site. “This way, we can see the things people are doing and make adjustments,” says Budhdeo.

For example, he says, “We noticed that when visitors hit the calendar on our home page, it was opening way to the right. That was probably annoying the potential customer because they’d then have to move their mouse all the way across the screen,” he continues. “These are things you don’t notice when you’re immersed in your work, looking at the site every day.”